

Cabinet

Tuesday 11 December 2012

4.00 pm

Ground Floor Meeting Room GO2A, 160 Tooley Street, London
SE1 2QH

Membership

Councillor Peter John
Councillor Ian Wingfield
Councillor Fiona Colley
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
Regeneration and Corporate Strategy
Children's Services
Transport, Environment and Recycling
Communities and Economic Wellbeing
Finance, Resources and Community Safety
Health and Adult Social Care
Culture, Leisure, Sport and Olympic Legacy

INFORMATION FOR MEMBERS OF THE PUBLIC

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Contact

Paula Thornton 020 7525 4395 or Everton Roberts 020 7525 7221

Or email: paula.thornton@southwark.gov.uk; everton.roberts@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: 3 December 2012



Cabinet

Tuesday 11 December 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.

Item No.	Title	Page No.
6.	MINUTES	2 - 9
	To approve as a correct record the minutes of the open section of the meeting held on 20 November 2012.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
8.	RESPONSE TO HEALTH AND ADULT SOCIAL CARE SCRUTINY SUB-COMMITTEE REPORT ON THE NHS SOUTHWARK CLINICAL COMMISSIONING GROUP (CCG)	10 - 45
	To note the report of the scrutiny sub-committee and the response by the NHS Southwark clinical commissioning group (CCG) and to agree to implement the local authority elements of the scrutiny sub-committee's recommendations.	
9.	HOUSING REVENUE ACCOUNT - INDICATIVE RENT SETTING AND BUDGET REPORT 2013/14	46 - 64
	To note on a provisional basis, the rent increase in accordance with the government's rent guidance and other associated issues and to instruct officers to provide a final report on rent setting and the housing revenue account budget for 2013/14 to cabinet on 29 January 2013.	
10.	QUARTER 2 CAPITAL REPORTING FOR 2012/13	65 - 90
	To note the general fund capital programme, the housing investment programme and agree virements and funded variations for quarter 2.	
11.	AUTHORISATION OF DEBT WRITE OFFS OVER £50,000 FOR NATIONAL NON DOMESTIC RATES - REVENUES AND BENEFITS SERVICE	91 - 96
	To approve a debt write off which is irrecoverable.	
12.	CHERRY GARDEN SCHOOL INCREASE IN SIZE - REPORT BACK ON STATUTORY NOTICE CONSULTATION	97 - 110
	To agree to the permanent enlargement of Cherry Garden Primary Special School from 46 to 66 places from 1 September 2015.	

Item No.	Title	Page No.
13.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: THE SOUTHWARK AND LEWISHAM SUPPORTING PEOPLE FRAMEWORK	111 - 128
	To approve the procurement strategy for the supporting people services.	
14.	FUTURE APPROACH TO COMMUNITY ENGAGEMENT	129 - 139
	To agree the future high level approach to community engagement.	
15.	INDEPENDENT HOUSING COMMISSION - COMMUNITY ENGAGEMENT PLAN	140 - 161
	To agree the plan for engaging with council tenants, council homeowners, other residents and stakeholders on the commission's findings.	
16.	LONDON COUNCILS GRANTS SCHEME 2013/14	162 - 166
	To approve Southwark Council's contribution to the London Councils Grants Scheme for 2013/14.	
17.	ALBION STREET PROJECT MANDATE	167 - 184
	To agree the project mandate for the regeneration of Albion Street.	
18.	GATEWAY 2 - CONTRACT AWARD APPROVAL - INTEGRATED HIGHWAYS MAINTENANCE, PROJECT DELIVERY AND PROFESSIONAL SERVICES CONTRACT	185 - 201
	To approve the award of the integrated highways maintenance, project delivery and professional services contract.	
19.	GATEWAY 2 - CONTRACT AWARD APPROVAL - PARKING ENFORCEMENT, NOTICE PROCESSING AND ASSOCIATED SERVICES	202 - 216
	To approve the award of the parking enforcement, notice processing and associated services contract.	
	OTHER REPORTS	
	The following item is also scheduled for consideration at this meeting:	
20.	A FUTURE VISION FOR A CENTRE OF EXCELLENCE FOR OLDER ADULTS WITH DEMENTIA AND COMPLEX NEEDS	

DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING**EXCLUSION OF PRESS AND PUBLIC**

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

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

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

PART B - CLOSED BUSINESS**21. MINUTES**

To approve as a correct record the closed minutes of the meeting held on 20 November 2012.

22. GATEWAY 2 - CONTRACT AWARD APPROVAL - INTEGRATED HIGHWAYS MAINTENANCE, PROJECT DELIVERY AND PROFESSIONAL SERVICES CONTRACT**23. GATEWAY 2 - CONTRACT AWARD APPROVAL - PARKING ENFORCEMENT, NOTICE PROCESSING AND ASSOCIATED SERVICES****DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT**



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

Cabinet 11 December 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 11 December 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: Gateway 2 - Contract Award Approval – Integrated Highways Maintenance, Project Delivery and Professional Services Contract

Item 23: Gateway 2 - Contract Award Approval - Parking Enforcement, Notice Processing and Associated Services

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: 3 December 2012



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 20 November 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 Catherine McDonald
Councillor Veronica Ward

1. APOLOGIES

All Members were present. The Leader reported that Eleanor Kelly, Chief Executive had given her apologies.

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

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

- Item 7 – Deputation Requests

3. NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED

No representations were received.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

5. PUBLIC QUESTION TIME (15 MINUTES)

Question to Councillor Catherine McDonald – Ms Sue Plain

"Is Councillor McDonald aware that the Care Quality Commission (CQC) found London Care Wandsworth to be failing in 3 areas in November 2011, that they were inaccurate in the action plans they provided to the CQC in May 2012 and still had not remedied their training provision, only satisfying the CQC 12 months later. Is Councillor McDonald aware that CQC have issued warnings to the Holloway and Basildon branches of London Care for similar and more serious failings?"

Councillor McDonald stated that she was aware of the history of CQC inspection in respect of Southwark, including the fact that in September this year London Care were assessed and found to be fully compliant in all domains. She said she could not comment on performance and regulatory compliance in the Holloway and Basildon branches, which operated separately to Southwark and were subject to individual registration and inspection of their regulated activity.

6. MINUTES

RESOLVED:

That the open minutes of the meeting held on 23 October 2012 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

Residents of Kinglake Estate, London SE17

The deputation spokesperson informed the cabinet of the problems being experienced on the estate in respect of anti social behaviour and criminal activity and the negative impact it was having on the lives of the residents. A lot of the activity took place within the stairwells of the block; the residents were therefore seeking the installation of a door entry system to control access to the individual blocks.

The spokesperson submitted a petition which had been signed by tenants and homeowners in respect of the above.

RESOLVED:

That officers bring back a report to cabinet within one month setting out options.

Southwark Residential Home Care Workers

The deputation spokesperson highlighted issues faced by the residential home care workers due to the terms and conditions of their employment, the way they were required to provide the service and how it impacted on their clients. The deputation implored the cabinet to sign up to the Ethical Home Care Charter which they stated, would enable a service to be provided based on client need.

RESOLVED:

That officers bring a report back to cabinet within two months on the feasibility of signing up to the Ethical Home Care Charter.

8. FUTURE OF LIVESEY MUSEUM

A representative from Treasure House, Ms Helen Webb attended the meeting and addressed the cabinet. Ms Webb informed the cabinet of the background to the setting up of Treasure House, the services they provided and how they would fit in with the continued legacy of the Livesey Museum in respect of service to the local community. Ms Webb explained that Treasure House was a unique provision in Southwark, with a remit to work with those students most difficult to engage in education.

RESOLVED:

1. That Treasure House be confirmed 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 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 of the report.

9. REGENERATION RISK REGISTERS AND ARCHIVE RECORDS OF HOUSING ESTATES (REPORT OF OVERVIEW AND SCRUTINY COMMITTEE)

Councillor Catherine Bowman, chair of the overview and scrutiny committee presented the report to cabinet.

RESOLVED:

That the recommendations of overview & scrutiny committee in respect of risk registers and archive records of housing estates be noted and that a report be brought back to cabinet by February 2013 in order to respond to the committee's recommendations.

10. ECONOMIC WELLBEING STRATEGY FOR SOUTHWARK 2012 - 20 AND RESPONSE TO THE FINAL SCRUTINY REPORT ON EMPLOYMENT AND UNEMPLOYMENT IN SOUTHWARK**RESOLVED:**

1. That the proposed economic wellbeing strategy (Appendix 1 of the report) be approved.

2. That it be noted that implementation plans will be developed collaboratively across all council services and with our private, public and third sector partners.
3. That the additional information provided as a specific response to the recommendations of the final scrutiny report on employment and unemployment in Southwark be noted.

11. VIOLENT CRIME STRATEGY PROGRESS REPORT

RESOLVED:

1. That the progress made in delivering the recommendations set out in the violent crime strategy 2010-15 be noted.
2. That the significant reductions in most serious violence offences be noted. 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 it be noted 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 member for finance, resources and community safety, approaches 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.

12. CUSTOMER ACCESS STRATEGY

RESOLVED:

That the Customer Access Strategy set out at Appendix 1 of the report be agreed.

13. MOVING TOWARDS A PRIMARY INVESTMENT STRATEGY

RESOLVED:

1. That the forecast demand for primary places and associated need for the creation of additional capacity within Southwark's primary estate be noted.
2. That the financial implications of the necessary expansion be noted.
3. That it be noted 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 it be noted that the strategic director of children's and adults services will approve a programme of temporary expansion for 2013 by December 2012.

14. HOME CARE ANNUAL CONTRACT PERFORMANCE REPORT

RESOLVED:

Decision of the Cabinet

1. That it be noted that 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.

Decision of the Leader of the Council

2. That cabinet continue to review and approve the annual performance report.

15. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - SUPPORTED TRAVEL SERVICE FOR CHILDREN'S AND ADULTS SERVICES

RESOLVED:

That the procurement strategy 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 be approved.

16. COUNCIL TAX TECHNICAL REFORMS

RESOLVED:

1. That 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 be noted.
2. That it be noted that council tax exemptions, Class A and C are being abolished from 1 April 2013 and replaced with local discounts.
3. That council assembly be recommended to agree 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. That council assembly be recommended to agree 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. That council assembly be recommended to agree the introduction of a local discount of zero per cent from 1 April 2013 for empty (unoccupied) and furnished properties.
6. That council assembly be recommended to agree 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.

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

17. POLICY AND RESOURCE STRATEGY 2013/14 TO 2015/16: SCENE SETTING REPORT

RESOLVED:

1. That the changes to local government funding arrangements outlined in the report be noted.
2. That 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 be noted.
3. That the provisional 2013/14 budget from February 2011, updated for known changes be noted.
4. That 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 be reaffirmed.
5. That officers be instructed 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.

18. REVENUE MONITORING REPORT FOR QUARTER 2, 2012/13, INCLUDING TREASURY MANAGEMENT

RESOLVED:

1. That the following be noted:
 - 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 forecast performance for the council tax and business rates collection fund be noted.
3. That the general fund budget movements that exceed £250k, as shown in Appendix A of the report be approved.

19. DISPOSAL OF 155-161 GORDON ROAD SE15

RESOLVED:

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

20. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

RESOLVED:

Urgent help on St. George's Road

That the motion referred from council assembly as a recommendation to cabinet, set out below and the comments of the strategic director of environment and leisure contained in the officer report be noted.

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.

EXCLUSION OF PRESS AND PUBLIC

It was moved, seconded and

RESOLVED:

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

21. MINUTES

The closed minutes of the meeting held on 23 October 2012 were approved as a correct record and signed by the chair.

22. FUTURE OF LIVESEY MUSEUM

The cabinet considered the closed information relating to this report. See item 8 for decision.

23. DISPOSAL OF 155-161 GORDON ROAD SE15

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

The meeting ended at 6.09pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, THURSDAY 29 NOVEMBER 2012.

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

Item No. 8.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Response to Health and Adult Social Care Scrutiny Sub-Committee report on the NHS Southwark Clinical Commissioning Group (CCG)	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Catherine McDonald, Health and Adult Social Care	

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

The changes set out in the Health and Social Care Act 2012 will become law in April 2013. The coming period is therefore critical in establishing the new organisations and ways of working in both the health service and the Council to improve the health and wellbeing of the borough, and to tackle health inequalities.

The important work of the scrutiny health sub-committee in reviewing the NHS Southwark Clinical Commissioning Committee (CCG) and providing recommendations is therefore both valuable and timely.

In the coming period the NHS Southwark CCG will be authorised, and become a statutory body. The work of the health and adult social care scrutiny sub-committee has been constructive in setting the foundations for this work, and in helping to establish a framework for the future working relationship between the Council and the CCG in Southwark.

The scrutiny health sub-committee makes a number of recommendations that are not within the scope of the local authority's powers to implement. This report therefore focuses on those recommendations that are the responsibility of the Council.

RECOMMENDATIONS

Recommendations for the Cabinet

That the Cabinet:

1. Notes the report of the Health and Adult Social Care Scrutiny Sub-Committee (Appendix A) and the response by the NHS Southwark CCG (Appendix B).
2. Agrees to implement the local authority elements of the scrutiny sub-committee recommendations 3, 4, 10 and 11 as set out in the Health and Adult Social Care Scrutiny report.

Recommendation for the Leader of the Council

That the Leader:

3. Agrees that, as part of work to formally establish the Health and Wellbeing Board as a committee of Southwark Council, to implement recommendation 12 of the Health and Adult Social Care Scrutiny report.

BACKGROUND INFORMATION

Health and Social Care Act 2012

4. Following the passage of the Health and Social Care Act 2012 significant changes are taking place in existing health structures. These changes include the transfer of public health accountabilities from the NHS to local authorities, the establishment of local Health and Wellbeing Boards, the abolition of Primary Care Trusts (PCTs) by April 2013 and, in the place of PCTs, the establishment of GP-led Clinical Commissioning Groups (CCGs), and the creation of patient champion groups HealthWatch in place of existing Local Involvement Networks (LINKs).
5. The Health and Adult Social Care Scrutiny Sub-Committee recommendations focus on the provisions for the establishment of GP-led Clinical Commissioning Groups (CCGs), which from April 2013 will be responsible for the commissioning of the majority of local NHS services.

NHS Southwark Clinical Commissioning Group (CCG)

6. Southwark GPs have been at the forefront of work to bring the local knowledge and understanding of GP Practices into the commissioning sphere. This was demonstrated with the granting of clinical commissioning pathfinder status to Southwark GPs in January 2011, and latterly with the application for the clinical leadership in Southwark to be authorised as a NHS Clinical Commissioning Group in March 2012.
7. Every GP practice in Southwark is a member of the NHS Southwark CCG, and the new organisation will have a constitution, a council of members and a governing body.
8. The Council has worked closely with Southwark GPs as they have worked to take on new responsibilities, and members of the CCG have been active members in work to both plan and establish the Southwark shadow Health and Wellbeing Board.
9. The Health and Adult Social Care Scrutiny Sub-Committee (CCG) has been considering the role and governance of the emerging NHS Southwark CCG since June 2012. In this work the committee has received evidence from Dr Amr Zeineldine, the chair of Southwark Health Commissioning (the consortia of GPs seeking to be authorised as a CCG), and Andrew Bland, the Chief Officer (Designate) of the future CCG.

Health and Adult Social Care Scrutiny Recommendations

10. The scrutiny health sub-committee's work focused on the:
 - transition from the PCT to the GP-led consortia
 - impact of cost savings on patient care
 - conflicts of interest
 - contract management
11. The transformation taking place in the health system, with the enactment of the Health and Social Care Act 2012, includes a significant new role for primary and secondary care clinicians, with an increased role in the commissioning of health services. It is crucial, as these changes take place, that the new organisations that are established in the NHS, including the local CCG, have patient care at the heart of their work, and have the appropriate governance and safeguards in place to ensure the best possible health outcomes for Southwark residents.
12. The Health and Adult Social Care Scrutiny received evidence from the emerging CCG about a number of areas of their proposed governance, including how to ensure that there are robust safeguards in place to prevent conflicts of interest and how to ensure new contracted arrangements are robust and deliver excellent patient care. The recommendations set out by the committee, which the CCG has responded to, are a key contribution in ensuring that the CCG has these safeguards in place to prevent conflicts of interest, and to ensure that commissioning decisions are focused on patient outcomes and quality of care.
13. The changes taking place in the health system at this time are unprecedented. In Southwark, the proposal to develop a single academic healthcare organisation covering the foundation trusts of Guys and St Thomas's, Kings's College Hospital and the South London and Maudsley has the potential to transform the way that healthcare is provided locally. The local health system is also currently responding to the recommendations by the Trust Special Administrator (TSA) into the South London Healthcare Trust. The work of the Health and Adult Social Care Scrutiny Committee, within a changing health landscape, is therefore both valuable and timely.
14. The Health and Adult Social Care Scrutiny Committee report set out 22 recommendations for the CCG, local health partners, the Council and Health and Wellbeing Board. These recommendations seek to strengthen the arrangements for close working between the CCG and local partners, including the Council, through the transition period and beyond, and to ensure strong governance arrangements for the CCG are established through the transition period.

KEY ISSUES FOR CONSIDERATION

15. The Health and Adult Social Care Scrutiny Committee report sets out a number of recommendations of which a number have elements which are the responsibility of the Council to implement. There is, in addition, one recommendation which it is the responsibility of the Health and Wellbeing Board to take forward.

16. The recommendations for the Council and Health and Wellbeing Board are set out below. The Council's response to the recommendations are also set out below:

Number	Recommendation	Accountability	Response
3	That the SCCC's [Southwark Clinical Commissioning Committee] tendering process for any service includes standard clauses in the contract to ensure collaborative working and demonstrate that integration will continue to take place. It is further recommended that the SCCC develops such clauses with KHP and the local authority.	Elements for local authority	The Council accepts the elements of this recommendation for which it has responsibility.
4	That all publically funded commissioners of healthcare including the CCG and local authority consider the wider effect of commissioning outside the NHS on the long-term viability of public providers.	Elements for local authority	The Council accepts the elements of this recommendation for which it has responsibility, including in relation to future public health commissioning and contracting.

Number	Recommendation	Accountability	Response
10	That SCCC and its Business Support Unit (BSU) (whoever that may be in the future) work closely with the local authority to integrate their work as closely as possible across public health, adult social care and the council's other services (in particular housing).	Elements for local authority	<p>The Council accepts the elements of this recommendation for which it has responsibility.</p> <p>Both the Council and CCG are committed to integrated working where this is in the interests of patients or service users. The Health and Wellbeing Board has a statutory duty to "encourage persons who arrange for the provision of any health or social care services in that area to work in an integrated manner." This work will be taken forwards as part of work by both the Council and CCG in the context of the Health and Wellbeing work programme.</p>
11	That SCCC works closely with Southwark Council, NHS London and other Clinical Consortia to learn lessons from past experiences and develop a strong contract management function as part of their organisational capabilities. The details of this arrangement should be for the SCCC to decide, but contract management must not be an afterthought in any potential tendering process but at the centre.	Elements for local authority	<p>The Council accepts the elements of this recommendation for which it has responsibility.</p>

Number	Recommendation	Accountability	Response
12	That the Health and Wellbeing Board has as a central aim of stimulating integration and collaboration between local health care providers to improve patient outcomes.	Health and Wellbeing Board	<p>The Council accepts this recommendation.</p> <p>The Health and Adult Social Care Scrutiny Committee recommended that the Health and Wellbeing Board should have “a central aim of stimulating integration and collaboration between local health care providers to improve patient outcomes.” Development work with the shadow Health and Wellbeing Board is currently underway to establish the Health and Wellbeing Board as a statutory committee of the Council.</p> <p>This recommendation will be considered as a key part of this work moving forward. A report on establishing the Health and Wellbeing Board as a statutory committee of the Council and Southwark’s Health Wellbeing strategy will be brought to the Cabinet in February 2013.</p>

17. The majority of the Health and Adult Social Care Scrutiny Committee’s remaining recommendations set out areas which it is the responsibility of the NHS Southwark CCG to take forward. The response of the NHS Southwark CCG to the recommendations are set out in Appendix B. This response includes details of the CCG’s progress in implementing the recommendations.
18. NHS Southwark CCG is now in the final stages of the authorisation process. The policies and organisational processes for the CCG into which the Health and Adult Social Care Scrutiny Committee recommendations have been incorporated and are in the process of final authorisation by the NHS Commissioning Board.

Community impact statement

19. The health and wellbeing of the local population is at the core of the work of the shadow Health and Wellbeing Board and the NHS Southwark Clinical Commissioning Group. The Council, NHS and other partners will work, through the Health and Wellbeing Board to tackle health inequalities in the borough.
20. The involvement of communities is a key part of the work of all parts of the health system, including through health and wellbeing boards of which the Director of Public Health is a member.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

21. The Cabinet is being asked to note the report of the Health, Adult Social Care, Communities and Citizenship Scrutiny Sub-Committee regarding the role and governance of NHS Southwark CCG. The Cabinet is also being asked to note the response by the NHS Southwark CCG.
22. The Leader is being asked to agree that, through the work to formally establish the Health and Wellbeing Board, the Council will work in partnership with NHS Southwark CCG to take forward the work associated with the scrutiny sub-committee's report.
23. The Health and Social Care Act 2012 includes the provision for the establishment of statutory clinical commissioning groups (CCGs) which will, from April 2013, commission the majority of local NHS services. The emerging NHS Southwark CCG, which is currently in a process to be authorised, will be a membership organisation of all forty-seven GP Practices in Southwark. The organisation will also have a council of members, and a governing body composed of clinicians elected by the constituent practices.
24. The report by the Health, Adult Social Care, Communities and Citizenship Scrutiny Sub-Committee sets out a number of recommendations for the emerging CCG, which include recommendations relating to conflict of interest. The NHS Southwark CCG has responded to these recommendations.

Strategic Director of Finance and Corporate Services

25. There are no financial implications directly associated with the recommendations set out in this cabinet report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Southwark Clinical Commissioning Consortia - Report from the Southwark Health and Adult Social Care Scrutiny Sub-Committee
Appendix B	NHS Southwark CCG response to the Health and Adult Social Care Scrutiny Committee's Recommendations on CCG Governance

AUDIT TRAIL

Cabinet Member	Councillor Catherine McDonald, Health and Adult Social Care	
Lead Officer	Graeme Gordon, Director of Corporate Strategy	
Report Author	James Postgate, Principal Strategy Officer	
Version	Final	
Dated	27 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	27 November 2012	

Southwark Clinical Commissioning Consortia

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

May 2012



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Part 1: Introduction

- 1.1 This report seeks to review, and make recommendations to improve, the transition to and operation of the clinical commissioning consortia that is being established in Southwark as part of the national government's changes to the National Health Service (NHS) in England. These changes will be enacted under the Health and Social Care Bill which is currently before the House of Lords at Committee Stage.
- 1.2 Whilst sub-committee members have some reservations about the fundamental proposals contained within the bill and the potential detrimental impact on NHS services in Southwark it is beyond the remit of this sub-committee, or Southwark Council, to stop them. Therefore this report seeks to investigate and make recommendations to enable the changes to work as well as they can in Southwark. The overriding concern of sub-committee members is the provision of high quality healthcare provision that meets the needs of Southwark's population and continual improves.

Scope of the Review

A review into the establishment, transition to and operation of a Clinical Commissioning Consortia in Southwark following changes to the NHS brought about by the government's Health & Adult Social Care Bill.

The review focused on:

- i) Transition to the Consortia;
- ii) Impact of Cost Savings on Patient Care;
- iii) Conflicts of Interest and;
- iv) Contract Management

This review seeks to influence Southwark Council, the Southwark Clinical Commissioning Consortia, the SE London PCT Cluster, the (to be created) Health & Wellbeing Board, NHS London and central Government.

Part 2: Scrutiny of Establishment of Southwark Clinical Commissioning Consortia

Southwark Clinical Commissioning Consortia (SCCC)

- 2.1 The SCCC gave evidence to the sub-committee on 29 June and 5 October 2011, in addition the sub-committee Chair attended a SCCC public meeting in July and the NHS Southwark AGM September. The sub-committee welcomes the open approach taken by SHC towards the scrutiny process and hopes that the recommendations contained within this report are received with the same openness.
- 2.2 Dr Amr Zeineldine (Chair SHC) and Andrew Bland (Managing Director Southwark Business Support Unit) gave evidence to the sub-committee to explain the transition to the consortia, the impact of cost savings (QIPP) on patient care and at the sub-committee's request the SCCC provided further clarification of its conflict of interest policies.

Consortia Background:

- 2.3 Southwark Health Commissioning was granted Pathfinder status in the first wave of GPs in England to have been selected to take on commissioning responsibilities. Pathfinders are working to manage their local budgets and commission services for patients alongside NHS colleagues and local authorities. The new commissioning system has been designed around local decision making and Southwark Health Commissioning believe that this will lead to more effective outcomes for patients and more efficient use of services for the NHS. GP Commissioning is not new in Southwark. Southwark's General Practices have worked together as a commissioning group since the beginning of 2007 when the Southwark Practice Based Commissioning Leads Committee was established. Local GPs have a record in commissioning and service redesign. Under existing arrangements GPs have been involved in the planning of several major areas of patient care such as outpatients, walk-in centres and local community services. Southwark Health Commissioning has the support of local GPs and doctors' representatives and the Local Authority and will begin testing the new commissioning arrangements to ensure they are working well before formal delegation in April 2013.
- 2.4 Southwark Health Commissioning consists of a Board of eight GP members, four from the South of the borough and four from the North. The SCCC is chaired by Dr Zeineldine who is also a member of the PCT Board. The current SCCC membership brings together the senior management team of the Southwark Business Support Unit, the Non Executive Directors (NEDs) of the Board with responsibility for Southwark and the consortium leadership team who represent their constituent practices. All of the above constitute the voting members of the SCCC, in which the eight clinical leads hold a majority. Other non-voting members include Adult Social Care, King's Health Partners, a nurse member, a Southwark LINK representative and a representative of the Southwark Local Medical Committee.
- 2.5 Whilst the previous Primary Care Trust structure was not perfect and did have a democratic deficit, the sub-committee is concerned by the closed nature of commissioning consortia as set out by government, as the only people who can be guaranteed to sit on the board are local GPs. Whilst this may bring

benefits it is also worrying that there is only a relatively small pool of people from which lead GPs can be elected (and indeed take part in election). This is not a criticism of existing GP leads but is made to highlight potential problems that could develop in the future and to try and mitigate against these. It is understood that Southwark Health Commissioning has co-opted members onto its board which is a welcome step. The sub-committee recommends that this practice of co-opting members onto its board continues in the future to broaden the range of experiences available when making commissioning decisions.

- 2.6 Due to the controversial nature of the changes being made by national government it is vital the consortia builds trust with the resident population, council and other local providers and organisations. It is also important for patients to feel that they are being listened to, as David Cameron has said “no decision about me, without me”. Therefore the sub-committee urges that a culture of listening and consultation with patients is developed and built upon to ensure that they remain front and centre in commissioners minds. Initial steps have already been taken by SHC, which are to be welcomed, however this must continue.
- 2.7 Southwark Health Commissioning 2011/12 business plan outlines the trajectory for delegation, whereby SHC takes on responsibility for commissioning (i.e. spending taxpayer’s money). The timetable for delegation can be found at appendix 1; essentially by January 2012 SHC will be responsible for a budget of £421million which is c.80% of total NHS spend in Southwark. Nationally GP-led consortia will be responsible for spending £80billion on an annual basis; this represents 80% of total NHS spending. It is critical the people responsible for spending this money have comprehensive structures to deal with conflicts of interest and prevent possible misappropriation of tax-payers money.

Conflict of Interest

- 2.8 The sub-committee agreed to look at SCCC’s conflict of interest policy and their contract management arrangements. SCCC’s current conflict of interest policy can be found at appendix 2. Sub-committee members feel that while these measures are a good starting point they are not rigorous enough. There are potential conflicts of interest that will arise for GPs in their new role as commissioners. GPs bidding as providers who are also commissioners is a key tension in the new arrangements set out by national government. As mentioned above the SCCC and NHS SE London are already looking at how conflicts of interest could be managed locally, but guidance should be set out nationally on how such conflicts are managed.
- 2.9 It is important that GP commissioners are trained in governance - understanding that role and the distinct functions of governance are part of the development work being undertaken by NHS SE London and the SCCC. From 2013 GPs will be managing the dual role of running small businesses and being an officer on a commissioning body. It is recommended that such training continues and a programme of ‘refresher’ training and sharing experiences and best practice from other public bodies and clinical commissioning groups takes place.

- 2.10 In addition, given the importance of the SCCC's work and the vital need for transparency to build public confidence in the new arrangements and to allow proper accountability the sub-committee recommends the following:
- a) All interests are declared at the beginning of each meeting (either SHC, SCCC or sub-committees), as opposed to the current practice of simply noting the register of interests and declaring new interests.
 - b) Meetings of the SCCC where commissioning decisions are discussed or taken should be held in public, as opposed to the current system whereby every other meeting is held in private. A similar model to the council should be adopted where by any 'closed items' can be discussed in private, but minutes of the non-public part of the meeting should be published.
 - c) Minutes of such meetings should be made available within two weeks of the meeting and be published online in an easy to find location.
 - d) The register of interests should be updated within 28 days, of a change occurring.
 - e) Southwark's health & adult care scrutiny sub-committee should review the register of interests on an annual basis as part of its regular work plan and a report be submitted to the Health and Wellbeing Board, Southwark HealthWatch, SHC Chair and the local press.
 - f) If a member declares a material conflict of interest they should absent themselves from that part of the meeting and remove themselves from the room.
 - g) Under the SHC's existing conflicts of interest policy under 'Related Parties' a new category be added of 'close friend'.
 - h) In line with best practice a new clause be added to the SHC/SCCC's conflict of interest policy to emphasise: "That a member in possession of material none public information that could affect the value of an investment must not act or cause others to act upon that information".

King's Health Partners

- 2.11 On 5 October 2011 the sub-committee took evidence from Professor John Moxham, Director of Clinical Strategy for King's Health Partners (KHP). KHP is an Academic Health Sciences Centre (AHSC), which delivers health care to patients and undertakes health-related science and research. This type of organisation is fairly common amongst the leading hospitals and universities around the world. KHP is one of the UK's five AHSCs. It brings together a world leading research led university (King's College London) and three NHS Foundation Trusts (Guy's and St Thomas', King's College Hospital and South London and Maudsley). Their aim is to create a centre where world-class research, teaching and clinical practice are brought together for the benefit of patients. They aim to make sure that the lessons from research are used more swiftly, effectively and systematically to improve healthcare services for people with physical and mental health care problems. At the same time as competing on the international stage, their focus remains on providing local people with the very best that the NHS has to offer. The aim is for local

people to benefit from access to world-leading healthcare experts and clinical services which are underpinned by the latest research knowledge. There will also be benefits for the local area in regeneration, education, jobs and economic growth.

2.12 Professor Moxham explained to the sub-committee the importance of integration and collaboration for KHP to improve patient outcomes. Within KHP there are 21 'Clinical Academic Groups' (see appendix 3) that integrate services across the partners, this pulls together knowledge, experience and expertise across the different hospitals and leads to better patient outcomes. There are four main streams to this integration:

- 1) Integrating Services across the partners
- 2) Integration of clinical service with academic activity
- 3) Integrating mental and physical health
- 4) Integration of core patient pathways

2.13 He explained to the sub-committee that this level of integration, to improve patient outcomes, is reliant on collaboration between all parts of the local health system, and indeed the local authority. Sub-committee members have concerns that the introduction of private providers into this system through 'Any Qualified Provider' could have a detrimental impact to the development of KHP and the continual improvement of health outcomes for our residents. This concern is based on the reality that private providers are in part motivated by profit (which is wholly understandable) and that if collaboration was not deemed to be in their business interests then further integration and improvement of patient outcomes could be jeopardised. Therefore the sub-committee recommends that the SCCC's tendering process for any service includes standard clauses in the contract to ensure collaborative working and integration continue to take place. It is further recommended that the SCCC develops such clauses with KHP and the local authority.

King's College Hospital and Guy's and St Thomas' Hospital Trusts

2.14 Sub-committee members visited both hospitals (a visit to SLaM is being organised) and met with the Chief Executive and Chair of KCH and the Chief Executive of GST. Members also saw the Specialist Stroke Unit and A&E at KCH and the A&E at GST. The sub-committee would like to thank both hospitals for hosting members and shining a light on the work that they do.

2.15 At KCH it was clear the hospital excels in certain types of treatment and care, for example Paediatric Liver Transplants, Neuro-Sciences and Stroke Care. At GST it was also clear that the size of the trust allows cross-working between types of clinician that leads to innovative forms of treatment for patients. As discussed in more detail above King's Health Partners is driving such integration and collaboration even further which is to be commended.

2.16 At KCH concerns were raised by management that if income streams were removed (i.e. other providers were commissioned by the SHC) then the financial viability of KCH would be put at serious risk. This is a serious concern of the sub-committee, as it would be unacceptable for the specialisms and work of any acute trust and KHP to be put at risk as this would be detrimental to serving the health needs of the local population. This is not to say KCH (and GST and SLaM) should not be challenged to deliver more cost efficient forms of care, but that the viability of the institutions should

not be put at risk. Therefore the sub-committee recommends to the SCCC that they:

- a) That all publically funded commissioners of healthcare including the CCG and local authority consider the wider effect of commissioning outside the NHS on the long-term viability of public providers.
- b) That anything other than minor commissions outside the NHS are referred to the Health and Wellbeing Board (HWB) and the Health and Adult Social Services Scrutiny Sub-Committee (HASSC) for consideration and should be deemed a 'substantial variation' and be submitted to the Health & Adult Social Care Scrutiny Sub-Committee for scrutiny, including outsourcing.
- c) The sub-committee requests further clarification from the Department of Health (DH) relating to the legal issues around 'substantial variation' raised by these changes. As legally this appears to be a 'grey area'.
- d) The HWB and Monitor should maintain a close watching brief on private providers to note and respond to any trends that suggest that private contractors are 'cherry-picking' particular contracts. Such activities may lead to disparity between groups of patients and undermine public provision.
- e) As a contractual obligation all providers should be subject to scrutiny by the Health & Adult Social Care Scrutiny Sub-Committee just as NHS ones currently are.

Impact of Cost Savings on Patient Care

- 2.17 In addition to the changes to NHS Commissioning described above the government has also required the NHS to make total savings in England of £20billion, at a time when Southwark's population is increasing by 2% per annum. The impact of these savings on patient care in Southwark has been included in this report to highlight potential problems and areas of pressure within the system.

NHS Southwark Performance:

- 2.18 A full breakdown of performance data for Southwark can be found at Appendix 4 (taken from Southwark NHS' Annual Report 2010/11. This shows an underperformance for the 18 week waiting time target, it also shows worryingly high failures to meet targets for Breast Screening, Cervical Screening, Smoking Quitters and immunisation of children – particularly those aged 5. Additional areas of concern are alcohol consumption, sexual health and childhood obesity, currently at 25.7% of year 6 pupils (age 11-12). We will have to await next year's report to assess performance for the current financial year. Failure to improve on these targets would be of deep concern to the sub-committee.
- 2.19 Given the importance of integration and collaboration across the local health system and the importance of preventative public health, and the fact that those duties are moving across to the local authority, it is recommended that the Health & Adult Social Care Scrutiny Sub-Committee in the next municipal year (i.e. from May 2012) conducts a review into Public Health.

Contract Management

- 2.20 With delegation of budgets to the SCCC comes responsibility for making commissioning decisions and tendering contracts. This may be self-evident but is worth highlighting and dwelling upon. The SCCC currently uses the expertise of Southwark PCT's Business Support Unit (BSU) who provide them with commissioning support. In April 2013 SCCC will be able to decide who provides this commissioning support in the future.
- 2.21 One of the unfortunate consequences of central government's changes has been the breaking of the very close working between Southwark PCT and Southwark Council. In the immediate future the working relations developed between BSU and SC staff will almost certainly remain, however, in the future these working relationships may erode as they are not formally codified as they were in the past. This could lead to a lack of integration at all levels of both organisations which could impede improvement in health outcomes for Southwark's residents. The sub-committee therefore recommends SHC and its BSU (whoever that may be in the future) work closely with the local authority to integrate their work as closely as possible across public health, adult social care and the council's other services (in particular housing).
- 2.22 As part of the move to 'Any Qualified Provider' it is more than likely that at some stage a private provider will be commissioned to deliver health services in some form in Southwark. Given the mixed experience that parts of the public sector have had with private providers (e.g. Southwark's Housing repairs service and call centre) it is imperative that SCCC take a robust approach to contract management, both in drawing contracts up and in monitoring them when signed.
- 2.23 The recent experience and problems caused by the collapse of Southern Cross care homes and the levels of poor care provided at other privately run homes should act as stark warnings to health care commissioners. It took several years for their flawed business model to be exposed (when market conditions changed). To avoid any repeats of this in the health care system the sub-committee urges the SCCC to introduce and use as a matter of course standard clauses, in any contracts it signs with providers, that ensure information is provided on the financial position of the provider on a quarterly basis and that robust monitoring of satisfaction amongst patients placed with those providers takes place.
- 2.24 There have been previous instances of tendering out NHS services, for example in April 2004 it became possible to outsource primary care out of hours services to independent commercial providers. John Whitting QC, a specialist barrister in clinical and general professional negligence, has reviewed the subsequent CQC and DH reports and inquiries into this and in June 2011 stated that:

"It identified staffing levels that were potentially unsafe, significant failures of clinical governance caused directly by overly ambitious business growth and failures to investigate or act upon serious adverse incidents. The CQC chairman concluded that 'the lessons of these failures must resonate across the health service'." (John Whitting QC, New Statesman, 23/06/2011)

- 2.25 The sub-committee recommends that SCCC works closely with Southwark Council, NHS London and other Clinical Consortia to learn lessons from past experiences and develop a strong contract management function as part of their organisational abilities. The details of this arrangement should be for the SCCC to decide, but contract management and effective monitoring must not be an afterthought in any potential tendering process but at the centre.

Part 3: Conclusions and Recommendations

- 3.1 In summary, the sub-committee's recommendations are listed below, the body which the sub-committee is seeking to adopt the recommendation is italicised in square-brackets at the end of each one.

Recommendation 1

That the practice of co-opting members onto the SCCC's board continues in the future to broaden the range of experiences available when making commissioning decisions. [SCCC, NHS SE London]

Recommendation 2

Given the importance of SCCC's work and of the vital need for transparency to build public confidence in the new arrangements:

- a) All interests are declared at the beginning of each meeting (either SCCC or sub-committees), as opposed to the current practice of simply noting the register of interests and declaring new interests.
- b) Meetings of the SCCC where commissioning decisions are discussed or taken should be held in public, as opposed to the current system whereby every other meeting is held in private. A similar model to the council should be adopted where by any 'closed items' can be discussed in private, but minutes of the non-public part of the meeting should be published.
- c) Minutes of such meetings should be made available within two weeks of the meeting and be published online in an easy to find location.
- d) Declarations of Interest are recorded at the beginning of meetings and recorded in sufficient detail in the minutes.
- e) The register of interests should be made public by being published online, in an easy to find location. To avoid confusion the SCCC should use consistent terminology when referring to *declarations* of interest and *the register* of interests.
- f) Southwark's HASC committee should review the register of interests on an annual basis as part of its regular work plan and a report be submitted to the Health and Wellbeing Board, Southwark LINk/HealthWatch, SCCC Chair and alert the local press.
- g) If a member declares a material conflict of interest they should absent themselves from that part of the meeting and remove themselves from the room.
- h) Under the SHC's existing conflicts of interest policy under 'Related Parties' a new category be added of 'close friend'.
- i) The SCCC ensures there is a non-executive non-GP 'Conflict of Interest Lead/Tsar' on its board and amends it's constitution accordingly.
- j) In line with best practice a new clause be added to the SCCC's conflict of interest policy to emphasise: "That a member in possession of material none public information that could affect the value of an investment must not act or cause others to act upon that information".
- k) The SCCC should develop a comprehensive policy for handling and discussing confidential information.
- l) In the interests of transparency, the SCCC should publish the results of election ballots for the 8 lead GPs, in addition they should publish full details of the ballot process and who conducts the ballot.

[All of the above – SCCC/NHS SE London]

Recommendation 3

That the SCCC's tendering process for any service includes standard clauses in the contract to ensure collaborative working and demonstrate that integration will continue to take place. It is further recommended that the SCCC develops such clauses with KHP and the local authority. *[SCCC, NHS SE London and Southwark Council]*

Recommendation 4

That all publically funded commissioners of healthcare including the CCG and local authority consider the wider effect of commissioning outside the NHS on the long-term viability of public providers. *[SCCC, NHS SE London and Southwark Council]*

Recommendation 5

That anything other than minor commissions outside the NHS are referred to the Health and Wellbeing Board (HWB) and the Health and Adult Social Care Scrutiny Sub-Committee for consideration and should be deemed a 'substantial variation' and be submitted to the Health & Adult Social Care Scrutiny Sub-Committee for scrutiny, including outsourcing. This process will consist of a brief monthly update setting out the proposed changes with a summary of the anticipated change, including its scale, impact and any community sensitivities. The sub-committee will then consider if any of these warrant a 'Trigger Template' being filled out. *[SCCC and Health & Adult Social Care Scrutiny Sub-Committee]*

Recommendation 6

The sub-committee requests further clarification from the Department of Health (DH) relating to the legal issues around 'substantial variation' raised by these changes. As legally this appears to be a 'grey area'. *[DH, via Health & Adult Social Care Scrutiny Sub-Committee]*

Recommendation 7

The HWB and Monitor should maintain a close watching brief on private providers to note and respond to any trends that suggest that private contractors are 'cherry-picking' particular contracts. Such activities may lead to disparity between groups of patients and undermine public provision. *[HWB and Monitor through Health & Adult Social Care Scrutiny Sub-Committee].*

Recommendation 8

As a contractual obligation all providers should be subject to scrutiny by the Health & Adult Social Care Scrutiny Sub-Committee just as NHS ones currently are. *[SCCC, NHS SE London, Southwark Overview & Scrutiny Committee].*

Recommendation 9

Given the importance of integration and collaboration across the local health system and the importance of preventative public health, and the fact that those duties are moving across to the local authority, it is recommended that the Health & Adult Social Care Scrutiny Sub-Committee in the next municipal year (i.e. from May 2012) conducts a review into Public Health. *[Health & Adult Social Care Scrutiny Sub-Committee].*

Recommendation 10

That SCCC and its Business Support Unit (BSU) (whoever that may be in the future) work closely with the local authority to integrate their work as closely as possible across public health, adult social care and the council's other services (in particular housing). *[SCCC, NHS SE London, Southwark Council]*.

Recommendation 11

That SCCC works closely with Southwark Council, NHS London and other Clinical Consortia to learn lessons from past experiences and develop a strong contract management function as part of their organisational capabilities. The details of this arrangement should be for the SCCC to decide, but contract management must not be an afterthought in any potential tendering process but at the centre. *[SCCC, NHS SE London and Southwark Council]*.

Recommendation 12

That the Health and Wellbeing Board has as a central aim of stimulating integration and collaboration between local health care providers to improve patient outcomes. *[HWB]*.

Recommendation 13

Patient views and perceptions of the level of care they receive are vitally important to improve services. It is therefore recommended that the Acute Trusts continue to conduct patient surveys, and the SCCC drives patient surveys at primary and community care across the borough to capture patients' views and perceptions of their care to help understand what can be improved. *[Acute Trusts x 3 and SCCC]*

Recommendation 14

That the SCCC introduce and use as a matter of course standard clauses, in any locally determined contracts it signs with providers, that ensure information is provided on the financial position of the provider on a quarterly basis. *[SCCC, NHS SE London]*

Recommendation 15

That robust monitoring of satisfaction amongst patients placed with all providers takes place as a matter of course.

Recommendation 16

In addition to clinical standards, set out by government, that minimum levels of patient satisfaction are included in any locally determined contracts signed by the SCCC with financial penalties if these are not met, the exact levels, and how they are measured, should be a matter for the SCCC. *[SCCC, NHS SE London]*

Recommendation 17

Guidance on managing conflict of interest for GP commissioners should be set out nationally. It is recommended that the Health & Adult Social Care Scrutiny Sub-Committee writes to the Dept of Health requesting this to take place. *[Health & Adult Social Care Scrutiny Sub-Committee]*

Recommendation 18

It is important that GP commissioners are trained in governance - understanding that role and the distinct functions of governance are part of the development work being undertaken by NHS SE London and the SCCC. From 2013 GPs will be managing the dual role of running small businesses and being an officer on a commissioning body. It is recommended that governance training continue for GP commissioners and a programme of 'refresher' training, sharing experiences and best practice from other public bodies and clinical commissioning groups takes place. *[NHS SE London, Health & Adult Social Care Scrutiny Sub-Committee]*

Recommendation 19

That the SCCC consider their capacity for developing contracts and build this into their development plan, in particular where they will access expertise in drawing contracts up and monitoring them when signed. *[SCCC]*

Recommendation 20

That the SCCC works closely with and pays close regard to the priorities of the local authority and health and wellbeing board to foster cooperation and meet the mutual goal of improving health outcomes of Southwark's residents. *[SCCC]*

Recommendation 21

That that the SCCC monitors clinical outcomes, including measures such as mortality rates, and that these are related to contracts signed with all providers, with service penalties , such as suspensions of contract , attached. *[SCCC]*

Recommendation 22

That the SCCC appoints external auditors. *[SCCC]*

Appendix 1 - timetable for delegation to SCCC**2011/12 Budget Delegation**

Delegation Phase / Date	Budget Area	Budget (£m)	QIPP Gross (£m)	Detail / Complexity* (column consider the complexity of the commissioning area to inform phase)		
One – Jul 2011	Emergency PbR	49	4.8	This phase includes the following areas:		
	A&E PbR	12	0.1			
	New Outpatients	19	2.4	Outpatient (GP referrals) Prescribing Urgent care (A&E / UCCs) Urgent care (Admissions) Non GP referred outpatients Intermediate Care / Reablement Non-PbR Drugs and Devices	Low	
	F-up Outpatients	22	1.5		Low	
	Drugs and	11	0.5		Med	
	Devices	33	1.0		Med	
	Pri Care	17	2.0		Med	
	Prescribing				Med	
	Corporate				Med	
Total		163	12.3		(6.3 delivered prior to delegation)***	
Two – Oct 2011	Community Services	33	1.5		This phase includes the following areas:	
	Other Acute**	166	2.6			
				Community Health	Low	
				Direct Access Diagnostics	Low	
				Sexual Health	Med	
				Elective Care	Med	
				Maternity	Med	
				End of Life Care	Med	
				Critical Care	High	
			Specialist Acute Commissioning	High		
Total		199	4.1	(3.6 delivered prior to delegation)		
Three – Jan 2012	Client Groups	22	-	This phase includes the following areas:		
	Mental Health	67	2.6			
				Community Mental Health	Med	
				Voluntary Sector	Med	
				CAMHS	Med	
				Inpatient Mental Health	Med	
				Physical Disability	Med	
				Specialist Mental Health	High	
				Continuing Care (inc. LD)	High	
Total		89	2.6	(4.6 delivered prior to delegation)		
Other	Non-recurrent 2%	10	-			
	Reserves / Surplus	11	-			
Total		21	-			
Non-Delegated	Primary Care	68	1.2			
Total		68	1.2	(0.8 delivered - no delegation)		
Budget Total		540	20.2			

Notes:

* SHC has sought to take early delegation for those areas that fall in areas of low or medium complexity. Complexity refers to the commissioning activity itself and SHC are equally aware of the different levels of control that can be secured over performance in these areas.

** Includes £30m budget for Specialised Commissioning which will continue to be led through the LSCG.

*** Clearly delegation is being made in-year and the figures provided above also seek to reflect the level of QIPP delivery undertaken ahead of delegation in the context of the overall QIPP challenge.

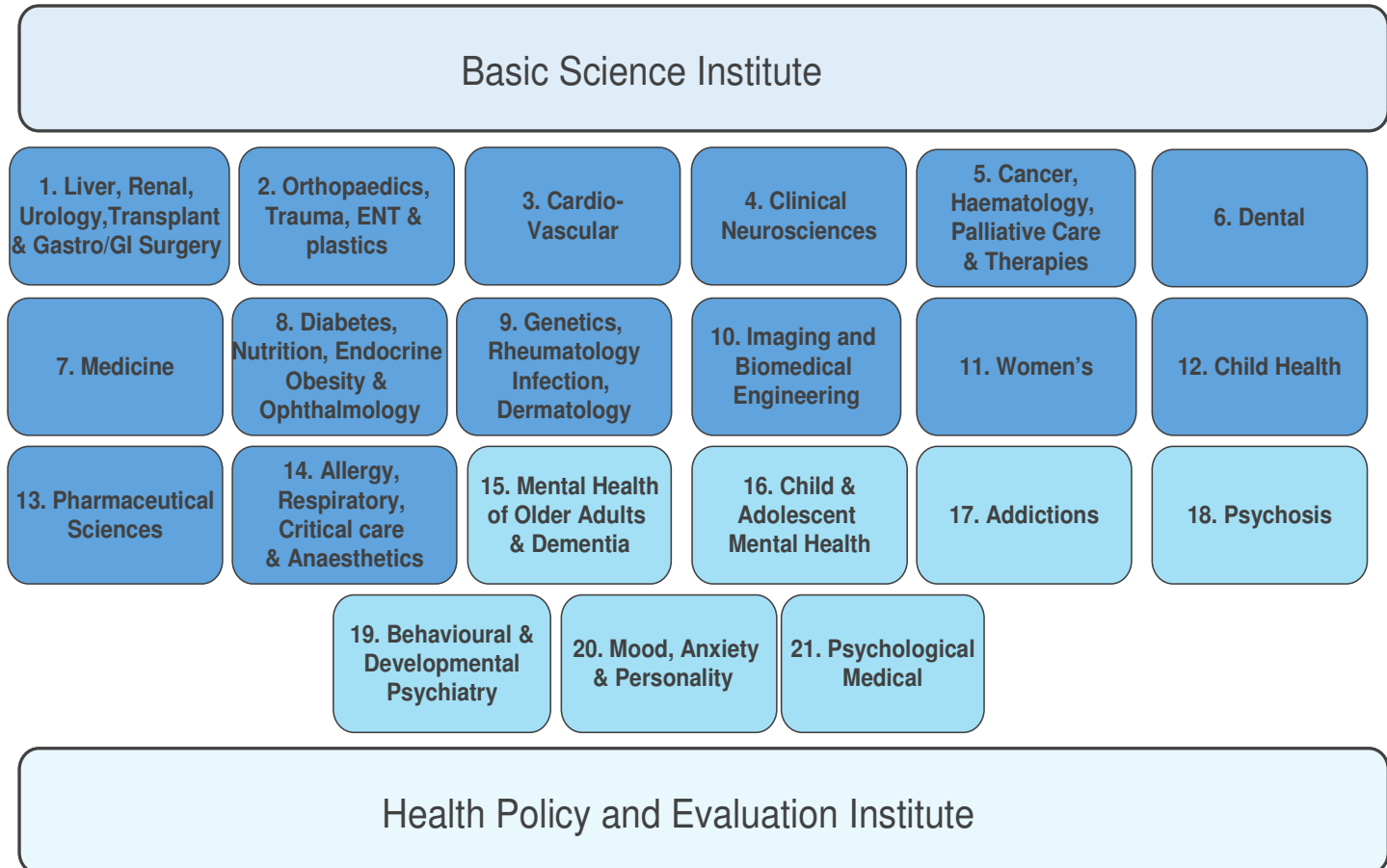
Appendix 2 - SHC's current conflict of interest policy

SCCC approach to Conflicts of Interest

- 1.1. A register of interests of members of the SCCC will be systematically maintained and will be made publically available. These details will be published in the PCT Annual Report. Members will also be asked to declare any interests at the start of each SCCC meeting.
- 1.2. To ensure that no commercial advantage could be gained, a GP lead who declares an interest in an area cannot be involved in it. If after being involved, any bids received from the lead's practice would not be accepted.
- 1.3. Where the business of the committee requires a decision upon an area where one GP holds a significant conflict of interest, the Chair will ensure that the individual takes no part in the discussion or subsequent decision making.
- 1.4. Where more than two GP leads holds a significant conflict of interest the committee will require consideration of the proposal / issue to be made by a separate evaluation panel. The evaluation panel would evaluate the proposal for quality and cost-effectiveness and if satisfied it would then make a recommendation to the Clinical Commissioning Committee, excluding the interested GP members, for decision.
- 1.5. The Evaluation Panel, when called upon, will provide neutrality in the evaluation process and will have the following membership:
 - One Non-Executive Director of the PCT Board
 - Managing Director, Southwark BSU
 - Southwark Director of Public Health (and Health & Well Being Board representative)
 - Co-Opted clinical expertise if necessary at discretion of the MD
- 1.6. In the rare occasion where the Clinical Commissioning Committee is unable to reach a decision under these circumstances the decision maybe referred to the PCT Board.

Appendix 3 - King's Health Partner's Clinical Academic Groups

CAG and Research Group Structure



Appendix 4 – 2010/11 Performance data for NHS Southwark (from Annual Report)

Performance data























Table
Performance on Vital
Signs Existing Commitments:
Outturn 2010/11

Existing Commitments	Operating standard	Actual Outturn	Traffic Light
A&E 4 hours wait	95%	97.0%	
GUM Access	98%	100%	
Delayed Discharges (per 100,000 population)	4.5	1.63	
Category A Ambulance response within 8 mins	75%	77.6%	
Category B Ambulance response within 19 mins	95%	90.4%	
Diabetic retinopathy (patients offered screening)	95%	100%	
Number of people receiving early intervention services	58	99	
Number of people receiving home treatment services	773	799	

Table
Performance on
Vital Signs National
Priorities: 2010/11

National Priorities	Target	Actual	Traffic Light
Clostridium Difficile (C. diff.) cases	179	108	
18 weeks - % of admitted patients treated in 18 weeks	90%	88.4% (March 11)	
% of non-admitted patients treated in 18 weeks	95%	88.4% (March 11)	
Cancer 2 week waits (all urgent GP referrals)	93%	96.5%	
Cancer 2 week wait (for all breast symptom referrals)	93%	97.4%	
Cancer 31 day wait from diagnosis to (first definitive) treatment	94%	98%	
Cancer 31 day wait from diagnosis to (subsequent surgical) treatment	96%	96%	
Cancer 31 day wait from diagnosis to (subsequent chemotherapy) treatment	98%	99.7%	
Cancer 62 day wait from urgent GP referral to treatment	85%	85.6%	
Cancer 62 day wait from urgent referral from national screening services to treatment	85%	100%	
Cancer 62 day wait from consultant (upgrade) referral to treatment	90%	98.1%	
Satisfaction with Primary Care Access		76%	
Access to a GP appointment in 48 hours			
Advanced booking		73%	
Overall satisfaction with opening hours		80%	

Table
Performance on
Vital Signs National
Priorities: 2010/11
continued

Quality stroke care	% time on stroke unit	90%	92%	
	TIA early diagnosis and treatment	60%	100%	
Mortality rates	Cardiovascular disease mortality (per 100,000 population)	101	79.45 (2007-9 pooled data)	
	Cancer mortality (per 100,000 population)	114	122.42 (2007-9 pooled data)	
Breast screening (of women aged 53-70)		70%	61.1% (2009/10)	
Cervical screening	women aged 25-49 in last 3.5 years	80%	66.5% (2009/10)	
	women aged 50-64 in last 5 years	80%	75.3% (2009/10)	
Smoking quitters		1326	1234	
Maternity services early access within 13 weeks		90%	93.5% (latest data on births is Q2)	
Teenage conceptions (rate per 1000 females aged 15-17)		67.4	63.2 (2009 data)	
Breastfeeding at 6-8 weeks		63.6%	74.4%	
CAMHS		Level 4	Level 4	
Chlamydia screening (of people aged 15 to 24)		35%	39%	
Immunisation	Immunisation rate for children aged 1 - DTaP/IPV/Hib	90%	87.9%	
	Immunisation rate for children aged 2 - PCV booster	90%	82.5%	
	Immunisation rate for children aged 2 - Hib/MenC booster	90%	93%	
	Immunisation rate for children aged 2 - MMR	90%	83.9%	
	Immunisation rate for children aged 5 - DTaP/IPV	90%	62.9%	
	Immunisation rate for children aged 5 - MMR	90%	66%	
	HPV vaccination for 12-13 year old girls	90%	63.6% (Sept 09 – Aug 10)	
	Dental Access (to an NHS dentist in last 24 months)		142,956	143,760
Childhood obesity	Reception year	14.5%	14.8%	
	Year 6	28.3%	25.7%	
Drug users in effective treatment		1851	1322 (to Feb 2011)	

Response to HASC Scrutiny Committee's Recommendations on CCG Governance

5th July 2012

Update to Southwark Clinical Commissioning Committee's response to HASC recommendations

5th July 2012

1. Southwark Clinical Commissioning Committee (SCCC) has previously presented to the HASC Overview & Scrutiny in February 2012. This presentation outlined the SCCC's response to OSC's recommendations following presentation in November 2011 on SCCC governance.
2. This paper outlines the status of work completed to implement each of these recommendations. Further detail of progress in specific area will be presented to the OSC by Malcolm Hines, CCG CFO.
3. Southwark has sought to address the issues raised by the HASC OSC by developing its Conflict Of Interest Policy in light of the committee's recommendations. The CCG policy also incorporates national guidance provided by the NHSCB in respect of the management of Conflicts of Interest.
4. Ahead of CCG authorisation, the SCCC operates with a conflict of interest guardian who is a PCT non-Executive Director. The NED in this role acts to ensure all SCCC business is conducted in line with the Col Policy.
5. The refreshed policy was approved by the QIPP Delivery sub-Group of the SCCC in June with a recommendation that it is formally ratified at the Southwark Clinical Commissioning Committee on 2 August 2012.
6. The CCG would be pleased to share the final draft of the Conflict of Interest Policy with the HASC Overview & Scrutiny Committee. We will publish this document once it is formally ratified.

Southwark Clinical Commissioning Committee response to HASC Scrutiny Recommendations

No.	HASC Recommendation	SCCC Response
1	<p>The committee recommends that the practice of co-opting members onto the SCCC's board continues in the future to broaden the range of experiences available when making commissioning decisions.</p> <p><i>[SCCC, NHS SE London]</i></p>	<p>The SCCC welcomes this recommendation in full. This practice will be continued throughout 2011/12 and 2012/13.</p> <p>Committee structures revised under new governance arrangements for SCCC.</p>
2	<p>Given the importance of SCCC's work and of the vital need for transparency to build public confidence in the new arrangements the committee recommends the following:</p>	
2a	<p>All interests are declared at the beginning of each meeting (SCCC or sub-committees), as opposed to the current practice of simply noting the register of interests and declaring new interests.</p>	<p>The SCCC welcomes this recommendation in full and has already implemented this for all relevant meetings</p>
2b	<p>Meetings of the SCCC where commissioning decisions are discussed or taken should be held in public, as opposed to the current system whereby every other meeting is held in private. A similar model to the council should be adopted where by any 'closed items' can be discussed in private, but minutes of the non-public part of the meeting should be published.</p>	<p>The SCCC welcomes this recommendation in full and has already implemented this for all relevant meetings</p>
2c	<p>Minutes of such meetings should be made available within two weeks of the meeting and be published online in an easy to find location.</p>	<p>The SCCC welcomes this recommendation in full and has already implemented this for all relevant meetings.</p>
2d	<p>Declarations of Interest are recorded at the beginning of meetings and recorded in sufficient detail in the minutes.</p>	<p>The SCCC welcomes this recommendation in full and has already implemented this for all relevant meetings.</p>
2e	<p>The register of interests should be made public by being published online, in an easy to find location. To avoid confusion the SCCC should use consistent terminology when referring to <i>declarations of interest</i> and <i>the register of interests</i>.</p>	<p>The SCCC welcomes this recommendation in full and has already implemented this for all relevant meetings.</p>

2f	Southwark's HASC committee should review the register of interests on an annual basis as part of its regular work plan and a report be submitted to the Health and Wellbeing Board, Southwark LINK/HealthWatch, SCCC Chair and the local press.	The SCCC welcomes this recommendation in full. Register of interest available for review.
2g	If a member declares a material conflict of interest they should absent themselves from that part of the meeting and remove themselves from the room.	The SCCC welcomes this recommendation. However our current process requires the member to absent themselves from the meeting only. Given that it is a public meeting we have agreed that they may sit with the public.
2h	Under the SHC's existing conflicts of interest policy under 'Related Parties' a new category be added of 'close friend'.	The SCCC welcomes this recommendation in full. Incorporated within Col policy
2i	The SCCC ensures there is a non-executive non-GP 'Conflict of Interest Lead/Tsar' on its board and amends it's constitution accordingly.	The SCCC welcomes this recommendation in full. Applied to role of the Lay member and incorporated within Col policy.
2j	In line with best practice a new clause be added to the SHC/SCCC's conflict of interest policy to emphasise: "That a member in possession of material none public information that could affect the value of an investment must not act or cause others to act upon that information".	The SCCC welcomes this recommendation in full. Incorporated within Col policy (10.1)
2k	The SCCC should develop a comprehensive policy for handling and discussing confidential information.	The SCCC welcomes this recommendation in full. Applied within Confidentiality Policy
2l	In the interests of transparency, the SCCC should publish the results of election ballots for the 8 lead GPs, in addition they should publish full details of the ballot process and who conducts the ballot.	The SCCC welcomes this recommendation in full Election process completed.
3	The committee recommends that the SCCC's tendering process for any service includes standard clauses in the contract to ensure collaborative working and integration continue to take place. It is further recommended that the SCCC develops such clauses with KHP and the local authority. [SCCC, NHS SE London and Southwark Council]	The SCCC will implement this recommendation within the context of national procurement and contracting rules and procedures.
4	That all publically funded commissioners of healthcare including the CCG and local authority consider the wider effect of commissioning outside	The SCCC welcomes this recommendation in full.

	the NHS on the long-term viability of public providers. <i>[SCCC, NHS SE London and Southwark Council]</i>	
5	That anything other than minor commissions outside the NHS are referred to the Health and Wellbeing Board (HWB) and the Health and Adult Social Services Scrutiny Sub-Committee (HASC) for consideration and should be deemed a 'substantial variation' and be submitted to the HASC Committee for scrutiny, including outsourcing	The SCCC welcomes this recommendation in principle but would wish to work with the HASC committee to define the terms referred to and to ensure they can be applied adequately.
6	The committee requests further clarification from the Department of Health (DH) relating to the legal issues around 'substantial variation' raised by these changes. As legally this appears to be a 'grey area'. <i>[DH, via HASC Ctte]</i>	The SCCC would welcome feedback from the Committee as and when detailed responses are received.
7	The HWB and Monitor should maintain a close watching brief on private providers to note and respond to any trends that suggest that private contractors are 'cherry-picking' particular contracts. Such activities may lead to disparity between groups of patients and undermine public provision. <i>[HWB and Monitor through HASC Ctte].</i>	The SCCC would welcome feedback from the Committee as and when detailed responses are received.
8	As a contractual obligation all providers should be subject to scrutiny by the HASC Ctte just as NHS ones currently are. <i>[SCCC, NHS SE London, Southwark OSC].</i>	The SCCC will implement this recommendation within the context of national procurement and contracting rules and procedures.
9	Given the importance of integration and collaboration across the local health system and the importance of preventative public health, and the fact that those duties are moving across to the local authority, it is recommended that the HASC committee in the next municipal year (i.e. from May 2012) conducts a review into Public Health. <i>[HASC Ctte].</i>	The SCCC would welcome this action and is happy to participate in any work as appropriate.
10	The committee recommends SCCC and it's BSU (whoever that may be in the future) work closely with the local authority to integrate their work as closely as possible across public health, adult social care and the council's other services (in particular housing). <i>[SCCC, NHS SE London, Southwark Council].</i>	The SCCC welcomes this recommendation in full.

11	The committee recommends that SCCC works closely with Southwark Council, NHS London and other Clinical Consortia to learn lessons from past experiences and develop a strong contract management function as part of their organisational capabilities. The details of this arrangement should be for the SCCC to decide, but contract management must not be an afterthought in any potential tendering process but at the centre. <i>[SCCC, NHS SE London and Southwark Council]</i> .	The SCCC welcomes this recommendation in full.
12	That the Health and Wellbeing Board has as a central aim of stimulating integration and collaboration between local health care providers to improve patient outcomes. <i>[HWB]</i> .	H&WB
13	Patient views and perceptions of the level of care they receive are vitally important to improve services. It is therefore recommended that the Acute Trusts continue to conduct patient surveys, and the SCCC drives patient surveys at GP practices across the borough to capture patients' views and perceptions of their care to help understand what can be improved. <i>[Acute Trusts x 3 and SCCC]</i>	The SCCC welcomes this recommendation in full.
14	It is recommended that the SCCC introduce and use as a matter of course standard clauses, in any contracts it signs with providers that ensure information is provided on the financial position of the provider on a quarterly basis. <i>[SCCC, NHS SE London]</i>	The SCCC will implement this recommendation within the context of national procurement and contracting rules and procedures. .
15	It is recommended that robust monitoring of satisfaction amongst patients placed with all providers take place as a matter of course.	The SCCC welcomes this recommendation in full.
16	In addition to clinical standards, set out by government, it is recommended that minimum levels of patient satisfaction are included in any contracts signed by the SCCC with financial penalties if these are not met, the exact levels, and how they are measured, should be a matter for the SCCC. <i>[SCCC, NHS SE London]</i>	The SCCC will implement this recommendation within the context of national procurement and contracting rules and procedures.
17	Guidance on managing conflict of interest for GP commissioners should be set out nationally. It is recommended that the HASC writes to the Dept of Health requesting this to take place. <i>[HASC]</i>	The SCCC welcomes this recommendation in full. Incorporated into Col policy.
18	It is important that GP commissioners are trained in governance - understanding that role and the distinct functions of governance are part of the development work being undertaken by NHS SE London and the SCCC. From 2013 GPs will be managing the dual role	The SCCC welcomes this recommendation in full. The SCCC and will take action to ensure that this training is established. Training has taken place on Col and a

	of running small businesses and being an officer on a commissioning body. It is recommended that governance training continue for GP commissioners and a programme of 'refresher' training, sharing experiences and best practice from other public bodies and clinical commissioning groups takes place. <i>[NHS SE London, HASC]</i>	development programme for GP clinical Leads completed, Induction programme for new clinical leads in place.
19	It is recommended that the SCCC consider their capacity for developing contracts and build this into their development plan, in particular where they will access expertise in drawing contracts up and monitoring them when signed.	The SCCC welcomes this recommendation in full. The SCCC has updated its development plan as part of the CCG authorisation
20	It is recommended that the SCCC works closely with and pays close regard to the priorities of the local authority and health and wellbeing board to foster cooperation and meet the mutual goal of improving health outcomes of Southwark's residents.	The SCCC welcomes this recommendation in full. This reflects the current working practice and priorities of the SCCG and will continue into the future. It will also be a requirement of our Authorisation process in 2012/13.
21	It is recommended that that the SCCC monitors clinical outcomes, including measures such as mortality rates, and that these are related to contracts signed with all providers, with financial penalties attached.	The SCCC welcomes this recommendation and will endeavour to comply with it provided actions do not fall outside of national contract requirements.
22	It is recommended that the SCCC appoints external auditors	At the current time (and until April 2013) the SCCC is a committee of the PCT Board with delegated responsibility for commissioning. The PCT Board has appointed external auditors. This requirement will be addressed, post April 2013, as part of the Authorisation process.

Item No. 9.	Classification Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Indicative Rent-Setting and Budget Report 2013/14	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

The way local authority social housing is financed has changed fundamentally since April 2012 with the commencement of self-financing, and the council is keen to address the challenges and risks that this brings and to embrace its freedoms. The debt write-off that the council received was less than we had lobbied for and whilst the financial realities of the settlement at a local level are different from the one-size fits all approach of government we are working towards building a solid financial base for the long-term delivery of housing provision in Southwark.

Whilst the Indicative HRA Budget Report has been constructed in accordance with government's assumptions regarding rent inflation which underpins the HRA business plan, we are in a position to offer some comfort to residents with regard to other charges for 2013/14, which we are proposing to maintain at existing levels. In addition we are also consulting on a package of service improvements funded from efficiency savings already realised from elsewhere within the HRA.

The council has recently received the Housing Commission report "Investing in Council Housing: Options for the Future" from Jan Luba QC and his team, and I encourage residents and stakeholders to read it. Southwark is keen to engage in a meaningful discussion on the important issues raised by the Commission and I welcome this process.

RECOMMENDATIONS

Cabinet is recommended to:

1. Note on a provisional basis, a rent increase of 4.85% in accordance with the government's rent guidance (as set out in paragraphs 31 – 39) which is equivalent to an increase of £4.46 per week on average, to be applied to all HRA dwellings (including estate voids and hostels), with effect from 1 April 2013.
2. Note that the average budgeted dwelling rent for tenanted stock in 2013/14 will be £96.40 per week.
3. Note the separate consultation process currently underway regarding the council's lettings policy, and the two options relating to charging newly-let properties at formula rent levels from their commencement as set out in paragraphs 40 – 42.

4. Note on a provisional basis no increase to tenant fixed service charges as set out in paragraphs 43 – 44 with effect from 1 April 2013.
5. Note on a provisional basis no increase to the standard charge for garages, as set out in paragraphs 45 – 46 with effect from 1 April 2013.
6. Note on a provisional basis no increase to heating and hot water charges as set out in paragraphs 47 – 49 with effect from 1 April 2013, and that officers bring further proposals back to cabinet regarding application of accumulated non-earmarked surpluses in the council's ring-fenced heating account.
7. Instruct officers to provide a final report on Rent-Setting and the HRA Budget for 2013/14 after due consultation processes have been followed for consideration at their meeting on 29 January 2013.

BACKGROUND INFORMATION

Context

8. The Spending Review undertaken by the coalition government published on 20 October 2010 contained significant financial issues for local government, as well as the entire public sector and it is anticipated that future Spending Reviews will continue along the same path. The HRA, despite being ring-fenced from the general fund is not immune from the fall-out from this, and officers were instructed to identify a three-year savings package in line with that required for the rest of the council. The level of savings that this would entail presupposes certain other financial decisions which the council is minded to make on HRA finances, such as maintaining a prudent and necessary level of reserves and the degree to which capital investment may be supported from revenue.
9. Whilst under self-financing the council is nominally free to set rent levels as it wishes, in reality they are almost entirely predicated on national decisions such as assumptions made by government when calculating the HRA debt settlement figure under which self-financing operates. The link between rents and service expenditure locally is therefore at best a nominal one, aside from rental income contributing to the overall total within which the HRA at Southwark must operate. The council has a statutory responsibility to provide a balanced HRA budget (i.e. all budgeted expenditure must be matched by income).
10. Any potential mitigation of the guideline rent increase would have both immediate and longer term effects; a foregoing of rental income would require further efficiency savings or a reduction to the service proposals in order to compensate in 2013/14. The in-year loss of income could not be recovered without compensatory rent increases above the guideline in future years, if parity were to be subsequently restored. The council needs to weigh the short-term benefit to tenants against the long-term funding implications of such a measure.
11. The Housing Commission report takes as its start date April 2015, which is after the financial year to which this budget report refers. However the general parameters of the early years of self-financing have been assumed to have been followed for 2013/14 and 2014/15 in order to allow a stable base from which the financial assumptions underpinning the report of the Commission then flow.

Statutory Framework

12. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, leaseholder service charges and other income.
13. Whilst there is no statutory requirement to consult, the council is committed to engaging with stakeholders, particularly under the terms of the Tenancy Agreement, and so this report will be subject to consultation with Tenant Council, Area Forums, TMO Liaison Committee and Home Owner Council before the final version is presented to cabinet.

KEY ISSUES FOR CONSIDERATION

Self-Financing Parameters

14. The assumptions made by central government in arriving at the settlement figure in late March 2012 did not all reflect the reality of the situation facing Southwark from April onward; and dealing with the additional implications of this is a major aspect of the HRA budget for this year, and the HRA Business Plan over the next thirty years. Some specific issues include:
 - Rents are assumed to converge at the formula level in 2015/16, and thence rise consistently at September RPI + 0.5% thereafter. The history of Southwark's rent policy pre-rent restructuring, and the council's scrupulous application of annual affordability limits means that it is likely that just over 40% of tenancies will achieve convergence by 2015/16, with this rising to the 80%+ level by 2021/22. This means that from the outset, there is considerable pressure on the HRA's primary income stream – rents.
 - Government took into account projected demolitions and other stock adjustments up until 2017, but the regeneration of the Aylesbury estate is scheduled to take considerably longer than this. In essence the council is already carrying debt relating to properties that it is committed to disposing of, meaning that the business plan must take account of debt charges for these former properties with no parallel income stream to match this.
 - Another debt-related issue is that in order to demonstrate that any given social housing provider could be self-financing, the standard planning assumption was that all debt would be repaid over the course of the initial thirty years; indeed for most providers, if all projected surpluses were applied to debt repayment at the expense of all other policy objectives, the inherited debt would be cleared in around years 17 – 20. Since the council intends to achieve significant alternative outcomes as part of discharging its responsibilities as a landlord, clearly repayment of debt cannot necessarily be the primary policy objective. We will be exploring this further as part of the development of a detailed treasury management plan as an integral part of the overall HRA business plan.

Financial implications

15. The HRA budget for 2012/13 was set against the backdrop of the national Spending Review 2010, and contained provision for savings and expenditure patterns over a three-year budget horizon, in tandem with the general fund. The savings for 2013/14 already therefore form part of the financial framework which the authority is working to. For the most part, and unless compensatory provision has been established elsewhere, these savings are on track to be realised during 2013/14. The course for the HRA now is to roll-forward the planning horizon a further year, and so preliminary savings packages up to and including 2015/16 are being formulated by officers and will be subject to consultation in due course.
16. For 2013/14, with previously agreed HRA savings targets remaining deliverable, there is now the opportunity for a redirection of resources into key service priorities whilst still delivering a balanced budget as indicated in Appendix A. This provides the opportunity to allow this to be applied to support specific service improvements without placing the overall viability of the HRA business plan at risk. The table below gives an indication of deliverable options as to potential use, sourced from a variety of internal and external contributions, including an analysis of commonly registered complaints from residents regarding landlord services and a selection of recent member requests. However, specific growth bids are not on the whole costed as yet, and this, alongside their deliverability will have a direct impact on their achievability in 2013/14.
17. Once costs are assessed, it is likely to be the case that bids outweigh the surplus available, in which case a prioritisation approach will be determined. It is important to note that, whilst a complaints/member-driven data-set of requests is a useful tool in gauging areas where the application of additional resources might be possible, it is not linked to any kind of needs analysis, and so care must be exercised in any kind of allocative or assessment process.

Service Area	A Fairer Future for All*	Indicative Cost
Look and Feel of the Environment:		
Door entry/security measures	2, 4	
Sheltered refurbishment	6	
External decorations/planned maintenance	4	
Communal areas refurbishment/repairs service	4	
Environmental estate improvements (Estate Action Days)	4	
		£4.25m
Tackling Fraud and Abuse:		
Illegal occupation (sub-letting)	1, 2	
		£0.25m
Invest to Save:		
Garage refurbishment	1	
Underoccupation	1	
Channel-shift (increasing digital take-up of services)	1, 4	
Void re-let standards	1, 4	
Repairs quality enhancement (annual property check)	1, 4	
		£1.50m
TOTAL		£6.00m

**Links for each item to the policy statement 'A Fairer Future for All' (see Background Documents).*

18. The Final HRA Rent-Setting and Budget Report will set out a base budget for the HRA in 2013/14. The revised position for 2012/13 is attached as Appendix B for reference. The position on the HRA for 2012/13 has been reported on a quarterly basis in September and November 2012, and is planned for February 2013.

Commitments/Unavoidable Demands

19. The effect of government welfare reforms is difficult to quantify, but their impact on the HRA is very likely to increase risk, particularly in terms of rent arrears. Paragraphs 20 and 21 also form part of the Strategic Director of Finance and Corporate Services 'scene-setting' report into the general fund budget for 2013/14 in terms of housing services, but are equally relevant to consideration of the HRA.
20. 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'. 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 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.
21. Southwark has a good record of preventing homelessness, but has seen an increase of around 100 cases in each of the last two years, but there is the potential for this to rise considerably and 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 underoccupying by virtue of the DWP's 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.
22. A longer-term phased introduction of Universal Credit commences in October 2013; the intention being to replace a range of existing benefits and allowances into a single consolidated benefit affecting anyone of working age regardless of employment status. Direct payment to the claimant in arrears to a bank account will replace the current arrangement of paying direct to the landlord, which will compound the risk of non-collection and higher arrears for the council moving forward. There is already evidence that the HRA is now exposed to a greater financial risk due to the current economic climate and the combined effect of these measures are likely to exacerbate the situation.

23. Whilst the principal impact of the far-reaching reforms currently being implemented by the government will be on general fund services, such as homelessness, it is clear that elements of temporary accommodation provision funded within the HRA would bear greater pressure, and an initial scoping exercise estimates this to be £300k. An initial estimate of the Housing Benefit impact has been costed at £3.3m.
24. General Inflation – as with assumptions for the general fund, inflation on 2013/14 employee costs has been set at 1%. There is a general inflation rate of zero applicable to other HRA budgets, with the exception of inflation factors calculated to cover items such as long-term contracts, which are tied to industry-specific rates of inflation. These do not have a single ‘headline’ rate. The total is estimated at £2.0m.
25. Council tax on void properties – cabinet received a report on council tax technical reforms at their meeting of 20 November 2012. Within this report, it was noted that the likely impact on HRA properties of the proposed changes is in the order of £1m.
26. The Indicative HRA budget does not include adjustments relevant to an increase in rental streams should any change to the new-let policy take place consequent to the separate consultation on options as noted elsewhere in this report, but changes to guideline rent levels are included – paragraphs 31 – 42 below refer.
27. Tenant Service Charges – paragraphs 43 – 44 below refer. As there is no change in charging levels, budget changes are stock-related.
28. Non-Dwelling Rents (Garages) – paragraphs 45 – 46 below refer. Whilst there is no proposal to vary charges, the council has embarked upon a programme of refurbishment designed to increase lettings opportunities for the garage stock, and has seen an increase in the rental stream which is anticipated will continue to grow as more garages are brought back into use.

Efficiency Savings

29. The HRA Budget and Rent-Setting reports for 2011/12 and 2012/13 noted that extensive consultation was undertaken regarding the savings package and options therein worked up by the Director of Housing and Community Services. This process, in alignment with the general fund, also encompassed savings over the years 2013/14 and 2014/15. Savings for the year covered by this report have therefore already been identified, and in the main are available for implementation. Where this is not the case, the Director of Housing and Community Services has identified compensatory savings.
30. Agreed HRA savings for 2011/12 and 2012/13 totalled £15.6m. The Indicative HRA budget projects a further £6.0m, making £21.6m over three years. A detailed 2013/14 list reflecting the new structure of housing and community services will be provided as part of the Final HRA Budget and Rent-Setting Report in January 2013.

Annual Rent Guideline and Formula Rent

31. In the past, government housing subsidy rules ensured that councils were financially penalised if they varied rents, either up or down, from the prescribed guideline rent. Under the government's policy of rent restructuring, the capacity to set an increase below the guideline was limited by the annual withdrawal of housing subsidy at least equal to the guideline increase (rent clawback). Any increase beyond the guideline would contravene the government's rent restructuring framework – specifically the affordability criteria implicit within caps and limits. In addition, housing benefit limitation arrangements within the subsidy rules meant the government could reduce the amount payable to Southwark if the rent increase exceeded the HB limit, such that the HRA would ultimately receive around 40% of the additional increase above the prescribed guideline.
32. Government implemented its review of rent restructuring in 2006/07. In Southwark this had an impact on rent levels and had the effect of accelerating convergence with housing association rents. Before 2013/14, the Department for Communities and Local Government (CLG) would issue a draft subsidy determination for consultation in October/November, with a final version in December, encompassing allowance and debt charge levels, and guideline rent assumptions. In 2012/13 to enable the transition to self-financing, a set of draft settlement and transitional subsidy determinations were published on 21 November 2011, setting out rental assumptions for 2012/13 and beyond, the likely final debt settlement calculation and final transitional arrangements between the two systems. From 2013/14 onward, there is no annual Determination, as no subsidy calculation is required. However, the parameters previously employed to calculate rents on a national basis formed an integral part of the self-financing business plan, and up to 2015/16, it is proposed to continue to calculate rents using that methodology.
33. There are three separate drivers for rent inflation under rent restructuring: the underlying inflation rate (the Retail Price Index at September 2012 is used as specified by the government); the 0.5% top-up and the effect of phasing the move between Southwark's actual and target rents. This final percentage is mainly influenced by the 'convergence date' determined by the government – i.e. the year by which actual rents are assumed to have reached the formula rent level. The self-financing settlement continued with the assumption that 2015/16 would be the convergence date. September 2012 RPI was confirmed earlier this year as 2.6%. The effect of each of these drivers is summarised in the table below:

Average Rent Inflation	2012/13 Final	2013/14 Indicative
Inflation Uplift (RPI @ September)	5.60%	2.60%
Top-Up Element	0.50%	0.50%
= Increase in Formula Rent	6.10%	3.10%
plus national convergence element	1.74%	1.67%
= Increase in National Guideline Rent	7.84%	4.77%
plus local convergence element	0.63%	1.81%
less annual affordability limits	(0.51%)	(1.73%)
= Total Increase in Actual Rents	7.96%	4.85%

34. The previous government's original intention was that rent restructuring would be complete (or rents would have 'converged') after 10 years (i.e. in 2011/12). However, they intervened on a number of occasions during the operation of the policy in order to alleviate the actual rent rises that would otherwise have resulted. A chronology of the national changes made since 2002/03 is attached as Appendix C.
35. The average guideline rent, though calculated on an individual authority basis by the government, does not take account of local rental history, nor of the government's intention that rents be restructured on an individual basis, rather than a blanket increase being imposed on tenants. As rent restructuring is property-related, actual rent increases (in line with government guidance) depend on the formula rent for each property (which relates to the value, size and location) and the existing actual rent. This generally adds around 1 to 2% to the average rent increase each year, increasing as the convergence date approaches. Without the application of annual affordability limits (RPI + 0.5% + £2.00) for individual rent rises, the average increase would be even higher than the guideline figure.
36. Appendix D is a collated list of average and formula (or 'target') rents across London Boroughs. In 2012/13 Southwark's average rent ranked 9th lowest of the 29 London Boroughs that manage their housing stock, either directly or via an ALMO. Appendix D also indicates how far each authority has to travel before reaching the target rent level demanded under this system. Southwark is one of eight London Boroughs where this gap is still at least 8%, meaning that the local convergence pressure will take some years to be fully realised. This point is further illustrated by the chart forming Appendix E.
37. Government set out their assumptions regarding rent levels post-settlement in their covering letter with the draft settlement determination papers issued on 21 November 2011. The relevant passage is quoted below:

"The draft determinations and the [settlement] models set out the self-financing policy and methodology. Key components in the self-financing valuation model are:

Assumed rental income: *As described in both the February and July 2011 policy documents, national social rent policy is that rents in the council housing sector should converge with those charged by housing associations by 2015-16, followed by rent rises at RPI + 0.5% per year after this, in line with housing associations. In valuing each local authority's housing business we have assumed adherence to this rent policy.*

In keeping with previous years, we will base next year's rent rises on RPI inflation in the previous September, combined with a convergence factor to reflect the number of years to rental convergence with the housing association sector.

Source: 'Consultation on the draft determinations to implement self-financing for council housing', CLG 21 November 2011

38. The likely effect of the assumptions on rents are summarised below. It can clearly be seen that as convergence approaches in 2016, the inflationary pressure on average actual rent to match the formula rent level becomes very significant, and the effect of annual affordability limits in mitigating this increase has a substantial impact on the total rent assumptions made by the government as part of the self-financing settlement.

	2012/13 Base	Indicative 2013/14	Indicative 2014/15	Indicative 2015/16
Average Weekly Rent	£85.16	£91.94	£96.40	£100.41
September RPI + 0.5%	6.1%	3.1%	2.5%	2.5%
Estimated Uplift	£5.19	£2.85	£2.41	£2.51
Cumulative Move to Formula Rent*	£90.35	£94.79	£98.81	£102.92
Caps and Limits Adjustment	£2.44 (£0.85)	£3.20 (£1.59)	£4.07 (£2.47)	£6.72 (£5.12)
Average Rent – Tenanted Stock Increase	£91.94 7.96%	£96.40 4.85%	£100.41 4.16%	£104.52 4.09%
Estimated rents/other charge inc.	£225.0m	£236.6m	£237.5m	£243.5m
Estimated Increase**		£11.6m	£0.9m	£6.0m

*Encompassing both the national guideline increase and local convergence

**2013/14 is a 53 week rent year, distorting the change in total rent debit between that year and those preceding/succeeding – adjusting for a 52 week equivalent year in 2013/14 gives increases of £7.4m and £5.2m for 2013/14 and 2014/15 respectively

39. Calculation of the debt settlement figure by CLG is predicated by projected rent debit levels over the next thirty years. The cost to the authority of servicing total debt post-settlement, together with the likely rental income lost by not being able to fully converge individual rents by 2015/16 means that any decision not to realise rents to the level anticipated by the CLG calculation is an increased risk to the HRA, as it will be likely to have a detrimental impact on the council's ability to deliver service improvements and meet the investment needs that the stock requires.
40. In the budget and rent-setting process for 2012/13, a proposal was made to charge new-build and newly let properties directly at the formula rent level, i.e. assuming full and immediate convergence. It was acknowledged that this proposal required more detailed consideration by members and officers, and so it was referred to the cross-party Lettings Review Panel, which was tasked with considering all aspects of the council's lettings policy. This panel has concluded its work, and consultation on its recommendations began in November 2012, with a view to reporting to cabinet in spring 2013.
41. One of the recommendations of the panel is to consult on two options regarding a 'straight-to-formula' aspect for new lettings. In brief, this is to either:
- Allow all new lets to be at the formula rent level, with the exception of those resulting either from decants for regeneration purposes or from the council's underoccupation policy which would be let at a rent consistent with equivalent properties in the immediate vicinity; or
 - Allow the current policy to continue, whereby only lets of new-build properties be set at formula rent levels.

42. It is not for this report to pre-empt this separate consultation exercise, but it is hoped that a sufficiently clear picture emerges for a recommendation consistent with consultation outcomes to be included in the Final HRA Budget Report to cabinet on 29 January 2013.

Tenant Service Charges

43. Tenant service charges were separated out from rent as part of the government's rent restructuring regime in 2003/04; initial rent implementation having commenced the previous year. This was to enable greater consistency and transparency between local authority and RSL sectors. Charges were frozen in 2012/13. Increases are normally capped nationally at September RPI @ 2.6% + 0.5%, which would equate to an overall increase of 3.1% for 2013/14. However, in the case of estate cleaning, grounds maintenance and communal lighting, contract-based savings will offset this underlying increase and so the charges are not proposed to increase in 2013/14.
44. In the case of door entry maintenance systems, although the contract price for this remains unaltered in 2013/14 there are significant cost pressures due to additional works as a consequence of the increased fire risk assessments programme being undertaken by the council. Under normal circumstances this would equate to a rise in the charge – but the council does not wish tenants liable for this service charge to make an additional contribution purely because of the need to match FRA expenditure; and so this charge is also proposed to be left at the 2012/13 level. The relevant contract is due for renewal during 2013/14, and any resultant change in the cost base will be reflected in the service charge for 2014/15 onward. For ease of reference, the respective service charges are listed in the table below:

	2012/13 £ per week	2013/14 Proposed new charge	%age change
Estate Cleaning	4.60	4.60	0.0%
Grounds Maintenance	1.09	1.09	0.0%
Communal Lighting	1.17	1.17	0.0%
Door Entry	0.68	0.68	0.0%
Total	7.54	7.54	0.0%

Non-Residential Rents and Charges

45. Non-residential rents and charges were not changed in 2012/13, with the exception of variations to the terms and conditions of various concessionary rates previously offered.
46. At their meeting on 23 October 2012 the Garages Working Group proposed that the freeze in charges continue for a further twelve months, and officers have formulated the Indicative HRA budget on that basis.

District Heating Charges

47. Heating and hot water charges last increased in 2009/10, as the council was in the process of procuring an extended, four-year flexibly-priced contract for the provision of gas for 'large sites'. Flexible pricing means that the council is not tied to a given price at the time of procurement, and that (in conjunction with

other members of the consortium agreement) we are able to follow the wholesale market in order to better deliver sub-premium prices to tenants.

48. In last year's rent-setting report, as for the previous year, it was recommended that heating charges be kept at previously-set levels, but that the review process be maintained on an annual basis to assess the possibility of future changes to charges where merited. The current accumulated surplus on the heating account equates to £5.5m, of which approximately £4m is earmarked for upgrading existing heating systems to improve energy efficiency and reduce consumption, which in turn helps to mitigate upward cost pressures through lower consumption.
49. With the application of greater efficiencies in terms of gas consumption as outlined above, and potential use of the accrued balances on the heating account, the advantageous operation of the contract means that the cost of District Heating can be held at existing levels once again despite recent retail price increases, and so it is recommended that heating charges are retained at the previous year's levels for 2013/14; but also that officers investigate more fully the opportunity to allocate the heating account surplus once the costs of the new contract become clearer.

Thames Water

50. Water and sewerage charges applicable to council dwellings will be subject to an increase from April 2013. Notification of the increase will be advised by Thames Water, on whose behalf the council act as agent for billing and collection. The council has no influence over the charges set by Thames, who are an independent commercial entity regulated by Ofwat.

Budget Consultation

51. The cabinet at Southwark has set out seven over-arching budget principles, covering both the HRA and the general fund, and in July 2011, this was refined by a statement of ten 'Fairer Future' principles as agreed by Council Assembly.
52. The council commences this process with an interim report to cabinet in December setting out the indicative budget scenario in terms of HRA finances, and then begins formal consultation with residents before Christmas. This report will be presented to Tenant Council in early January in order for submission to area housing forums during the month. Home Owner Council and TMO Liaison Committee will also consider this report during January.
53. Budget information will be refined over the coming weeks, and officers will be asking cabinet to set rents accordingly at their meeting on 29 January 2013. As normal, the results of the consultation processes will also be reported to cabinet at that time.

Community impact statement

54. The government has also made a number of announcements on welfare reforms as part of its overall strategy of economic management in the context of the Spending Review, some of which have a direct impact on Southwark tenants and leaseholders, and are explored earlier in this report. An equalities assessment will be conducted in parallel with consultation processes undertaken by the council, and the results will be reported in the final report.

Consultation and notification

55. One of the intentions of presenting financial information to cabinet in December 2011 was to enable consultation processes to commence prior to the Christmas break, rather than the New Year. All figures in this report are flagged as “Indicative” and further work will be undertaken by officers, both in tandem with the consultation process, and independently of it in order to generate a final report for cabinet on 29 January 2013.
56. Following the adoption of the overarching budget principles and ‘A Fairer Future for All’ (see Background Documents), the council intends to invite any further comment on likely budget options regarding the general fund budget for 2013/14 and beyond during January 2013, and it is anticipated that HRA proposals will follow a similar process.

Tenant Council

57. Tenant Council will meet in early January to both discuss this provisional report, and to refer it on to area housing forums. The meeting will reconvene on 28 January 2013 to consider any recommendations arising from the area forum consultation, and wider HRA budget consultation outcomes where available; and make consolidated recommendations to cabinet, which will be reported as an appendix to the final report on 29 January.

Home Owner Council

58. Home Owner Council are unable to make recommendations in the matter of tenant rents and service charges, but may do so in terms of any proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA Budget; and so this report will be referred to their meeting of 16 January 2013, and any comments made reported to cabinet at the 29 January meeting.

TMO Liaison Committee

59. For the first time last year, the Indicative HRA budget report was the subject of formal consultation with the TMO Liaison Committee, and it is intended that this process continue for 2013/14 and future years. Their meeting is on 23 January 2013.

Statutory and Contractual Notifications

60. Subsequent to the approval of the final report on 29 January, either as set out or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue a statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the commencement of the new rents and charges referred to above.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

61. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ("the 1989 Act"). The 1989 Act provisions include a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
62. Further provisions relating to housing finance are set out under Sections 168 to 175 of the Localism Act 2011 ("the 2011 Act") and provide for the determination of settlement payments calculated in accordance with such formulae as the Secretary of State may issue from time to time. The settlement payment under the 2011 Act replaced subsidy payments for England made under the HRA, previously provided for by Section 80 of the 1989 Act and this report sets out the effects of the self-financing settlement.
63. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. The section confers a broad discretion as to rents and charges made to occupiers, however cabinet will note the effective limitation of discretion provided by the calculation of the self-financing debt settlement referred to in this report.
64. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council, "before seeking to vary the sums payable for rents and other charges". The report indicates consultation will take place in order to comply with this term.
65. It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of introductory tenancies by virtue of Section 111A of the Housing Act 1985, together with the council's agreement with its tenants, that they are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation. The report indicates the notice of variation will be served in time to comply with this requirement.

Strategic Director of Finance and Corporate Services

66. The financial implications arising from the commencement of the self-financing regime and movements in expenditure/income on the HRA are covered within this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet agenda 21 September 2010 (item 9) http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3332&Ver=4	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
Council assembly agenda 6 July 2011 (item 5.1) http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=3751&Ver=4	160 Tooley Street London SE1 2QH	Lesley John Constitutional Team 020 7525 7228
Investing in Council Housing: Options for the Future (Cabinet 23 October 2012) (item 16) http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4247&Ver=4	160 Tooley Street London SE1 2QH	Stephen Gaskell Corporate Strategy 020 7525 7293

APPENDICES

No.	Title
Appendix A	HRA Indicative Budget Movements 2012/13 to 2013/14
Appendix B	HRA Revised Base Budget 2012/13
Appendix C	Rent Restructuring Chronology
Appendix D	Average Rents across London Boroughs 2012/13 – Table
Appendix E	Actual and Formula Rents by London Borough 2012/13 – Chart

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Ian Young, Divisional Finance Manager, Housing and Community Services	
Version	Final	
Dated	29 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Legal Services	Yes
	Strategic Director of Finance and Corporate Services	N/a
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	29 November 2012

APPENDIX A

HRA INDICATIVE BUDGET MOVEMENTS 2012/13 TO 2013/14

	Paragraphs	£m
Commitments/ unavoidable demands:		
Financing	14	5.0
Welfare reforms	19 – 23	3.6
General inflation	24	2.0
Council tax on void properties	25	1.0
Sub-total		11.6
Rents and charges:		
Guideline rent increase	26	(7.4)
Week 53 windfall rent	38	(4.2)
Sub-total		(11.6)
DEFICIT/(SURPLUS) BEFORE EFFICIENCY SAVINGS		0.0
Efficiency savings to be funded:		
Savings required to meet three-year programme	29 – 30	6.0
Sub-total		6.0
NET DEFICIT/(SURPLUS) BEFORE REDISTRIBUTION		(6.0)
2013/14 budget surplus to redistribute	16 – 17	6.0
NET DEFICIT/(SURPLUS) AFTER REDISTRIBUTION		0.0

APPENDIX B

HOUSING REVENUE ACCOUNT REVISED BASE BUDGET 2012/13

	Revised Base Budget 2012/13
	£m
Expenditure:	
Employees	26.7
Running Costs	19.9
Thames Water Charges	12.8
Contingency Reserve	1.5
Contribution to Reserves	2.0
Grounds Maintenance and Estate Cleaning	14.5
Responsive Repairs and Heating Repairs	47.7
Revenue Contribution to Investment Programme	5.3
Regeneration Landlord Commitments	7.4
Planned Maintenance	7.8
Service Level Agreements/Corporate Support Costs	22.6
Asset Rents (Debt Charges)	76.6
Co-op's, Tenant Management Organisations etc.	2.9
Heating Account	12.2
Sub-total	259.9
Income:	
Rents – Dwellings	(181.4)
Rents – Non Dwellings	(4.7)
Heating/Hot Water Charges	(9.5)
Tenant Service Charges	(12.5)
Thames Water Charges	(12.0)
Commission Receivable	(3.3)
Leaseholders – Major Works	(6.5)
Leaseholders – Service Charges	(15.9)
Interest on Balances	(0.3)
Commercial Property Rents	(6.7)
Fees and Charges	(0.8)
Capitalisation (Repairs)	(5.6)
Recharges	(0.7)
Sub-total	(259.9)
TOTAL	0.0

APPENDIX C

RENT RESTRUCTURING CHRONOLOGY

2002/03	Rent restructuring commenced. Convergence date set at 2011/12.
2003/04	Tenant service charges unpooled from main rent.
2004/05	<i>[no changes]</i>
2005/06	Formal three-year review of policy (implementation delayed by one year).
2006/07	Restructuring formula amended. Average rent increase capped at 5%
2007/08	Average rent increase capped at 5% again.
2008/09	Average rent increase capped at 7%. Convergence date extended to 2016/17.
2009/10	Convergence date extended to 2023/24. Amending determination issued to reduce national average guideline rent increase from 6.2% to 3.1%.
2010/11	Convergence date reduced to 2012/13.
2011/12	<i>[Original convergence date]</i> Convergence date extended to 2015/16.
2012/13	Self-financing commenced.
2013/14	<i>[no changes]</i>

APPENDIX D

AVERAGE RENTS ACROSS LONDON BOROUGHES 2012/13

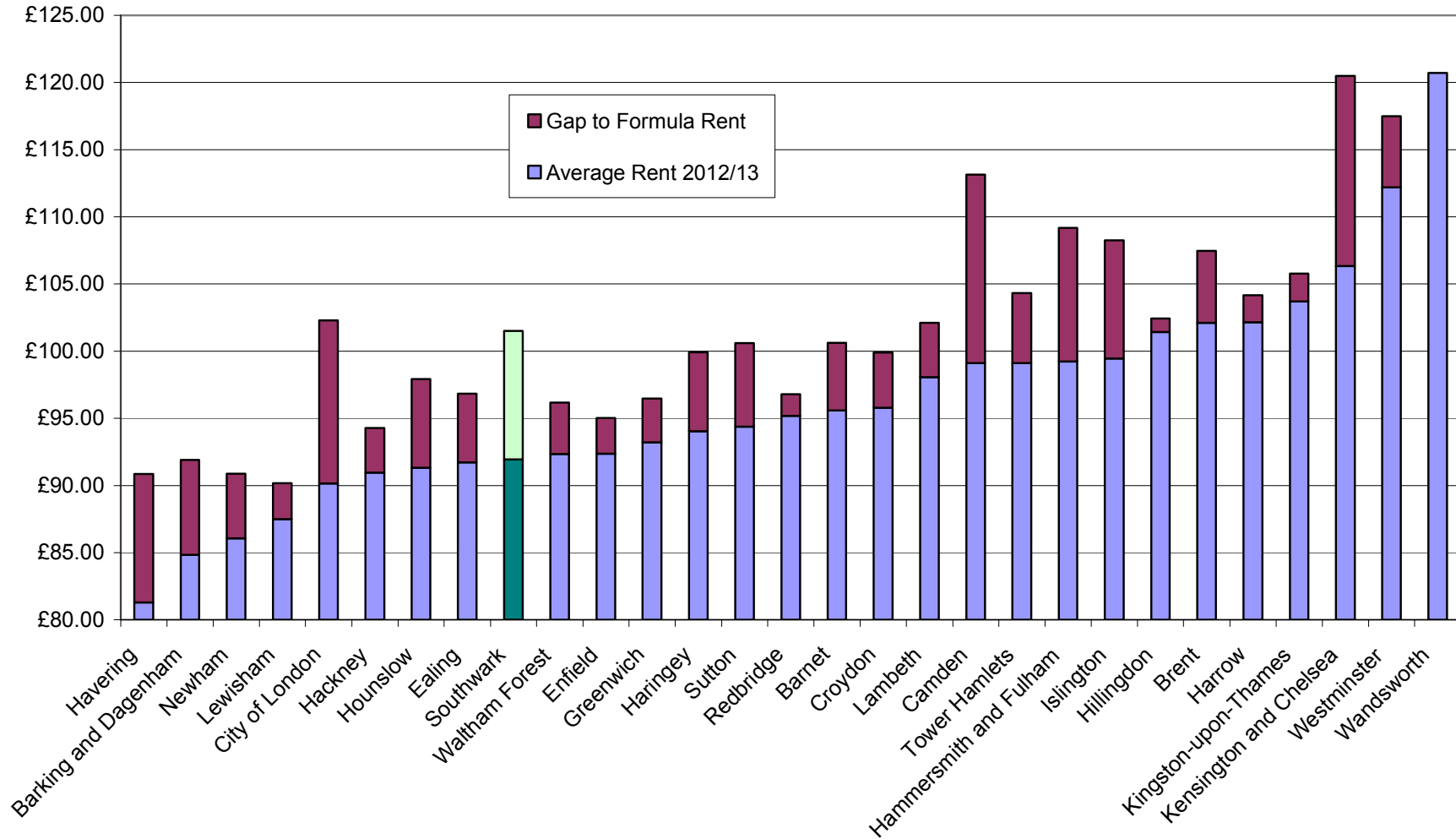
	Average Rent 2012/13 £	Target Rent 2012/13 £	Average to Target Gap 2012/13 %	Guideline Rent 2013/14 £	Target Rent 2013/14 £
Barking and Dagenham	84.85	91.90	8.3%	91.58	94.76
Barnet	95.59	100.61	5.3%	100.88	103.72
Bexley	–	–	–	–	–
Brent	102.10	107.47	5.3%	107.13	110.81
Bromley	–	–	–	–	–
Camden	99.11	113.15	14.2%	112.43	116.67
City of London	90.16	102.30	13.5%	102.27	105.47
Croydon	95.78	99.88	4.3%	100.32	102.97
Ealing	91.72	96.83	5.6%	97.28	99.83
Enfield	92.37	95.01	2.9%	95.50	97.95
Greenwich	93.22	96.48	3.5%	96.57	99.47
Hackney	90.96	94.27	3.6%	94.34	97.20
Hammersmith and Fulham	99.24	109.17	10.0%	109.39	112.55
Haringey	94.04	99.90	6.2%	100.35	103.00
Harrow	102.14	104.15	2.0%	104.57	107.38
Havering	81.30	90.86	11.8%	91.29	93.67
Hillingdon	101.41	102.43	1.0%	102.57	105.61
Hounslow	91.33	97.93	7.2%	98.04	100.96
Islington	99.45	108.23	8.8%	108.08	111.59
Kensington and Chelsea	106.35	120.48	13.3%	120.84	124.22
Kingston-upon-Thames	103.69	105.76	2.0%	106.03	109.04
Lambeth	98.06	102.11	4.1%	101.66	105.27
Lewisham	87.49	90.18	3.1%	90.53	92.98
Merton	–	–	–	–	–
Newham	86.07	90.89	5.6%	91.08	93.72
Redbridge	95.20	96.80	1.7%	97.20	99.80
Richmond-upon-Thames	–	–	–	–	–
Southwark	91.94	101.52	10.4%	101.44	104.67
Sutton	94.38	100.60	6.6%	100.61	103.72
Tower Hamlets	99.12	104.33	5.3%	103.79	107.57
Waltham Forest	92.34	96.17	4.1%	96.14	99.16
Wandsworth	120.71	117.45	(2.7%)	116.85	121.10
Westminster	112.18	117.50	4.7%	117.15	121.14
London Average	95.76	101.61	6.1%	101.59	104.76

Source: London Councils Rent Survey 2012/13

Notes:

- Southwark's average rent (adjusted mid-year stock position) for 2012/13 ranks 9th lowest of the 29 London Boroughs that manage their housing stock either directly or via an ALMO.
- Average rent figures exclude tenant service charges.
- Where London Councils did not receive a direct survey response the average rent is extrapolated from individual borough rent reports.

APPENDIX E: AVERAGE RENTS 2012/13



Data source: London Councils Rent Survey 2012/13

Item No. 10.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Quarter 2 Capital Reporting for 2012/13	
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 projected expenditure of the council on its capital programme for the current year and asks the Cabinet to agree the funded variations set out in Appendix C.

Whilst the general fund capital budget for the current year was established on the basis that programme slippage was probable, further work is needed to ensure that delivery is timely. As the report shows, most (61%) of the slippage to date is within children's services, principally as a consequence of delays in work on primary schools.

Another cause has been that anticipated expenditure on a number of projects will be less than the budgets set for them, demonstrating that the council is working hard to deliver value for money.

On the anticipated expenditure on the Housing Improvement Programme, the gap with the budget is smaller than in recent years. The Housing Department have been proactive in ensuring that programme delays are offset by bringing other future programmes forward.

RECOMMENDATIONS

That cabinet:

1. Note the general fund capital programme 2012/13–2021/22 as at Quarter 2 2012/13, as detailed in Appendix A and D.
2. Note the housing investment programme 2012/13–2021/22 at Quarter 2 2012/13 as detailed in Appendix B.
3. Agree the virements and funded variations for Quarter 2 2012/13 as detailed in Appendix C.
4. Instructs strategic directors to work with project managers and finance colleagues to ensure that forecasts for project activity are as robust as possible for each department moving toward the year end financial position for 2012/13.

BACKGROUND INFORMATION

5. On 25 September 2012 the cabinet approved a refresh of the 10 year capital programme for the period 2012/13 – 2021/22, approving a total general fund programme of £387.2m, including £59.8m of new departmental bids and noting the Housing Investment Programme forecast of £398m.

KEY ISSUES FOR CONSIDERATION

General Fund Capital Spend

6. The Q1 2012/13 monitoring report indicated that expenditure of £24.3m had been incurred against the general fund capital programme, against a budget for the year of £123m. This represented spend of 19.5% to budget, or slightly under a quarter of the overall budget at that point. A small underspend of £98k was predicted against budget at this point.
7. The Q2 monitoring report indicates expenditure of £36.4m incurred at the end of Q2 against a budget of £139m showing a 26% spend against budget as at that point. A forecast outturn of £106m, with positive variance of £32m has been predicted to the end of the financial year, indicating a final forecast spend of 80% against budget. The increase in budget since Q1 relates to confirmed allocation of Dfe grant for 2012/13 of £9.2m and inclusion of new bids impacting on 2012/13 including just over £4m on works for the new office accommodation strategy and a range of environment and leisure bids totalling just over £1m.
8. In light of the final outturn position against budget noted in the outturn report for 2011/12, officers will be monitoring this forecast closely for the remainder of the financial year to ensure that any anticipated reduction in forecast is flagged early on, so that budgets can if necessary be re-profiled in good time.

Housing Investment Programme Spend

9. Although reporting quarterly and annually at the same time as the General Fund the Housing Investment Programme was presented to cabinet in October 2011. It showed the principal aims of delivering warm, dry and safe homes across the borough and investing in the regeneration of estates, as well as the required landlord obligations.
10. The monitoring position for Q1 2012/13 on the programme indicated spend to date of £14.5m against a budget of £89.3m for the year, reflecting spend of 16.2% against budget. At Q2 2012/13 the monitoring position indicates spend to date of £25.3m, or 27.4% of budget with a year end forecast of around £85m.

Capital Resources

11. The council is able to access a number of resources to fund capital expenditure which have been set out below:
 - capital receipts from disposal of property
 - grants
 - external contributions

- section 106 funding
 - housing major repairs allowance
 - contributions from revenue
 - contributions from reserves
 - Borrowing, which the council at the present time chooses not to use
12. The capital programme is influenced by resource timing and availability. Over the life of the programme all commitments must be met from anticipated resources. Regular monitoring and formal reporting regulates the programme and mitigates cash flow and funding risks and officers undertake regular reviews as part of the process for preparing monthly and quarterly monitors to assess income to date, forecasts and changes.
 13. Each department forecasts its programme as accurately as possible to minimise the need for re-profiling. Where this does occur the requirement is flagged as early as possible. Given the general complexity of capital projects it is common to see some variation in the profile of the actual programme against the forecast. The impact of this is mitigated through regular formal monitoring, departmental reviews and access to a resource base wide enough to cope with change.
 14. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources, to identify new resources or to make changes to the use of resources at an organisational level as projects complete or new projects appear.

Section 106 and Community Infrastructure Levy (CIL)

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

18. A preliminary draft charging schedule was developed for this report and the council is undertaking consultation on this as the year progresses. The capital programme will be subject to future refresh and pending finalisation of the charging schedule for CIL this may be used to support appropriate schemes.

New Homes Bonus

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

Contributions from Earmarked Reserves

23. Reserves are funds set aside from under spends or planned budget contributions, to meet contractual commitments or future expenditure plans which may include risks or liabilities that arising at a later date. Three reserves which have relevance for funding the capital programme are outlined below.
24. The modernisation reserve supports one-off expenditure or multi-year projects designed to modernise and further improve the operational efficiency of Southwark's service provision. The use of the reserve is subject to a protocol listing admissible items in accordance with the council's Medium Term Resources Strategy.
25. The regeneration and development reserve funds one-off expenditure and multi-year projects delivering regeneration and development across the borough. Relevant projects include the Aylesbury Estate Regeneration, Canada Water, and Elephant & Castle Regeneration.
26. In 2011/12 the council established a compliance and planned preventative maintenance reserve which may be used to support activities upgrading the wider council estate in line with legislative and/or preventative maintenance requirements. The reserve could for example be used to support the

implementation of a maintenance programme in specific parts of the council's operational estate. Use of the reserve would need to be requested through appropriate approval channels, such as via cabinet, and it is likely that works would be programmed over more than one year, or relate to more than one site.

Capital Receipts

27. The council operates a ten-year disposals programme. Planned disposals generate capital receipts which the council can use as a funding source to finance capital expenditure.
28. Capital receipts are categorised as Housing or General Fund depending on the nature of the asset giving rise to the receipt. Certain receipts arising from right to buy sales are also generated within the housing disposals programme and subject to pooling arrangements with government, so that the council can repay housing debt.
29. The annual receipts forecast to 2021/22 is between £30 - £40m per annum generated by disposals from both general fund and housing. The new capital bids in the refreshed programme presented an anticipated additional call of around £45m on capital receipts, to be funded over the life of the programme.
30. In the event that in-year funding generated by disposals is insufficient to meet the level of expenditure alternative short term sources of funding may need to be accessed or projects deferred or re-profiled. Short term sources of funding include use of earmarked reserves and/or accelerating the disposals programme.

Capital Grants

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

Resourcing to Quarter 2 2012/13

33. A number of balances were brought forward from the outturn of 2011/12 and can be applied in 2012/13 in addition to resources received in year.
34. In terms of property receipts, balances of £25.2m and £1.9m were brought forward on the Housing Investment Programme and General Fund respectively. Of the Housing Investment Programme balance £9.3m related to receipts arising from right to buy sales.

35. As at the end of Quarter 2 2012/13 £23.4m had been received from Housing receipts, with £1.9m brought forward on General Fund receipts and around £15m anticipated by the end of the financial year.
36. A grants balance of £63.8m was brought forward from 2011/12. This included balances of £4.7m relating to housing grants, £15.2m relating to education use grants and £36.4m relating to receipts generated through S106. At the end of Quarter 2 2012/13 £22.3m grant had been received including £15.2m of education use grants and £7.1m of S106.
37. Much of the council's capital programme is supported by its disposals of property which form a significant part of corporate resources over the life of the programme. At Q2 2012/13 the budgeted positions on the general fund and housing investment programmes were £16.9m and £45m respectively. The disposals programme is subject to ongoing review by officers to mitigate the risk of funding unavailability due to timings or amounts received in year. Where pressure arises alternative short term sources of funding will be sought using the range outlined above.
38. The above resources will be monitored and applied as appropriate to schemes in 2012/13.

Programme position at Quarter 2 2012/13

39. Attached at Appendix A is a summary of the general fund programme position as at Quarter 2 of 2012/13. This shows a total expenditure budget of £398m budgeted over the programme.
40. Attached at Appendix B is a summary of the housing investment programme position as at Quarter 2 of 2012/13. This shows a total expenditure budget of £397.5m over the programme.
41. Appendix C shows the budget virements and variations arising in quarter 2 of 2012/13.
42. Appendix D shows a more detailed view of the general fund programme to enable spend and forecast on individual projects or groups of projects to be seen.
43. This programme position will continue to be monitored and reviewed over the remainder of the financial year, with regular updates to cabinet.

Departmental updates

Children's Services

44. The Children's Services capital programme at quarter one stood at £54.1m. The agreed capital bids of £16.4m were included for approval by cabinet and a virement of £270k from Environment for the Peckham One O'clock has been included in this report. The confirmed DfE grant for basic needs and maintenance was £9.2m comprising £4.9m original basic needs and a further £1.6m allocation and £2.7m capital maintenance grant and this has been shown

at Appendix C. A sum of £206k capital grant funding for Aiming High for Disabled Children was confirmed in September 2012. The revised departmental capital programme budget stands at £80.0m.

45. The quarter one forecast for CS was estimated at £20.3m for 2012/13. The revised quarter 2 forecast for 2012/13 has been reduced to £10.9m. The majority of the re-profiling relates to £7.7m re-forecasting use of unallocated budgets pending the review of the primary estate condition and capacity surveys completed in the summer of 2012. The final tender submission for Southwark Park Primary School is now expected in the autumn of 2012 and this has resulted in £900k of forecast expenditure re-profiled to future years. The Youth Services programme of £600k is now expected for delivery in 2013/14. The remaining re-profiling of £200k relates to smaller schemes and the release of unspent contingency from finished schemes back to the programme.
46. Progress this year includes 300 new primary places made available in September as part of the temporary expansion programme.
47. The permanent expansions at Haymerle and St Anthony's for new places in 2013 are progressing. The outcome of the condition and capacity surveys and the primary places review is expected to be reported by the end of the Autumn term 2012. This will help inform the strategy to be agreed for the provision of new places to 2015/16.
48. The project working budget for Gloucester and Cherry Gardens is increased from £12.5m agreed in the 2011/12 capital refresh to £13m. This is as a result of more detailed designs for the education specification and value engineering exercises. However, every effort will be made to keep the contract sum and council retained liabilities to a minimum.
49. Cabinet are requested to approve the virement of £270k for the Peckham Rye One O'clock Club from the existing environment capital budget to Children's Services capital budget as shown in Appendix C.

Southwark Schools for the Future

50. The SSF quarter one forecast for 2012/13 at £47.1m included £7.4m budget rolled forward from 2011/12, anticipating a balanced spend to budget. The quarter two forecast for 2012/13 is correspondingly reduced by £7.3m to £39.8m. The full programme budget stands at £81.6m.
51. The New School Aylesbury design and build was completed ready for Sacred Heart to take up occupation in September. This has enabled the new PFI school at Sacred Heart to commence on a cleared site.
52. The final phase for the PFI school at St Thomas the Apostle went operational on 05 November 2012 and Phase 3c for SILS KS3/4 is expected to reach contract award by the end of December 2012 for construction start in the Spring 2014.

Adult Social Care

53. The main focus of the Adult Social Care (formerly Health and Community

Services) capital programme is investment in the infrastructure necessary to support the delivery of services to improve the health and well being of local people. A summary of the activity in 2012/13 thus far is given in the following paragraphs.

54. In 2012/13, Southwark Resource Centre has an agreed budget of £358k and is forecast to cover 5% contract retention fee, some post completion works and equipment costs. The project is currently forecast to show a final under spend of £75k which will be returned to the programme for use on other projects.
55. The agreed budget for Department of Health Capital Grant (“adult personal social services capital allocation”) for 2012/13 is £1.6m. This includes a carried forward balance of £780k from the prior year. The grant is earmarked for various day services projects including major refurbishment works and is currently forecast to spend fully in year. The programme is currently forecast to under spend by £980k, which will be re-profiled into the 2013/14 financial year due to delays in commissioning planned capital works on various projects e.g. day centres.
56. There is a rolled forward residue from 2011/12 single capital pot mental health grant of £19k. This is being forecast to be fully utilized in 2012/13.
57. All other projects in the pre-2012/13 programme have successfully been completed.
58. Due to new and emerging issues developing over the last year, Adult Social Care submitted three bids to cabinet. All three bids were approved and the agreed budgets have been revised and re-profiled to 2013/14.
59. A bid of £7m was agreed to meet costs which may potentially arise as the termination of a care accommodation contract operated by Anchor Homes is negotiated. This has an agreed budget of £7m and depending on the required eventual amounts for capital purposes, it is expected this will be funded from a combination of corporate resources and reserves.
60. A bid of £1.2m addressing capital maintenance issues on care homes currently operated by Odyssey Care was also approved and it is anticipated that this will be funded using £800k of corporate resources and the remaining £400k from external grant sourced by the department.
61. A bid of £2m for a centre of excellence in the borough aiming to provide specialist care and support for older residents with dementia was approved at the cabinet meeting on 25 September 2012 and it is expected that this will be funded from corporate resources, although officers also intend to explore the potential for accessing S106 funding for this scheme.
62. With new bids included the departmental budget stands at £12.1m to 2021/22.. It is anticipated that the 2012/13 budget will demonstrate a favourable variance of £1.05m reflecting the final position expected on the Southwark Resource Centre project and the re-profiled or rolled forward major modernisation works on various adult day centres. A small variation of £3k reflecting a change in Adult PSS allocations has been included at Appendix C, requested for approval.

Environment and Leisure

63. The departmental capital review board meets quarterly to scrutinise expenditure on projects. The department's latest approved capital budget for 2012/13 is £23m against the projected spends of £21.1m, giving an overall favourable variance of £1.9m to be carried forward into 2013/14.
64. Bids amounting to £12.2m were approved in July and September 2012/13 capital reports to cabinet and have been included in the programme. This produces a total approved departmental capital programme for 10 years to 2021/22 of £103m.

Sustainable Services

65. The Integrated Waste Management facility was signed off as fully operational on 2 March, 2012. A saving of £600k has been identified and released for use on other projects. This resulted mainly from the use of the same contractor (Volker Fitzpatrick) to undertake the various facets of the project (site remediation, access road construction and build of main facility) which generated significant benefits of costs synergies and economies of scale.
66. A capital bid made in an earlier refresh and associated with the final phase of the project also included an estimate of £520k for S106 Renewables. This involved an obligation to provide an Off-Site Renewable Energy Infrastructure and supply. However, if a sum of £520k was paid to a Green Energy Fund, then the developer would be released from all further liability in relation to this obligation. This obligation is currently expected to be covered/discharged by the Southwark Heat Network from South East London Combined Heat and Power plant (SELCHP) project, which is designed to take heat from the plant and deliver it through a network of hot water mains to the boiler houses on several Southwark Council estates.
67. The heat will provide heating and hot water, and will replace gas which is currently burned in the boilers, saving an estimated 6,000 to 10,000 tonnes of CO₂ per annum and 2 tonnes per annum of Nitrous Oxides (NO_x). Heads of terms were signed on 19 July 2012 and the final contract negotiations are continuing. The contract should be finalised late in 2012 when this provision could be considered for release as savings and the scheme should be operational in late 2013.

Public Realm

68. Burgess Park was opened on 21 July 2012. To address spending pressure on this project in 2012/13 a number of budget virements have been requested for cabinet approval, firstly a re-allocation of available resource on the integrated waste project totalling £400k, with the balance of £732k re-allocated from available resource on the now completed Southwark Resource Centre project. These movements have been shown and requested for approval in Appendix C. In addition a further £200k has been granted to the project from the Capital Programme as a result of a bid approved in September 2012 to fund a borehole as a sustainable water source for Burgess Park Lake. These works are subject

to Environment Agency Permission being granted.

69. The new BMX track in Burgess Park received planning permission in March 2012. The current budget allocation is £150k with an anticipated total budget of £654k, funded through a variety of sources. The Olympic Legacy fund awarded the project £150k currently in the programme, Cleaner Greener Safer sources awarded £44k and S106 contributions (pending formal confirmation) are due to deliver £163k. External funders include Play Sport providing £121k, London Marathon Trust with £75k and British Cycling at £100k. The project is due for completion in the summer of 2013. Budget variations will be included in the programme as new resource allocations are confirmed to bring the budget up to total in due course.
70. The Non Principal Roads programme of £5.5m for 2012/13 is forecast to spend in full. The programme started slowly due to the Olympic embargo over the summer months but is now fully underway. Reserve schemes have been identified for bringing forward in quarter 3 of 2012/13 if any issues delay parts of the programme, for example, the need to co-ordinate works with utilities companies.
71. The Cleaner Greener Safer budget for the year is £4.3m. Forecast spend has been revised to £3m. This reduction reflects slower than anticipated spend on CGS grants (which are largely outside the Council's control) and a number of other projects which have returned positive variances or are due to finish, such as may be the case if the council has been able to fund works from external budget sources instead. In such case there is unlikely to be time in the current financial year for Community Councils to reallocate such funds and spend in full before year end. It is anticipated that savings or positive variances will be rolled forward for re-allocation to new or alternative Cleaner Greener Safer projects in subsequent financial years.

Culture, Libraries, Learning & Leisure

72. Dulwich Leisure Centre and Camberwell Leisure Centre Phase 2 indicate that works are now completed. There was an adverse variance of £232k on the Dulwich Leisure Centre, however this will be offset with a projected favourable variance on the Camberwell Leisure Centre Phase 3 works which are due for completion in 12/13. A budget virement is requested for cabinet approval to transfer the corresponding sum of £232k from Camberwell Leisure Centre code to Dulwich Leisure Centre code. This virement is shown and requested for approval in Appendix C.
73. Work at Pynners Sports Ground involves rebuilding the pavilion that was destroyed by a fire a number of years ago. Project completion is subject to some re-profiling but is expected to be completed by the end of the calendar year.
74. The remaining budget of £80k for the Thomas Calton Centre refurbishment is anticipated to be spent in 12/13. A balance of £73k is available for use which had been allocated as part of the budget for the Thomas Calton Project, the intention is for this to be used alongside the £80k for the first phase of emergency remedial works in the Centre. A budget virement is therefore requested for cabinet approval to transfer the sum of £73k from the Thomas

Calton Project code to the Thomas Calton Centre refurbishment code. This virement is shown and requested for approval in Appendix C.

75. The capital programme has a provision of £2m over 2 years for the Southwark 2012 Olympic capital legacy fund, including £500k allocated to OLF works around Camberwell Leisure Centre, with an objective to invest in capital projects that support a lasting Olympic and Paralympic legacy in Southwark from the 2012 games, improving access to and increasing participation in physical activity and encouraging the development of the Olympic values in the borough's communities. The expenditure for each of the 10 schemes has been profiled and systems and procedures are in place to monitor their financial performance.
76. Implementation of RFID equipment (Radio Frequency Identification) at Dulwich will be completed by March 2013 and other two libraries are programmed to spend in 2013/14 onwards.
77. A number of other small budget variations, including £112k on the Camberwell Leisure Centre and £5k in relation to the Trinity College Sports area have also been included in Appendix C for approval.

Community Safety and Enforcement

78. The current CCTV project picking up a digital upgrade of the CCTV control room is now complete and the project was delivered on budget. A bid for work on the council's CCTV systems (Housing Refresh) was agreed in the capital report tabled at cabinet on 25 September 2012. Much of this budget relates to future financial years however it is anticipated that remaining spend of around £100k in relation to the Housing Refresh project will be incurred in 2012/13 as work progresses. Around £350k of spend has already been incurred in 2012/13. Officers will monitor this position closely and will if needed re-profile budget resource forward in the programme to address this accelerated spend. Work includes building works to upgrade the CCTV suite, and upgrade of the equipment for monitoring and the capacity to link in with other CCTV networks. Funding for these projects is secure.
79. Projects to link the housing estate cameras and parking camera networks to the control suite will form future stages following the capital programme refresh in September 2012.

Finance and Corporate Services

80. The capital programme of this department focuses on two key areas: information technology infrastructure projects and premises improvements to council buildings.
81. The departmental capital programme stands at £23.1m including the addition of the new bids approved by cabinet in the capital programme refresh. The budget for 2012/13 stands at £2.3m with spend to date of £762k recorded at the end of quarter 2. Balanced spend to budget has been forecast for the end of the financial year.
82. The council is engaging a new Information Technology Managed Service

supplier early in 2013 which will be delivering a series of core enabling projects to modernise provision of IT services in the council. A bid of £5m was included in the refreshed programme, with spend anticipated to start in 2013/14 and funded by corporate resources.

83. The procurement of a new Facilities Management (FM) services supplier is has been approved by cabinet which will see a four-year contract being awarded.
84. To address future FM capital requirements a bid of £10.25m was approved by cabinet in the capital programme refresh. This reflects the anticipated cost of undertaking a comprehensive PPM and compliance programme on council property fabric from 2013/14. The work follows an earlier phase where the council undertook DDA work to its front-line premises. It is anticipated that this work will be funded through a combination of corporate resources and reserves.

Chief Executive's department

85. Following the appointment of the chief executive earlier this year, and overall reorganisation of the council's management structure, the services undertaken by the former deputy chief executive's department, along with regeneration, property and planning have been merged to form a single department. Delivery of key strategic regeneration projects fall within the department's remit.
86. The total departmental programme budget is £70m, divided between the major programme areas for the department with £6.4m allocated to framework and implementation, £18.6m to Property Services; £8.2m to Planning and Transport and £36.8m to Other schemes (such as the leisure centre at Elephant and Castle). As noted in the Outturn report for 2011/12 at paragraphs 167 and 169, emerging issues relating to progress on specialist children's accommodation and Camberwell library were noted and result in a budget variation of £1.2m being included in this report and requested for approval. This is generated by a variation of £500k on the original budget allocation for the Camberwell Library and £700k in relation to specialist children's accommodation.
87. Budget pressure of £173k in relation to the premises at Talfourd road has also been noted and additional resource is requested to meet this. This may be resourced from available resources drawn from elsewhere in the programme and requested as a budget variation if needed.
88. At quarter one of 2012/13 new capital bids totalling £5.7m were approved by cabinet, including £5.4m extra funding for the office accommodation strategy and £350k to providing improvements to local retail environments around the borough.
89. Performance thus far 2012/13 has been steady with spend to date of £7.9m at the end of quarter 2 against a 2012/13 budget of £28.9m. Work is continuing on delivery of the office accommodation strategy and its development of a significant council presence at Queens Road Peckham; the revitalisation of the town centre at Camberwell anticipating a range of funding sources; and the delivery of key community items at the Elephant and Castle Leisure Centre and Peckham Rye Station.

90. At the present time the council's headquarters located at Tooley Street does not appear in the capital programme. However the potential to include the premises alongside other strategic accommodation projects will be explored by officers over the coming months as part of an options review associated with the lease arrangements on the premises and adjustment to the programme will be made as appropriate based on the conclusion of this review.
91. A number of small budget variations in the corridors, neighbourhoods and supporting measures range of projects and reflecting a £535k reduction overall have been noted at Appendix C and requested for approval, where projects are being re-classified as revenue expenditure items.

Housing General Fund

92. The housing general fund capital programme represents investment in housing in the borough which is not directly focused on council properties and includes travellers' sites and affordable housing fund contributions. This includes housing renewal which allows assistance to a wider section of the community, subject to financial status, than existing council aid provision solely for the over 65s and individuals with medical needs.
93. Other main elements of the programme include: the East Peckham and Nunhead renewal area programme; the group repair scheme which replaces energy inefficient components, provides insulation and is working to retrofit for the future "green" energy products, contributing to CO2 emission targets; the affordable housing fund funded through S106 contributions which supports new build social housing by registered providers; and work to a number of travellers' sites within the borough.
94. The housing renewal programme is mainly funded from corporate resources but also attracts government grant for disabled facilities and external funding from the GLA. Southwark was successful in getting one of 10 low carbon zones within the London area which has levered in additional funding from the GLA.
95. The full departmental programme budget agreed for 2012/13 onward was £27.6m, including the agreed growth bid for renewal grants including disabled facilities grants. Budget for 2012/13 is £5.2m with expenditure to the second quarter of £1.1m, against a revised outturn forecast of £4.8m. The majority of expenditure to date is in respect of DFG grants, for which demand remains consistently high, and which formed a substantial part of the bid.
96. Responsibility for the delivery of projects in the renewal areas programme has recently changed and expenditure profiles will be subject to review in addition to some initial adjustments shown in the current figures.
97. The Burnhill Close travellers' site scheme will be the subject of a gateway 3 report to approve increased costs, and meanwhile shows a variation which will require a budget virement within the overall travellers sites programme provision when signed off. The final travellers' site project in this programme, at the Springtide site, is now at gateway 1 report stage and the profile of expenditure has been updated in line with the current proposals.

Housing Investment Programme

98. The Housing Investment Programme report to cabinet on 18 October 2011 confirmed detail of the housing investment programme (HIP), the resources available and how these would be used to provide warm, dry and safe homes across the borough. It also reported the approach to be taken for additional works on high investment needs estates, which has since been reported to cabinet in more detail. The format of the HIP summary has been revised to better reflect the programme in its agreed form.
99. The programme budget contained in the 2011/12 outturn report was £432.9m over the life of the 5-year programme. The addition of £15.2m reflecting the budgeted cost of demolishing the Heygate Estate and £0.3m additional resources received for the adaptations programme produced a revised total budget of £448.4m. When adjusted to allow for the roll forward of budgets at the end of 2011/12 and quarter one variations, the revised budget stood at £397.5m for the remaining four years of the approved programme.
100. Capital expenditure to the second quarter of 2012/13 was £25.3m with a revised outturn forecast of £85m. The most significant proportion of this expenditure was within the Warm, Dry and Safe (WDS) programme, which in respect of decent homes performance has contributed to an increase in decency level of 706 properties. Following difficulties with one of the partnering contracts, revised notices of proposals have now been issued, and together with agreed maximum prices now being obtained for further works packages this will accelerate the delivery of the WDS programme.
101. Forecast expenditure for the 5 year period totals £407.3m, against a budget of £397.5. The increase of forecast spend against budget is a combination of the ongoing requirement for fire safety works as previously reported, and the pricing of works packages under the partnering contracts against the original cost estimates based on stock condition information. The financing of this expenditure has been adjusted to reflect confirmation of government backlog grant funding at £15m for 2013/14 and £50m for 2014/15. The increased forecast can be covered through the reallocation of resources released by this grant funding, maintaining a fully funded programme

Community impact statement

102. This report describes the current and forecast position of the capital programme for the next ten years. The projected expenditure reflects plans designed to have a beneficial impact on local people and communities, which will be considered at the time the services and programmes are agreed. It is important that resources are used efficiently and effectively to support the council's policies and objectives.
103. Each project within the capital programme will be considered with regard to its impact on age, disability, faith/religion, gender, race and ethnicity and sexual orientation.
104. The council's capital programme is designed to deliver projects of value to local people.

Resource implications

105. This report forms part of the council's budget framework. It outlines the current position on the capital programme and identifies potential new projects to be included in it.
106. The resources supporting programme delivery are identified on a project by project basis. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be the subject of separate reports.

Legal implications

107. The legal implications of this report are identified in the concurrent report of the Director of Legal Services.

Financial implications

108. This report fully explores the financial implications of the capital programme at Q2 of 2012/13. The report presents a capital programme over 10 years where predicted resources are sufficient to meet anticipated spend.

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

110. The council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.
111. The Capital Programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

BACKGROUND PAPERS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	General Fund Capital Programme Summary - 2012/13 at Quarter 2
Appendix B	Housing Revenue Account Capital Programme Summary 2012/13 at Quarter 2
Appendix C	Funded Virements and Variations for Approval at quarter 2 2012/13
Appendix D	General Fund Capital Programme Details

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Alex Vaughan, Senior Finance Manager	
Version	Final	
Dated	29 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 for Finance and Corporate Services.	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	29 November 2012	

General Fund Capital Programme Summary - 2012/13 at Quarter 2

Department	2012/13		2013/14		2014/15+		Total Programme 2012/13-21/22	
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	30,100	3,617	10,993	(19,167)	19,946	39,310	19,364	80,025
Southwark Schools for the Future	47,166	16,946	39,817	(7,349)	8,508	6,930	(1,578)	81,655
Finance and Corporate Services	2,295	762	2,295	0	4,713	4,713	0	81,655
Environment	23,034	5,990	21,130	(1,904)	14,640	16,543	1,903	23,168
Adult Social Care	1,998	28	943	(1,055)	10,200	11,180	980	103,454
Housing General Fund	5,211	1,146	4,764	(447)	5,628	5,718	90	12,198
Chief Executive	28,948	7,984	26,334	(2,614)	30,085	30,509	424	27,568
TOTAL	138,752	36,473	106,216	(32,536)	93,720	114,903	21,183	398,095
								177,072
								11,449
								398,191
FINANCED BY:								
Corporate Resource Pool	16,900	13,673	27,394	10,494	29,507	29,507	0	183,215
Major Repairs Allowance	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0
Reserves & Revenue	3,454	319	3,276	(178)	8,479	8,657	178	18,070
Capital Grants	90,048	21,877	62,772	(27,276)	24,178	45,136	20,958	173,006
Section 106 Funds	11,269	571	11,147	(122)	4,159	4,281	122	21,515
External Contributions	1,627	33	1,627	0	500	0	(500)	2,127
TOTAL RESOURCES	123,298	36,473	106,216	(17,082)	66,823	87,581	20,758	397,933
								204,134
								(3,678)
Forecast variation (under)/over	15,454	0	0	(15,454)	26,897	27,322	425	162
								260
								98

HRA Capital Programme Summary – 2012/13 at Quarter 2

Programme	2012/13				2013/14		
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	2,210	851	2,299	89	115	35	(80)
	15,310	4,229	16,785	1,475	19,354	19,473	119
	9,628	20	5,036	(4,592)	8,943	17,175	8,232
	4	0	29	25	33,261	33,267	6
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	16,571	5,020	19,261	2,690	0	1,486	1,486
	1,305	94	1,305	0	1,104	1,104	0
	6,058	1,934	6,296	238	10,962	12,109	1,147
	1,975	1,323	2,731	756	1,373	1,116	(257)
	4,159	1,371	4,159	0	4,000	4,000	0
	1,441	564	1,531	90	1,100	998	(102)
HINE schemes	664	116	1,221	557	11,341	11,383	42
	0	0	0	0	2,420	2,420	0
Regeneration	5,855	2,022	5,446	(409)	3,390	3,907	517
	7,697	459	7,697	0	14,650	14,650	0
	252	128	272	20	0	0	0
	744	208	436	(308)	1,387	1,387	0
	1,280	162	1,280	0	1,508	1,508	0
	5,866	394	1,718	(4,148)	10,665	14,815	4,150
	399	(20)	378	(21)	294	586	292
	200	108	200	0	2,800	2,800	0
	2,279	711	2,279	0	64	64	0
	842	148	842	0	600	600	0
Other programmes	1,843	772	1,843	0	2,000	2,000	0
	0	0	0	0	0	0	0
	207	69	207	0	207	207	0
	1,234	1,025	1,234	0	0	0	0
	574	162	574	0	500	500	0
	400	0	200	(200)	200	200	0
	0	0	0	0	0	0	0
	2,898	1,761	2,828	(70)	604	645	41
	354	562	562	208	0	0	0
	1,054	80	654	(400)	1,114	1,414	300
	375	305	375	0	525	525	0
	988	18	540	(448)	1,000	1,000	0
	305	0	305	0	250	250	0
	1,000	800	1,000	0	1,000	1,000	0
	302	24	304	2	3	0	(3)
	3	3	47	44	0	0	0
	487	68	483	(4)	500	500	0
Adjustment	(7,395)	(165)	(7,395)	0	(7,395)	(7,395)	0
TOTAL	89,368	25,326	84,962	(4,406)	129,839	145,729	15,890
FINANCED BY:							
Corporate Resource Pool	0	0	0	0	5,857	5,857	0
Housing receipts	45,643	689	45,641	(2)	22,384	22,382	(2)
Major Repairs Allowance	44,873	22,423	44,873	0	45,488	45,488	0
Supported Borrowing	0	0	0	0	0	0	0
Reserves & Revenue	(15,994)	0	(20,466)	(4,472)	40,636	56,530	15,894
Capital Grants	12,196	600	12,233	37	15,471	15,472	1
Section 106 Funds	50	50	50	0	0	0	0
External Contributions	2,600	1,564	2,631	31	3	0	(3)
TOTAL RESOURCES	89,368	25,326	84,962	(4,406)	129,839	145,729	15,890
Forecast variation (under)/over	0	0	0	0	0	0	0

HRA Capital Programme Summary – 2012/13 at Quarter 2

Programme	2014/15+			Total Programme 2012/13-21/22		
	Budget	Forecast	Variance	Total Budget @ 01/04/2012	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	0	0	0	2,325	2,334	9
	2,921	2,144	(777)	37,585	38,402	817
	113	157	44	18,684	22,368	3,684
	281	251	(30)	33,546	33,547	1
	41,643	41,643	0	41,643	41,643	0
	49,408	49,408	0	49,408	49,408	0
	0	0	0	0	0	0
	0	45	45	16,571	20,792	4,221
	5,400	5,400	0	7,809	7,809	0
	14,425	13,078	(1,347)	31,445	31,483	38
	4,000	4,000	0	7,348	7,847	499
	8,000	8,000	0	16,159	16,159	0
	2,200	2,212	12	4,741	4,741	0
					0	
HINE schemes	13,642	13,043	(599)	25,647	25,647	0
	16,004	16,004	0	18,424	18,424	0
Regeneration	1,770	2,410	640	11,015	11,763	748
	8,301	8,301	0	30,648	30,648	0
	0	0	0	252	272	20
	50	50	0	2,181	1,873	(308)
	3,520	3,520	0	6,308	6,308	0
	3,317	4,028	711	19,848	20,561	713
	592	300	(292)	1,285	1,264	(21)
	1,500	1,500	0	4,500	4,500	0
	0	0	0	2,343	2,343	0
	400	400	0	1,842	1,842	0
					0	
Other programmes	4,000	4,000	0	7,843	7,843	0
	0	0	0	0	0	0
	312	312	0	726	726	0
	0	0	0	1,234	1,234	0
	1,000	1,000	0	2,074	2,074	0
	400	400	0	1,000	800	(200)
	0	0	0	0	0	0
	1,200	1,200	0	4,702	4,673	(29)
	272	65	(207)	626	627	1
	1,800	1,900	100	3,968	3,968	0
	600	600	0	1,500	1,500	0
	2,000	2,000	0	3,988	3,540	(448)
	500	500	0	1,055	1,055	0
	2,000	2,000	0	4,000	4,000	0
	300	300	0	605	604	(1)
	306	284	(22)	309	331	22
	1,000	1,000	0	1,987	1,983	(4)
Adjustment	(14,828)	(14,828)	0	(29,618)	(29,618)	0
TOTAL	178,349	176,627	(1,722)	397,556	407,318	9,762
FINANCED BY:						
Corporate Resource Pool	5,000	5,000	0	10,857	10,857	0
Housing receipts	60,582	60,582	0	128,609	128,605	(4)
Major Repairs Allowance	92,356	92,356	0	182,717	182,717	0
Supported Borrowing	0	0	0	0	0	0
Reserves & Revenue	(31,924)	(33,646)	(1,722)	(7,282)	2,418	9,700
Capital Grants	52,335	52,335	0	80,002	80,040	38
Section 106 Funds	0	0	0	50	50	0
External Contributions	0	0	0	2,603	2,631	28
TOTAL RESOURCES	178,349	176,627	(1,722)	397,556	407,318	9,762
Forecast variation (under)/over	0	0	0	0	0	0

Funded Virements and Variations for Approval

	Children's Services	Southwark Schools for the Future	Finance and Corporate Services	Environment	Adult Social Care	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BUDGET AS AT 2011/12 OUTFURN REPORT	54,125	81,655	7,919	90,610	1,995	27,568	62,958	326,830	396,193	723,023
New Bids approved at Q1/Refresh report										
Children's Services	16,400							16,400		16,400
Finance and Corporate Services			15,249					15,249		15,249
Environment				12,256				12,256		12,256
Adult Social Care					10,200			10,200		10,200
Chief Executive							5,750	5,750		5,750
BUDGET AS AT 2012/13 Q1/REFRESH REPORT	70,525	81,655	23,168	102,866	12,195	27,568	68,708	386,685	396,193	782,878
CHANGES IN DEPARTMENTAL RESPONSIBILITY										
RESTRUCTURED BUDGETS	70,525	81,655	23,168	102,866	12,195	27,568	68,708	386,685	396,193	782,878
Q1 - Virements already approved										
Integrated Waste Solutions Programme				(200)				(200)		(200)
Burgess Park Revitalisation Project				200				200		200
Total virements approved at Qtr 1	0	0	0	0	0	0	0	0	0	0
Q2 - VIREMENTS TO BE APPROVED										
Integrated Waste Solutions Programme				(400)				(400)		(400)
Burgess Park Revitalisation Project				400				400		400
Peckham Rye one o'clock club				(270)				(270)		(270)
Peckham Rye one o'clock club	270							270		270
Camberwell LC				(19)				(19)		(19)
Camberwell LC - phase 2				(213)				(213)		(213)
Dulwich Leisure Centre				232				232		232
Thomas Carillon Centr				(73)				(73)		(73)
Thomas Calton Centre refurbishment				73				73		73
								0		0
Total virements to be approved at Qtr 2	270	0	0	(270)	0	0	0	0	0	0
TOTAL VIREMENTS	270	0	0	(270)	0	0	0	0	0	0

Funded Virements and Variations for Approval

	Children's Services	Southwark Schools for the Future	Finance and Corporate Services	Environment	Adult Social Care	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PROGRAMME FUNDED VARIATIONS										
Q1 - Variations already approved										
Southbank Accessibility Improvements										
Bermondsey CGS				1						
Rotherhithe CGS				5						
Camberwell CGS and Parks				(5)						
Peabody Square Estate Improvements							5			
Great Suffolk Street BUP Project							20			
Nunhead Outer London Funding Programme							360			
Cathedral Square Improvements							50			
Camberwell Town Centre-S106							89			
Corridors, Neighbourhoods & Supporting Measures							44			
Aylesbury Estate PPM works								1,360		
Total approved at Qtr 1	0	0	0	8	0	0	568	1,360	1,360	1,928
Q2 - Variations to be approved										
Camberwell LC - phase 2				15						
Camberwell LC - phase 2				98						
OLF Trinity College sports area				5						
Burgess Park Revitalisation Project				732						
DIE Basic Needs 2012/13	4,919									
DIE Maintenance grant 2012/13	2,719									
DIE Additional Basic Needs 2012/13	1,592									
Corridors, Neighbourhoods & Supporting Measures(EC Travel Awareness)							(50)			
Corridors, Neighbourhoods & Supporting Measures(Olympic Smarier Travel)							(23)			
Corridors, Neighbourhoods & Supporting Measures(Surveys)							(30)			
Corridors, Neighbourhoods & Supporting Measures(Cycle Training)							(156)			
Corridors, Neighbourhoods & Supporting Measures(Travel Awareness, Campaigns & Events)							(40)			
Corridors, Neighbourhoods & Supporting Measures(Sustainable modes of Travel Strategy)							(118)			
Corridors, Neighbourhoods & Supporting Measures(Road Safety & Implementation)							(77)			
Corridors, Neighbourhoods & Supporting Measures(Travel Plan Support & Implementation)							(40)			
Queens Road Peckham							87			
Office Accommodation Strategy							1,200			
Adult PSS Capital Allocations							3			
Total to be approved at Qtr 2	9,230	0	0	850	3	0	751	10,834	0	10,834
Total Budget Variations	9,230	0	0	858	3	0	1,319	11,410	1,360	12,770
REVISED BUDGETS	80,025	81,655	23,168	103,454	12,198	27,568	70,027	398,095	397,553	795,648
VARIATIONS REQUESTED TO BE APPROVED										
FINANCED BY:										
Capital Grant				120			(132)	9,221		9,221
Section 106 Funds				(5)			251	246		246
External Contribution								11		11
Capital Receipt				732			1,200	1,932		1,932
Reserves & Revenue								0	1,360	1,360
TOTAL RESOURCES	9,230	0	0	858	3	0	1,319	11,410	1,360	12,770

General Fund Capital Programme Details

Capital Programme 2012/13 - 2021/22 Description of Programme / Project	Environment			Total £'000
	2012/13	2013/14	2014/15+	
	£'000	£'000	£'000	
Kingswood House Refurbishment	0	0	250	250
Thomas Calton Centre refurbishment	153	480	0	633
Camberwell Leisure Centre	74	0	0	74
Camberwell Leisure Centre Phase 2	879	27	0	906
Dulwich Leisure Centre	324	0	0	324
Pynners Sports Ground reinstatement works	198	0	0	198
Leisure Centre health and safety essential works	79	0	0	79
Implementation of RFID at Peckham Library	152	0	0	152
Seven Islands Leisure Centre Refurbishment	0	0	8,000	8,000
Southwark Park Sports Complex OLF allocation	20	350	0	370
Other OLF Projects	1,146	0	0	1,146
RFIDs	148	101	124	373
Grove Vale Library	0	0	360	360
Canada Water Public Art	10	62		72
Peckham Pulse Option 1 & 2	50	916	1,400	2,366
Leisure centres Lifecycle maintenance		120	295	415
Community Safety	344	679	731	1,754
South Dock Marina new showers & lavatories	100	0	0	100
Parking contract upfront capital costs	0	1,100	0	1,100
Walworth Road	338	0	0	338
Street care - Non Principal Roads Programme	5,597	5,000	33,050	43,647
Street metal works - Lamp column replacement	629	500	4,000	5,129
Cemetery Short Term burial space	570	0	4,410	4,980
Burgess Park Revitalisation Project	2,152	0	0	2,152
GMH Park accommodation refurbishment	120	0	0	120
Crematoria Lodges refurbishment	0	360	0	360
Other parks projects	1,389	95	0	1,484
Parking -CPZ Reviews	73	81	0	154
Southbank accessibility improvements	2,303	0	0	2,303
Connect 2	600	0	0	600
Rye Lane improvements	189	0	0	189
Other public realm projects funded by S106	405	100	0	505
Cleaner Greener Safer programme	4,281	1,880	13,160	19,321
Integrated Waste Solutions Programme	400	2,789	0	3,189
Southwark Heat Network	311	0	0	311
Environment Total	23,034	14,640	65,780	103,454

General Fund Capital Programme Details

Capital Programme 2012/13 - 2021/22	Finance and Corporate Services			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Information Services	995	136	1,547	2,678
Upgrade of IT infrastructure	0	1,500	3,500	5,000
Property Works Programme	372	0	450	822
Works to Council Buildings - DDA	283	422	913	1,618
Essential upgrade of Carefirst system	645	2,155	0	2,800
PPM & Compliance Programme	0	500	9,750	10,250
Finance and Corporate Services Total	2,295	4,713	16,160	23,168
Capital Programme 2012/13 - 2021/22	Chief Executive			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Borough & Bankside Streetscape Improvement	433	0	0	433
Bermondsey Streetscape Improvements	744	24	0	768
Improvements to Local Retail Environments	2,054	0	0	2,054
Remaining Framework & Implementation	2,440	699	12	3,151
Planning and Transport	3,628	4,528	0	8,156
Canada Water Library	37	0	0	37
Canada Water Development	1,168	0	0	1,168
Bermondsey Spa Public Realm Improvements	1,054	0	0	1,054
Voluntary Sector Strategy	0	0	1,035	1,035
New Nunhead Community Centre	516	60	0	576
Other Regeneration Schemes	5,819	18,683	2,300	26,802
Peckham Rye Station	702	1,846	7,452	10,000
Office Accommodation Strategy	10,353	4,245	195	14,793
Chief Executive Total	28,948	30,085	10,994	70,027

General Fund Capital Programme Details

Capital Programme 2012/13 - 2021/22	Children's Services			Total
	2012/13	2013/14	2014/15+	
	£'000	£'000	£'000	
Description of Programme / Project				£'000
Children's Centres - All Phases	568	0	0	568
Planned maintenance schemes	1	0	0	1
Quick win schemes	480	0	0	480
Eveline Lowe Primary School	255	0	0	255
Southwark Park Primary	3,000	5,000	382	8,382
Michael Faraday	971	0	0	971
St Anthony's expansion and refurbishment	4,075	0	0	4,075
Haymerle	816	0	0	816
Cherry Garden Special School	0	5,327	7,100	12,427
Lynhurst expansion and refurbishment	731	3,469	1,300	5,500
Crampton additional places	813	0	0	813
Other primary projects	602	0	97	699
Youth Services Projects	585	0	0	585
Playbuilder schemes	14	0	0	14
Cator Street	148	0	0	148
Capital Works for Free Healthy School Meals	421	0	0	421
Camelot PF&M	200	0	0	200
Other grants projects	542	0	0	542
Goose Green primary school	450	0	0	450
Carbon Reduction Fund	325	0	0	325
Primary school expansions	407	0	0	407
Access fund	150	0	0	150
Plant fabric and modernisation	137	0	0	137
Snowfield early years accommodation	76	0	0	76
Additional school places	0	5,000	10,000	15,000
Peckham One O'clock Club	270	500	0	770
Carbon Reduction in schools	250	250	0	500
Troubled Families	0	400	0	400
DfE Basic Needs and Maintenance Grants 2012/13	9,229	0	0	9,229
Other allocations	4,584	0	11,100	15,684
Children's Services Total	30,100	19,946	29,979	80,025

General Fund Capital Programme Details

Capital Programme 2012/13 - 2021/22	Adult Social Care			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Southwark Resource Centre	358	0	0	358
Smaller projects	20	0	0	20
Adult PSS Capital Allocations	1,620	0	0	1,620
Transformation of Adult Care Accommodation	0	7,000	0	7,000
Transformation of Learning Disability Care	0	1,200	0	1,200
Centre of Excellence	0	2,000	0	2,000
Adult Social Care Total	1,998	10,200	0	12,198
Capital Programme 2012/13 - 2021/22	Southwark Schools for the Future			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Walworth Academy	843	0	0	843
Tuke Special School	240	0	0	240
St Michael's PFI	6	0	0	6
St Michaels and All Angels (SMAA)	18,763	1,279	5,600	25,642
Highshore (SMAA special school)	0	0	0	0
Spa school	0	0	0	0
St Thomas the Apostle college	80	0	0	80
New School Aylesbury	4,301	0	0	4,301
Rotherhithe (CW new school)	0	2,943	16,679	19,622
Notre Dame (VA)	2,653	884	0	3,537
Sacred Heart PFI	0	0	0	0
KS4 SILS	8,102	1,065	0	9,167
St Saviours and St Olaves	3,454	423	0	3,877
Bredinghurst / KS3 SILS	2,250	0	0	2,250
ICT	4,376	0	0	4,376
Contingency yet to be formally allocated	2,098	1,914	3,702	7,714
Southwark Schools for the Future Total	47,166	8,508	25,981	81,655

General Fund Capital Programme Details

Capital Programme 2012/13 - 2021/22	Housing General Fund			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
East Peckham and Nunhead Housing Renewal	1,003	1,552	1,077	3,632
Empty Homes Grant	521	411	1,516	2,448
Homes Improvement Grant	278	0	0	278
Homes Improvement Agency	1,359	1,302	10,244	12,905
Small works grants	78	71	527	676
Home repair loan	360	371	1,831	2,562
Home repair grant	223	178	1,047	1,448
Landlord grants	135	95	266	496
Southwark moving on grant	20	0	0	20
Renewal area solar heating	210	210	0	420
Bellenden	84	50	40	174
LCZ group repairs - private	610	200	181	991
Ilderton travellers site wall	0	300	0	300
Springtide travellers site	330	433	0	763
Burnhill Close travellers site refurbishment	0	0	0	0
Affordable Housing Fund 122-148 Ivydale	0	455	0	455
Housing General Fund Total	5,211	5,628	16,729	27,568
Capital Programme 2012/13 - 2021/22	Total General Fund Programme			
	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Total Expenditure	138,752	93,719	165,624	398,095
Total Resources	123,298	66,823	207,812	397,933
Forecast variation (under)/over	15,454	26,896	(42,188)	162
Cumulative position	15,454	42,350	162	

Item No. 11.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Authorisation of Debt Write-offs over £50,000 for National Non Domestic Rates – Revenues & Benefits Service	
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

National Non Domestic Rates, known locally as Business Rates are collected from businesses in the borough by the council and paid into a central government pool and then redistributed to the council as part of the annual grant settlement.

The council is responsible for collecting approximately £200m of national non domestic rates on behalf of the government and take appropriate enforcement action where needed to ensure that collection performance is high.

Historically, collection rates have been high with an improved performance in 2011-12 of 97.8%. This demonstrates that the council is acting diligently and effectively in collecting the business rates for the government.

However, there will be cases where businesses cease to trade due to becoming insolvent or dissolved where it has been decided it is not financially viable to continue to operate. In a small number of cases the amount of rates will be considerable as they are calculated on the rateable value of the property occupied.

The council will only consider writing off debt where it is deemed to be irrecoverable to collect. The cost of business rates write offs is borne by the government and not the council or the taxpayers.

RECOMMENDATIONS

1. That cabinet approval is given for write off of the debt of £69,794.45 for one debt which is irrecoverable.
2. That cabinet advise on further action they require on any write-off not agreed within this report.

BACKGROUND INFORMATION

3. Under the council's constitution write-off of debts above £5,000 but below £50,000 has been delegated to individual members within their own service area. Debt write-off under £5,000 can be authorised by chief officers. Write off of any debt over £50,000 must be referred to cabinet for authorisation.

4. There are a number of key reasons why the council may wish to write-off a debt. These are:
- i. The debt cannot be substantiated i.e. there is no documentary evidence that the debtor accepted the goods or services with the knowledge that a charge would be made.
 - ii. The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
 - iii. The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
 - iv. The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
 - v. The debtor is deceased and there is no likely settlement from the estate or next of kin.
 - vi. Hardship, where permitted, (not hardship relief) on the grounds that recovery of the debt is likely to cause the debtor serious financial difficulty.
 - vii. Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against.

KEY ISSUES FOR CONSIDERATION

Policy implications

5. The proposed write off set out in this report is recommended in accordance with the council's agreed write off policies and procedures. The reasons for the recommended write off are stated in the appendix attached.
6. Appendix 1 includes a write-off for National Non-Domestic Rates (NNDR). The NNDR write-off has been recommended by the council's NNDR business unit. In each case and where appropriate the business unit has attempted to trace account holders via a standard procedure as follows:
 - Interrogation of the NNDR database.
 - Interrogation of the Document Imaging System
 - Tracing letters issued to other local authorities and solicitors.
 - Inspection of the domestic or business premises.
 - Land Registry searches.
 - Companies House searches
 - Tracing letter to landlords or letting/managing agents & directors
 - Letter sent to the Official Receiver for confirmation of any dividends to be paid
 - Checks made with other Council Departments
7. The NNDR business unit use a minimum of three tracing methods and conducts a 10 percent audit review of cases under £5,000 and a 50 percent audit review of cases £5,000 to £50,000 and 100 percent audit review on cases over £50,000 to ensure that the correct procedures have been adhered to.

Resource implications

8. The total Non Domestic Rates debt recommended for write off is £69,794.45 for one debt which is irrecoverable. This relates to a single company recently dissolved.
9. In the current economic climate, it is envisaged that a greater number of small and medium sized businesses will experience difficult trading conditions. Whilst every effort will be made to provide support within the scope of the existing legislation, it is inevitable that there will be an increase in the number of businesses dissolved, put into administration or receivership or liquidated. This, in turn, will lead to more cases being written off due to the business rates debts being irrecoverable.
10. The above debt will be contained within the NNDR bad debt provisions.
11. As per paragraph 3 the schedule of write-offs has been compiled in accordance with the council's agreed policy and procedures.
12. The debt is recommended for write-off, as it is considered irrecoverable or uneconomic to collect.
13. The recommended write-off of £69,794.45 for National Non Domestic Rates will be contained within the council's relevant bad debt provisions.

Community impact statement

14. This decision has been judged to have no or very small impact on local people and communities.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

15. The report recommends that the debt set out in Appendix 1 to this report is written off in accordance with the council's procedures on debt write-off.
16. The approval of debt write-offs for sums over £50,000 is reserved to the cabinet for collective decision making. This particular debt has arisen as a result of non payment of non domestic rates.
17. The report sets out the circumstances whereby debts can lawfully be written off by the council and this includes cases where a company has been dissolved and there are no assets to claim against. The company in appendix 1 is a company recently dissolved. In such circumstances there are no means available to successfully pursue the debt.
18. The Director of Legal Services agrees with the recommendation that this debt should be written off in accordance with procedure and is lawful.

Strategic Director of Finance and Corporate Services (FIN0347)

19. As per paragraph 3 the schedule of write-offs has been compiled in accordance with the council's agreed policy and procedures.

20. This report recommends the write off of one debt, falling within the range reserved for member decision. This debt meets one or more of the criteria for write-off and the strategic director of finance and corporate services considers that it would be uneconomic to make any further attempt at recovery.
21. The recommended write-off of £69,794.45 will be contained within the council's bad debt provisions. The amount will be met from the NNDR Rating Pool and the cost is not borne by the council or council taxpayers.
22. As per paragraph 3 the schedule of write-offs has been compiled in accordance with the council's agreed policy and procedures.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
National Non Domestic Rates Customer Account http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=302&MId=4249&Ver=4	Revenues & Benefits 1st Floor, Hub 3, 160 Tooley Street London SE1 2QH	Norman Lockie 020 7525 0928

APPENDICES

No.	Title
Appendix 1	Case details

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Norman Lockie, Operations Manager (Revenues)	
Version	Final	
Dated	29 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Legal Services	Yes
	Strategic Director of Finance and Corporate Services	Yes
	Cabinet Member	Yes
	Date final report sent to Constitutional Support Services	28 November 2012

APPENDIX 1

CASE DETAILS

Name & address of ratepayer	Account no.	Amount	Period of occupation	Reason for write off
Surrey Dock Holdings Ltd Surrey Docks Sports Centre, Salter Road, London SE16 5LQ	630246-4	£69,794.45	16/05/98- 24/10/11	Dissolved – no assets to claim

Statement of account

Period	Amount due £	Payments received £	Balance o/s £
01/04/02-31/03/03	22,430.38	14,497.48cr	7,932.90
01/04/03-31/03/04	9,324.00	9,324.00cr	0.00
01/04/04-31/03/05	9,676.00	9,676.00cr	0.00
01/04/05-31/03/06	9,706.00	4,951.00cr	4,755.00
01/04/06-31/03/07	9,959.00	0.00	9,959.00
01/04/07-31/03/08	10,212.00	0.00	10,212.00
01/04/08-31/03/09	10,626.00	0.00	10,626.00
01/04/09-31/03/10	11,155.00	0.00	11,155.00
01/04/10-31/03/11	9,522.00	0.00	9,522.00
01/04/11-24/10/11	5,632.55	0.00	5,632.55

Total balance outstanding

£69,794.45

Notices issued:

Date	Details
01/04/02	Bill for period 01/04/02-31/03/03
01/04/03	Bill for period 01/04/03-31/03/04
01/04/04	Bill for period 01/04/04-31/03/05

(Details are not held for other notices issued before 2005 due to a system change)

03/03/05	Bill for period 01/04/04-31/03/06
23/09/05	Reminder
24/11/05	Summons
07/03/06	Bill for period 01/04/06-31/03/07
13/04/06	Reminder
24/05/06	Summons
05/03/07	Bill for period 01/04/07-31/03/08
10/04/07	Reminder
08/06/07	Summons

03/03/08	Bill for period 01/04/08-31/03/09
14/04/08	Reminder
28/05/08	Summons
10/03/09	Bill for period 01/04/09-31/03/10
14/04/09	Bill
16/04/09	Reminder
02/06/09	Summons
08/03/10	Bill for period 01/04/10-31/03/11
16/04/10	Reminder
24/06/10	Summons
08/03/11	Bill for period 01/04/11-31/03/12
27/04/11	Reminder
20/05/11	Summons
19/01/12	Closing bill up to 24/10/11

The ratepayer was registered for business rates for the period 16 May 1998 until 12 December 2011 when the company was officially dissolved. All notifications were sent to the registered office address of the company from 6 November 2006 after initially being sent direct to the property.

Bailiffs had been instructed to enforce the debt once the liability order was obtained but the property did not have assets to distrain upon in order to settle the debt as the company were not in occupation of the premises and were based in Ireland. The bailiffs could not distrain against the managing agents.

No payments were made direct to the Council or collected via the Bailiffs after 2005 whilst payments made before that date did not clear the outstanding yearly balances in full. The account was picked up as part of our debt review following the service coming back in-house and prior to this, Liberata had left it for a considerable period of time without any action being taken.

There has also been a further delay caused by trying to establish the legal position with regard to the connection between the companies, occupation of the property and whether there were any assets.

Surrey Dock Holdings Ltd occupied the property as leaseholders. The freeholders are Stadplex Ltd, who were dissolved on 1 November 2011. The Ulster Bank have a charge over the property which in November was for £12.1million. The current value of the land is £6m and the Ulster Bank have appointed Law of Property Act Receivers to claim the land. However, since there will be a shortfall of over £6m there is no further action that the council can take to recover the outstanding NNDR debt.

The company was dissolved on 13 December 2011 with no dividend to any creditors leaving the debt irrecoverable.

Item No. 12.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Cherry Garden School increase in size - Report back on statutory notice consultation	
Ward(s) or groups affected:		Borough wide	
Cabinet Member:		Councillor Dora Dixon-Fyle, Children's Services	

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

This report details the outcome of the statutory consultation on the proposed enlargement of Cherry Garden primary special school from 1 September 2015. The enlargement of the school from 46 to 66 places will enable more pupils with profound and multiple and severe learning difficulties to be educated in a much improved environment as the school will also be moving to a new building.

The appropriate consultation has been carried out with all the local stakeholders, including the parents of the children at the school. Comments were received as a result of the initial consultation and these were addressed before the statutory notice was published. No representations have been subsequently received. The report recommends that Cabinet agree the enlargement of the school. I commend this report to Cabinet.

RECOMMENDATION

1. That the Cabinet agrees the permanent enlargement of Cherry Garden Primary Special School from 46 to 66 places from 1 September 2015.

BACKGROUND INFORMATION

2. The Cabinet Member for Children's Services agreed on 27 July 2012 to the publication of the statutory notice on the proposal to increase Cherry Garden School in size from 46 to 66 places from 1 September 2015 following a consultation process.
3. The statutory notice has been published as required. This report also summarises the outcomes of the earlier consultation process on this proposal.
4. It is now proposed that Cherry Garden formally expands from 1 September 2015.

KEY ISSUES FOR CONSIDERATION

5. Cherry Garden is a very effective special school, judged to be outstanding by Ofsted in May 2010. However, the current school building has serious condition and suitability issues and was therefore identified as a priority in the Primary Capital Programme. It is proposed to enlarge the school to take 66 pupils and to develop the new Cherry Garden School on the Gloucester primary school site. There would be many advantages in this, such as the potential for co-location of services. In addition the new proposed location is between Gloucester and the new Tuke secondary special school. This proposal would therefore enable the

two special schools to work together in supporting pupils with severe, profound and multiple learning difficulties and complex needs, particularly at the age of transfer.

Consultation

6. There was an initial consultation process on the proposed enlargement of Cherry Garden School from 15 March to 20 April 2012. Letters were sent to the following stakeholders: parents and carers of pupils, governors and staff at Cherry Garden School, Headteachers and Chairs of governors of all Southwark schools, Councillors, the NHS Trust, local MPs, trade unions and a neighbouring authority.
7. The outcome of the initial consultation is summarised in Appendix 1.

Statutory notice

8. The attached statutory notice was published to the community as required by displaying it on the school's gates, in the local library and in the local press on Thursday 13 September, allowing a 6 week period for representations on the proposals. No representations have been received.

Community impact statement

9. Permanently enlarging Cherry Garden School will enable more pupils in Southwark with special educational needs to benefit from improved and expanded buildings and to enable the school to develop an outreach programme into the local community.
10. The Special Education Needs (SEN) Improvement test which is attached as Appendix 3 shows that there will be improvements to SEN in the borough as a result of enlarging Cherry Garden school because the new school building will offer improved facilities to meet the needs of pupils with profound and multiple and severe learning difficulties, in a more central location, enabling a shorter travel time for most students, which is beneficial in health and educational terms.
11. The Equalities Impact Assessment, which is attached as Appendix 4, assesses relevant considerations for this proposal in the context of an enlarged school which will offer improved facilities for severely disabled children.

Resource implications

12. The estimated capital cost of the works of £13 million which are included in the 2012/13 Capital Refresh.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

13. Cabinet is enabled to agree the recommendation under Part 3C of the Council's Constitution, and the Director of Legal Services (acting through the Senior Education Lawyer) advises the Cabinet to approve the proposal set out in the recommendation.
14. The legal basis for the recommendation is found in the school reorganisation duties under the Education Act 1996 and the Education and Inspections Act 2006. Cherry Garden Special School and Gloucester Primary School are both maintained schools. The Local Authority has a statutory duty under s.14

Education Act 1996 to ensure there is suitable special educational needs provision available in Southwark.

15. Cabinet is advised that the expansion of Cherry Garden school is a prescribed alteration within the meaning of Schedule 4, Part 2 of the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 because the increase from 46 to 66 pupils is over a 10% increase of the original Planned Admission Number. Appropriate consultative processes have been conducted and a statutory notice has been published in accordance with regulations. As background, there is no requirement to publish statutory notices in respect of Gloucester Primary School as the proposed relocation is not a prescribed alteration.
16. In consideration of the decision, Cabinet must have regard to Stage 4 of the decision makers statutory guidance “Expanding a Maintained Mainstream School by Enlargement of Adding a Sixth Form” dated 1 February 2010. The guidance clearly sets out all the factors which must be taken into account before a decision is reached and the record of the Cabinet decision must reflect this consideration.
17. Due to Cherry Garden’s designation as a special school, Cabinet is also required to note the outcomes of the Special Educational Needs Improvement Test at Appendix 3 in making this recommendation and as required in paragraph 4.68-4.72 of the statutory guidance.
18. Cabinet is also advised to consider the outcome of the Equality Impact Assessment attached to this report in Appendix 4 before accepting the recommendation.

Strategic Director of Finance and Corporate Services

19. The Strategic Director of Finance and Corporate Services notes the recommendation in this report. The publication of the statutory notice will then lead to works to deliver the permanent enlargement of the school. The expansion of Cherry Garden School is to be let in a combined, along with the contract for works to Gloucester Primary School. The total contract value is £13m with an approximate value of Cherry Garden school of £9m.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
DfE Regulations and Guidelines http://www.education.gov.uk/schools/leadership/schoolorganisation/a0075166/other-changes-to-a-school-and-expansions	Available on-line	Martin Wilcox 020 7525 5018

APPENDICES

No.	Title
Appendix 1	Outcome of the initial consultation process
Appendix 2	Statutory notice
Appendix 3	Responding to the DfE SEN Improvement Test
Appendix 4	Equality Impact Assessment

AUDIT TRAIL

Lead Officer	Romi Bowen, Strategic Director of Children's and Adults Services	
Report Author	Martin Wilcox, Education Planning Officer	
Version	Final	
Dated	29 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE 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		29 November 2012

APPENDIX 1

OUTCOME OF THE INITIAL CONSULTATION PROCESS

1 The initial consultation resulted in the following comments:

Respondent	Response	Comments on response
Parent governor, vice-chair of governors and four staff, with Head and Deputy Head at drop in meeting on 29 March 2012.	Parent governor in favour of expansion; happy with move to the centre of the borough.	
	Would Cherry Garden be unified with Gloucester into one school and lose its name?	No, this proposal is for the enlargement of Cherry Garden, not its unification with Gloucester.
	Some concerns about losing access to local community of shops and local library.	Although the school will lose access to its current local community, in its new location it will be near to the upgraded Burgess Park and close to shops in Peckham and the Peckham Library.
	Whether the new entrance to the school will allow Cherry Garden to establish its presence.	It is anticipated that the entrance will allow the school to establish its presence.
	Whether external spaces will be designed to ensure that Cherry Garden pupils can have access to their own spaces, where necessary, as well as sharing with Gloucester pupils.	The design of the external spaces will ensure that the Cherry Garden children would always have access to their own separate external space for individual support, as well as to the shared space.
	Will there be car parking and bike space?	These issues will be included in the detailed design but shared car parking and bike space will be provided.
	Governors and school management very keen that building proposals are now developed as soon as possible to ensure completion by September 2014.	The development of the building proposals is in tandem with these statutory changes, with the current intention to complete in the 2014/15 school year. There will be consultation with both schools on building proposals from this summer.
	Is increase to 66 adequate?	The health data on younger children 0-5 who are born with needs that might require a school with the facilities that Cherry Garden can provide has been analysed. On the data available, all the children of statutory primary age will be able to be accommodated in the increased size school, as well as a small number of younger children with the most severe and complex needs.
	Is there sufficient money to complete the scheme and is the money for Cherry Garden separately	A budget has been established for this project that is considered to be sufficient for the necessary works to establish Cherry Garden alongside appropriate investment in Gloucester school. At the outset of the detailed design

Respondent	Response	Comments on response
	safeguarded?	process a budget will be ring-fenced to each school.
Written responses		
Two parents in favour of the proposal		
One parent against the enlargement.	Because it might make the school too large and therefore too difficult to look after the children.	The building design will ensure that more school accommodation that is suitable for the larger number of pupils will be provided.
One member of staff against the proposal.	Unless there are more classrooms, because having more children in the same number of classrooms even with more staff would be hard.	The new school building will have more classrooms, which will address this concern.
One councillor in favour.	Proposals seem sensible and hopefully beneficial for all parties.	
One councillor	Expressed an interest to know why people residing close to the proposed site for the school will not be consulted.	This initial consultation process is solely concerned with the expansion of Cherry Garden special school, a prescribed alteration for the purposes of school reorganisation. The DfE has published details of all those who have to be formally consulted in such cases. As part of this consultation process the consultation letter was sent to local ward councillors (along with all councillors) and to local libraries. Parents at both schools affected were also consulted; Gloucester school parents were sent a letter from the Headteacher explaining the proposal. The co-location of Cherry Garden on the Gloucester site is not classified as a prescribed alteration, and statutory consultation is not required on this specific proposal. The neighbours will be provided with the opportunity to express their views because the building project will require planning permission and during the planning process those residing close to the Gloucester school site will be consulted on the detailed proposals and how they would be materially affected.
Local managers for paediatric occupational therapy, physiotherapy and speech and language therapy.	Supportive of the rebuild of the school and its co-location which will bring about opportunities for integration across the two schools. Welcome further involvement around the implications for the three therapy services of enlargement.	
The local MP, Simon Hughes.	Expressing his strong support for the school and paying tribute to its Headteacher, staff and governors. He confirms that although the local community will be sad to see this school move out of Bermondsey after such a long time, the proposal to co-locate it with Gloucester	

Respondent	Response	Comments on response
	primary school seems a good one and provides the space needed for the expansion to a school of 66 pupils.	
Gloucester primary school	The school responded that because developing the proposals for the co-location of Cherry Garden with Gloucester will require a significant amount of preparation and engagement for both schools and Gloucester school needing to devote their management resources to ensuring the best educational outcomes for their children while they undergo inspection that the commencement of the design work should be deferred until the Autumn term.	As a result of this response to the consultation the programme for planning and developing, building and refurbishing the accommodation for the two schools has been revised, which means that the new Cherry Garden building will not be completed until sometime in the 2014/15 school year. It is therefore planned that Cherry Garden school will move into its new accommodation in Spring 2015. However, as the school will need time to establish themselves in their new accommodation it is considered in the best interest of a successful outcome that the formal expansion of Cherry Garden will therefore take place in September 2015.

- 2 The majority support from stakeholders and interested parties for the proposal was positive. The change to the formal expansion date from September 2014 to September 2015 was discussed with Cherry Garden who understood that it responded to reasonable concerns about the need to ensure that the complicated development process achieves the best outcomes for both schools. All consultees were informed of the change to the proposed date for the expansion of Cherry Garden from September 2014 to September 2015.
- 3 Two comments have been received as a result of being informed of this revised date. The Councillor commented that he was very pleased with this outcome which makes a lot of sense and which reflects the concerns he had previously expressed. The local therapy managers who had responded previously also commented that they were happy that the additional time will allow them more time to prepare for the transition to the new site.

APPENDIX 2**STATUTORY NOTICE****LONDON BOROUGH OF SOUTHWARK****CHERRY GARDEN PRIMARY SPECIAL SCHOOL
INCREASE IN SIZE**

Notice is given in accordance with section 19(1) of the Education and Inspections Act 2006 that Southwark Local Authority intends to make a prescribed alteration to Cherry Garden Community Primary Special School, Mack's Road, London SE16 3XU from 01 September 2015.

The proposal is to increase the school in size from 46 to 66 places. Cherry Garden School provides for pupils with profound and multiple learning difficulties and severe learning difficulties.

This Notice is an extract from the complete proposal. Copies of the complete proposal can be obtained from: Martin Wilcox, Education Planning Officer, Hub 1, Fourth Floor, PO Box 64529, London SE1 5LX (martin.wilcox@southwark.gov.uk)

Within six weeks from the date of publication of this proposal, any person may object to or make comments on the proposal by sending them to Martin Wilcox, Education Planning Officer, Hub 1, Fourth Floor, PO Box 64529, London SE1 5LX (martin.wilcox@southwark.gov.uk).

Romi Bowen

Strategic Director Children's Services

Publication Date: 13 September 2012

Explanatory note: It is proposed that Cherry Garden Primary Special School increases in size from 46 to 66 places from 1 September 2015. The school would relocate by transferring to a new larger school building on the Gloucester Primary School site, Burcher Gale Grove, London SE15 6FL, which is adjacent to the new Tuke Secondary Special School.

APPENDIX 3

RESPONDING TO THE DFE SEN IMPROVEMENT TEST

Demonstrating likely improvements to SEN Provision in expanding Cherry Garden

Identify the details of the SEN benefits that will flow from the proposals in terms of:

- i) Improved access to education and associated services including the curriculum, wider school activities, facilities and equipment etc;**

Increasing the places and building a purpose built school for children with profound and multiple and severe learning difficulties will improve their access to education locally and enable this group of children to play an increased role in their community. There should be no need to send children in this needs group out of borough as this proposal will increase available local provision. Services outlined in Part 3 of a child's statement can be accessed on the new purpose built site. The school will have the capacity to offer extended services and facilities which are currently restricted. The new school site is also in the middle of the borough, geographically, enabling a shorter travel time for most students which is beneficial in health and educational terms. Specialist equipment suitable for children with these needs will be on the school site to be accessed by all pupils. Because the proposed location for the new school building is between Gloucester and the new Tuke secondary special school, this proposal would therefore enable the two special schools to work together in supporting pupils with severe, profound and multiple learning difficulties and complex needs, particularly at the age of transfer.

- ii) Improved access to specialist staff, both education and other professionals, including external support and outreach services;**

The LA and the school will be working with specialist medical staff to enable more children to be seen in school. This should reduce the travel time of professional staff as all children will be on the same site; similarly multi-agency meetings can be effectively held on site.

iii) Improved access to suitable accommodation;

The existing Cherry Garden School is an old building that is not fit for its current purpose and is too small for the needs of its pupils. The new school will give access to a modern building with much improved and necessary facilities.

iv) Improved supply of places.

The availability of local specialist places will increase from 46 to 66. The health data on younger children 0-5 who are born with needs that might require a school with the facilities that Cherry Garden can provide has been analyzed. On the data available, all the children of statutory primary age will be accommodated in the increased size school, as well as a smaller number of younger children with the most severe and complex needs.

LA should also respond to:**i. Written statement from all providers.**

All Southwark schools were given the opportunity to comment on the proposal.

ii) clearly state arrangements for alternative provision

This is not relevant as the proposal is to increase specialist places in the local area and the current intake will retain their places at Cherry Garden.

iii) transport arrangements that support access for children:

All individual transport arrangements will be reassessed when the school moves to the new location, against the Southwark Council Home to School Travel Assistance Policy 2011. As the new school is more central in the borough of Southwark, it is anticipated that most children would have shorter journeys to school, which is beneficial in health terms and educational terms.

iv) how process will be funded and staffing that will be put in place:

Increase in places will be funded by DSG – this has been planned for. Fewer children will be placed out of the borough which will reduce the travel costs of transporting these children to school. The Headteacher and Governors of the school will be responsible for the new staffing structure of the new school.

APPENDIX 4

EQUALITY IMPACT ASSESSMENT OF CHERRY GARDEN SCHOOL EXPANSION

A note on approach

Issues related to equality and diversity have to a large extent been addressed as they have been identified. This assessment is an opportunity to carry out a formal check on the proposal to expand Cherry Garden special school

To scope this EqIA the following has been examined.

- The six areas of potential inequality and identified issues which need to be considered

Stage One: Scoping

1. What policy, strategy or plan is this assessment addressing?

This assessment is addressing the proposed expansion of Cherry Garden special school from September 1 2015.

This is a proposal to expand this school. The proposal was published for initial consultation in spring 2012. It is proposed a statutory notice will be issued.

2. Is this a new or an existing policy/strategy?

This is an existing policy designed to provide additional special school places in the borough.

3. If existing, has the policy/strategy already been reviewed under the previous EqIA programme? If so, what were the findings to come out of this and has the agreed action plan been implemented? What has changed since the last assessment was undertaken (in terms of context, nature of the policy/strategy or the type of people affected by the policy/ strategy)?

This strategy has not been reviewed.

4. What do you think are the main issues for your policy or strategy in relation to equality, diversity and social cohesion?

The Southwark context

The Council's strategic education priority is to provide sufficient school places for pupils who require them. It therefore reviews the projected pressure for places to ensure that there are sufficient school places available each year. In the case of special needs children the borough's aim is to ensure that all Southwark pupils with a special need can be offered a place in a borough special school.

Equality area analysis

An initial assessment of the proposal has been undertaken in relation to the six equality areas and a summary of findings is provided below.

Age

Cherry Garden expansion scheme is for a special primary school that takes children aged 2 to 11. This is the statutory starting age at which local authorities are obliged to provide school places for children. The children who are able to access the enlarged school would be of statutory school age so there would be no change. However, this will allow severely disabled children to access specialist services at a younger age and provide more places for older, statutory school aged children, with complex needs who are currently having to travel out of Southwark to have their needs met. The current school has increasingly not been able to support the youngest children with these special needs because of a lack of space, which will be remedied by the school's expansion.

Disability

The school only caters for pupils with profound and multiple special needs. The enlarged school would support additional pupils with these special needs.

A hydro-pool on site will ensure all pupils with physical disabilities have a minimum of one hydrotherapy session per week. Wider corridors will give pupils more physical independence in walking throughout the school when using mobility aides and electric wheelchairs. Pupils with visual impairment will be able to orientate themselves around the school through highly contrasting landmarks throughout the building.

Larger classroom spaces will ensure there is space to fully meet the needs of all pupils i.e pupils who require physiotherapy or additional learning areas.

Adequate space for equipment storage will ensure greater accessibility for pupils who have physical disabilities.

An increased space in learning areas (part separated from main class) will ensure pupils who have short attention spans, for example ADHD or on the autistic spectrum, will have access to distraction free environments in order to maximize learning.

Ensuring all pupils have access to stairs and a lift when needed will provide physical and social challenge for all pupils in preparation for functional living as adults.

Adequate space to accommodate the health team of nurse, school doctor and a range of therapists will ensure multi- agency collaboration is strengthened to further develop a holistic approach in meeting all pupils' needs.

The new build will allow for responsive changes to heating and lighting to ensure optimal learning from the pupils. This is particularly important for pupils with visual impairment where natural light is vital.

In summary the new build will allow all pupils to progress very well and importantly this new build will allow staff to facilitate that progression much more effectively than is currently possible in the current building.

Faith & Belief

Cherry Garden special school provides for children and parents of all faiths.

Gender

The enlarged school will take into account gender in the planning of services and activities for its young people.

Race & ethnicity

The school has pupils from many ethnic groups. The enlarged school would therefore continue to include pupils from many ethnic groups.

The enlarged school will take full consideration of the impact of race and ethnicity.

Sexual Orientation

Not applicable

Stage Two: Assessment of Impacts

Part A: Feedback from the Equalities and Diversity Panel

1. What feedback did the Equalities and Diversity Panel give you at Stage One?

As this is a minor proposal it has not been put to the Panel.

Part B: Purpose and aims of policy/strategy

2. What is the overall purpose of the policy/strategy?

To safeguard and promote the support for children and young people with profound and multiple special needs in the enlarged Cherry Garden special school.

3. What are its aims?

The aim is to ensure that the enlarged Cherry Garden special school is able to fully support all their children. This is to be done through common purpose, investment in outcomes and clarity of governance and accountability.

4. Could these aims be in conflict with the Council's responsibility to:

- **Eliminate discrimination**
- **Promote equality of opportunity**
- **Promote community cohesion and good relations between different groups**

We do not consider that these aims are in conflict with the Council's responsibilities. In fact they act to support them. The new school will be able to take more children with complex needs and allow them to be educated locally. In addition, the new school will be collocated with a mainstream primary school, allowing for disabled and non disabled children to share some facilities, curriculum areas and services. The scheme will give access to an outstanding school to all children with profound and multiple needs, rather than only some of Southwark's children with such high levels of need. The new school will be part of a campus of schools including mainstream and special hence promoting community cohesion between the disabled and able bodied children and families of Southwark. Monitoring of the implementation of the enlargement will be necessary to enable the early identification of any areas of potential discrimination or adverse outcome that emerge.

5. Does the documentation relating to this policy/strategy include specific reference to the Council's responsibility (as set out above) and a commitment to work to meet this?

Any potential for inequality that was identified has either been addressed in the proposal itself or will be covered in actions and policies that flow from this. The impact of the proposal on equality will also be monitored.

The school's commitment to equality and valuing diversity will be at the heart of all they do.

Part C: Application of this policy/strategy

6. What steps are you taking or will you take to ensure that the policy is or will be implemented consistently and fairly?

The Strategic Director of Children's Services and Cabinet Member for Children's Services at Southwark Council have lead responsibility at officer and member levels respectively, for the arrangements to co-operate and work effectively to promote and safeguard the well-being of all local children and young people.

7. Could the way that this policy/strategy is being or will be implemented be discriminating against any particular individuals or groups or be potentially damaging to relations between different groups?

The enlargement of this school will not cause any particular individuals or groups to be discriminated against or to be potentially damaging to relations between different groups.

8. What changes could you make to either the policy/strategy itself or the way it is applied to improve the positive outcomes for all groups and to reduce or eliminate any negative outcomes?

No changes are proposed.

9. What information do you collect or do you plan to collect to monitor the impact of this policy/strategy on different groups?

Information will be collected by the newly enlarged school.

Item No. 13.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval: The Southwark and Lewisham Supporting People Framework	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Catherine McDonald, Health and Adult Social Care	

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

The Supporting People programme funds the delivery of housing-related support services for some of the most vulnerable residents of Southwark. The support is provided to people, at risk of homelessness, living in their own homes or in hostels or other specialised supported housing and allows them to live as independently as possible, in their community. The support takes the form of day to day advice and guidance such as debt advice, advice on paying bills, life skills training and support to access to health care. The services enable people to maintain and develop their independence and to lead healthier, safer lives. Furthermore the services are preventative and reduce the demands on more costly council and health service interventions. The framework agreement proposed in this report will ensure that the services procured for vulnerable people continue to deliver high quality and cost effective support and respond to the wider and evolving health and well-being agenda.

RECOMMENDATIONS

Cabinet is asked to:

1. Approve the procurement strategy for the supporting people services, namely to undertake a competitive process with the London borough of Lewisham (LBL) for a framework agreement for a period of four years commencing 1 April 2014 with a total contract value of around £32 million, subject to future government funding settlements.
2. Delegate the decision regarding the final categories to be included on the framework and the operational detail of the framework to the Strategic Director of Children's and Adults Services.
3. Note that the Cabinet will be asked to approve the award of the framework contract for the potential provision of supporting people services following the procurement process.

BACKGROUND INFORMATION

4. The Supporting People (SP) programme was established in April 2003. It brought together a range of previous funding streams¹ into a single grant based programme. The programme funds support which is provided to vulnerable people, at risk of homelessness, living in their own homes or in hostels or other specialised supported housing and allows them to live as independently as possible, in their community. The support takes the form of day to day advice and guidance such as debt advice, advice on paying bills, life skills training and support to access to health care. Directed by central government policy, the SP programme also introduced formal contracting arrangements for the services funded through the SP Grant.
5. From its inception, the Supporting People funding was paid as a ring-fenced grant with clear eligibility criteria. From 2010 funding became a non-ring fenced element of the area-based grant and was subject to a significant reduction by central government.
6. The current framework agreement was put in place from April 2010 to March 2014. This agreement meant that 17 categories with 43 providers* were established, across the supported housing client sectors, covering the areas below:

Accommodation based	No' Providers	Floating support	No' Providers
Mental health services	15	Mental health services	15
Vulnerable Adults	10	Vulnerable Adults	13
Learning Disabilities	15	Learning Disabilities	5
HIV, Physical and sensory disabilities	5	Physical and Sensory Disabilities	15
Younger People	15	Younger People	15
Substance Use	9	Substance Use	10
Offenders	6	Offenders	9
Domestic Violence	6	Domestic Violence	7
		Older People	7

7. The new framework will, at a minimum, include the following categories for accommodation-based and floating support services, although additional categories may be included:
 - Mental health
 - Vulnerable adults including single homeless, rough sleepers, offenders, substance misuse and domestic violence
 - Disabilities, including physical, learning and sensory disabilities
 - Younger people at risk – including 16/17 year olds, teenage parents, young offenders and care leavers
 - Older people – floating support services only.

¹ Funding stream brought supported housing management grant, transitional housing benefit, probation accommodation grant and un-pooled HRA funding for housing support services.

* A number of providers appear in more than one category.

8. The framework agreement offers opportunities to bring in additional commissioning areas and offer greater efficiencies across the council. Consequently work will be undertaken through discussions with officers across council directorates to determine what other categories are to be included. Possible areas include health generally and substance misuse, in particular, as responsibility for commissioning of such substance misuse services will rest with the council in future. Children's services will also be considered following the recent merger of Children's and Adult's services. The procurement project plan reflects the fact that work is required to identify additional categories.
9. The use of a framework agreement markedly reduces the need for multiple individual procurements for every service, resulting in cost and resource savings for the participating authorities, as well as for providers, as they do not have to undertake multiple tenders.
10. The current framework has also been a useful tool both to use in remodeling services as well as helping to achieve efficiency savings. It is anticipated that the new framework will offer similar benefits as well as the flexibility to respond to emerging council priorities such as personalisation.
11. The procurement of the framework will be led by Southwark council whilst overall governance of the process will sit within a joint borough project board. The project board will consist of representatives from Southwark and Lewisham. The Head of Adult Commissioning from Southwark council and the Intervention and Prevention Manager from Lewisham council will be responsible for oversight of the project.
12. The project board will have direct oversight of the development of inclusive service specifications and tender documentation.
13. Implementation of the new framework requires the commitment of resource up to £45k, to be matched by Lewisham, which will cover the costs of a project manager. The cost will be found from within existing resource.
14. Whilst the intention is to procure the framework with LBL other boroughs will have access to the framework at an agreed fee. The existing framework was procured by Southwark and Lewisham but utilised by Lambeth and Bromley. This arrangement has proved effective, enabling individual boroughs to commission services locally but offering the flexibility for joint commissioning when appropriate.
15. The Cabinet within LBL has already given its approval for the procurement strategy for supporting people services.

Summary of the business case/justification for the procurement

16. Housing support services funded through the Supporting People programme are primarily preventative and there is considerable evidence that expenditure on these services avoids and prevents the need to invest in more expensive and intensive interventions. In a report for the CLG it was estimated that the national Supporting People budget of £1.6 billion has saved alternative expenditure of £3.4 billion if the programme did not exist.

17. The services support vulnerable adults to develop independence and achieve emotional and economic resilience through short term, personalised interventions. They reduce levels of homelessness and its detrimental effect on the individual and the wider community. In doing so services are helping to deliver the fairer future priorities by supporting vulnerable people to live independently and address any underlying problems such as substance misuse, leading to healthier and safer lives.
18. The framework will allow the procurement of services that offer high quality support as well as value for money. At a time of significant pressure on adult social care services with reduced resources and increased demand, the services funded under the programme help to reduce that pressure.
19. In addition, there are significant policy changes taking place within adult social care such as the personalisation agenda, which requires flexibility on the part of commissioners. A new framework will offer the flexibility and responsiveness that this changing environment requires.
20. It is proposed that the framework will be procured with Lewisham to ensure that there is a high degree of provider engagement in the process and scope to deliver greater efficiencies due to shared costs and resource allocation during the procurement process and increased competition at call off.
21. A new framework will contribute to further savings from the Supporting People budget. The call offs during the lifetime of the current framework have seen a steady reduction in the hourly rates with no overall negative impact on the overall quality of services. This suggests that there is scope to deliver additional savings if a framework is in place albeit not at the same level as the current framework. With this in mind and with a focus on ensuring that high quality services are commissioned, the new framework will reflect a 60:40 price:quality ratio. This is also the ratio operated by the LBL.

Market considerations

22. The market for the provision of housing support services is well established and has had the opportunity to mature since the inception of Supporting People in 2003. Many providers have responded to the competition stimulated by the tendering that has occurred across London by significantly reducing overheads and finding creative ways of reducing salary costs.
23. Establishing a new framework agreement will provide an ongoing mechanism by which competition and market development can take place. It will continue to enable a streamlined and administratively efficient process for the commissioning of services.
24. However the downward pressure on hourly rates has contributed to some organisations reviewing their strategy regarding the supported housing sector with a number pulling out all together.
25. There is currently a mature market in the sector which has evolved during the lifetime of the Supporting People programme, with organisations responding positively to the competitive environment. Southwark has 47 providers providing services or competing for contracts locally. There is a balanced mix of sub regional providers working in the central South and South East London area and

pan London organisations. There are also a smaller number of national organisations such as Salvation Army.

26. Experience has indicated that the framework agreement has applied a consistent process and approach to all service providers for those service categories and service types specified under the framework agreement. The expectation is that a new framework would offer similar benefits.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

27. There are a number of options available in terms of the procurement of Supporting People contracts.

No	Option	Advantages	Disadvantages
1	Set out a rolling timetable to tender all services individually on a regular 3-4 year cycle	<ul style="list-style-type: none"> • Likely to deliver significant savings • Open and transparent process 	<ul style="list-style-type: none"> • Very significant level of resource required to tender all contracts • Major resource implications for providers in responding to multiple tenders • Likely to require additional staff for commissioning team • Inflexible process
2	Establish new cross-borough framework agreement to cover the procurement of core services, allow for contract extensions where appropriate	<ul style="list-style-type: none"> • Likely to deliver significant savings • Economies of scale due to collaboration between boroughs • Open and transparent process • Recent experience of the effective use of a framework agreement across boroughs • Highly efficient call off process for boroughs and providers • Sharing upfront costs • Shared expertise • Limits risk around provider and market engagement 	<ul style="list-style-type: none"> • Upfront resource required in terms of officer time and financial commitment • Greater complexity in terms of implementation due to cross borough working

No	Option	Advantages	Disadvantages
3	Southwark-only framework agreement to cover the procurement of core services, allow for contract extensions where appropriate	<ul style="list-style-type: none"> • Likely to deliver significant savings • Open and transparent process • Less complexity regarding implementation • Highly efficient call off process for Southwark council and providers 	<ul style="list-style-type: none"> • Upfront resource required • No sharing of costs, expertise or risks regarding provider and market engagement • Greater resource implications for providers working across boroughs.
4	Do nothing (This is included for comparative purposes only)	<ul style="list-style-type: none"> • No additional upfront resource required • Simplicity of process 	<ul style="list-style-type: none"> • All contracts lapse without renewal • Significant rise in homelessness in Southwark • Significant increase in demand on statutory services in health and Adult Social Care with associated costs • Possible increase in substance misuse and offending locally • Increased levels of social and financial exclusion amongst vulnerable adults and young people currently served

Proposed procurement route

28. To undertake a restricted joint tender with LBL under part B of the EU procurement rules, that also allows other boroughs to access the framework.
29. When a service is to be commissioned from the framework it is envisaged that the provider in each category will be ranked on the basis of the full tender evaluation scoring. This would enable a number of methods to be adopted around operating the framework and 'call off' (i.e. commissioning to contract) from the framework.
30. When a service is required the council will:
 - Either
 - Approach the highest ranked provider within the specific category of service required, request the service to be delivered on the pricing terms specified under the framework and then agree to a contract with the provider
 - Or
 - Conduct a mini competition or 'call off' involving all providers in the service category where some clarification on service delivery is required

31. The framework agreement will specify an obligation on the part of providers accepted onto it to provide services the council requests from them. There will however be no obligation on the council to 'call off' services from the framework or guarantee providers a given volume or value of work.
32. Further details of the operation of the framework are detailed in appendix 1.
33. It is recommended that Southwark council collaborates with LBL to create a joint framework agreement. This allows for local use of the framework that reflects Southwark priorities when appropriate as well as cross-borough commissioning arrangements when shared or overlapping priorities can be better addressed. Individual boroughs can call off or commission particular services which will be issued with locally agreed contracts and performance managed by the borough concerned.

Identified risks for the procurement

34. The risks relating to the procurement process are set out below.

	Risk	Likelihood	Response
1	Lack of provider engagement	Low	A clear communication strategy and regular briefings will address this, including an open day for potential providers.
2	Small and community based organisations fail to participate	Medium	The framework structure, scoring and evaluation will be designed to encourage bids from small and community based organisations. The framework will also allow for consortium bids.
3	Complexity of cross borough working	Low	Clear project management and oversight from the framework project group. Clear corporate commitment of resources to include a dedicated project officer. Draw on recent experience of effective cross-borough work on current framework
4	Reduction in quality as costs are driven down	Low	There will be robust quality measures as part of the evaluation with a 60:40 price: quality ratio to emphasize the quality issue. All services will be subject to the quality assessment framework and associated performance measures.

Key /Non Key decisions

35. This is a key decision.

Policy implications

36. The Council Plan provides the key strategic driver for the Supporting People, Adult Social Care departmental priorities and for this piece of commissioning. The framework has a key role in terms of enabling the programme to achieve the agreed objectives within the given timeframe.
37. The Council Plan sets out the 10 fairer future promises that demonstrate how the council will achieve the vision in the plan. Point 6 states that the council will: 'Support vulnerable people to live independent, safe and healthy lives by giving them more choice and control over their care.'
38. In addition Southwark 2016: Sustainable Community Strategy sets out 2 cross cutting priorities; 'Improving individual life chances' and 'Delivering quality public services'. This procurement process will enable the Supporting People programme to support the delivery of the following priorities in the strategy:
- Achieve economic well-being
 - Achieve their educational potential
 - Be healthy
 - Stay safe
 - Enjoy cultural and leisure opportunities
 - Value diversity and be active citizens
- With public services that are:
- Efficient and modern
39. The Adult Social Care business plan reflects the above commitments and sets out the objective to 'redesign supported housing services to secure greater value for money and support independence.' The use of the framework has been instrumental in delivering this priority to date. The establishment of a new framework offers the opportunity to secure further value for money and improve service delivery beyond April 2014.
40. In addition the business plan makes a commitment to maximising people's choice and control through the personalisation of services. The framework will enable personalisation to be embedded in Supporting People services through service specifications that reflect this commitment.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Cabinet approval of Gateway 1: Procurement strategy report	11/12/12
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	18/12/12
Agreement on categories to be included in framework	28/02/13
Completion of tender documentation	21/03/13
Open day for providers	w/c 26/03/13
Advertise the contract	28/03/13
Closing date for expressions of interest	06/05/13
Completion of short-listing of applicants	27/05/13
Invitation to tender	05/06/13
Closing date for return of tenders	15/07/13
Completion of any clarifications	15/08/13
Completion of evaluation of tenders	29/08/13
Forward Plan	August 2013
DCRB/CCRB/CMT Review Gateway 2:	Sept 2013
Approval of Gateway 2: Contract Award Report	Nov 2013
Contract award	Jan 2014
Place award notice in Official Journal of European (OJEU)	Jan 2014
Contract start	01/04/14
Contract completion date	31/03/18

TUPE/Pensions implications

41. This procurement may have significant TUPE implications for external service providers following the call off of services and any potential transfer of provider. The providers and their staff could potentially be affected by the implementation of a framework agreement and approved supplier list.
42. The extent to which TUPE will apply will be determined by the following factors:
 - Whether any of Southwark's existing providers do not apply to participate in the process of getting on to the framework agreement.
 - If any of Southwark's existing providers fail to meet the evaluation requirements and are therefore not accepted onto the framework agreement and approved supplier list.
43. Whether TUPE applies at the point of call off or mini competition will depend on whether the incumbent provider continues to be the provider with whom Southwark contracts.

44. Quantification of TUPE implications will take place at the point of 'call off' or mini competition and providers will be requested to resubmit pricing on the basis anticipated of TUPE costs derived from the service being commissioned and current provider and staff involved.
45. Should there be a change in service provider and the service remains substantially the same it is anticipated that TUPE will apply. However it will be the responsibility of the providers involved to resolve these issues and the Council's role in this process will simply be to facilitate contact between the relevant parties and where considered appropriate factor TUPE costs into the contract price.
46. The Framework Agreement will apply a consistent process and approach to all services providers for those services categories and service types specified on under the Framework agreement. Any implications for internally delivered services will be addressed separately as required.

Development of the tender documentation

47. The tender documentation will be developed through a rigorous process led by the project officer assigned to the role and jointly funded by Southwark and Lewisham. The documentation will reflect any additional categories that are to be included in the framework. These categories will be identified through detailed discussions to be carried out with departments across the council, identifying areas of work that will benefit from the use of the joint framework agreement. Any additional categories will be agreed by the Strategic Director for Children's and Adult's services.
48. Detailed service specifications for each category and a standard contract agreement will be developed for all services building on the experience gained through the use of the current framework.
49. The development of the tender documentation will be overseen by the project group including representatives from legal, procurement and technical contributing to relevant parts of the ITT.
50. The project group will draw on the experience gained whilst utilising the current framework to refine the tender documents and, in particular, the service specifications. The group will also ensure that the service specifications reflect more recent policy developments such as personalisation.
51. Tender documentation will include legal and contractual documentation for the overarching framework agreement. The primary focus will be the development of new detailed service specifications for services to be procured through the framework agreement.

Advertising the contract

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

Evaluation

53. Contracts will be awarded on the basis of MEAT (most economically advantageous tender) using a price:quality ratio of 60:40, as opposed to the council's standard ratio of 70:30. In addition to the former being the standard ratio used by Lewisham, it is also felt that given the personal nature of these services, more emphasis should be placed on quality. As per the restricted protocol, the process will consist of two stages.

Stage One – Pre-Qualification Questionnaire (PQQ)

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

Stage Two - Invitation to Tender

57. The council is looking for responses from applicants able to demonstrate an ability to provide the services within the stated categories. Applicants will need to pass the quality threshold before they are assessed on price.

Quality Assessment (40%)

58. The quality assessment will be based on a written submission which will examine generic and specialist areas for each category. Weighted method statements will be used to evaluate applicants against the key quality criteria, for which there will be a minimum pass mark for essential questions. Applicants will need to achieve a minimum overall pass mark

Price Assessment (60%)

59. Applicants will be asked to complete a pricing schedule which requires them to provide hourly support charge rates. Finance colleagues will assist with the development of the evaluation methodology and this, and the quality evaluation methodology will be agreed by project board
60. The evaluation panel will be made up of representatives from finance, health and safety, policy and equalities, commissioning and service users. Officers from legal and corporate procurement will be consulted as required throughout the process. A moderation process will be applied as necessary.

61. Tender Evaluation Panels (TEPs) will be established to assess both the quality and pricing element of submissions and will be structured around client group service categories agreed by the group.
62. Panels will comprise stakeholders with appropriate commissioning and service expertise to evaluate submissions against agreed evaluation criteria. The panels will also seek to involve service users in the process.
63. A process to allow the moderation of evaluations will be agreed to ensure consistent and accurate assessment of submissions.

Community impact statement

64. The Equality Act 2010 outlines a number of 'protected characteristics' which are the groups of people that are liable to discrimination and have been considered in terms of the use of the framework. A full Equalities Analysis Assessment (EAA) will be undertaken as part of any exercise to establish the new framework, which will consider all six strands of the council's equality agenda.
65. An impact assessment has been completed with regard to the impact of the framework which considers the six strands of the equality agenda. The impact on the service users and the provider organisations affected has also been considered.
66. There are not considered to be any adverse impact upon the community in relation to race, gender, disability, sexual orientation and gender identity, religion and faith, marriage, pregnancy and child care responsibilities, alongside that of age.
67. The 'call-off' process is a powerful tool for the borough to promote equality and diversity. The process allows the borough to specify additional equality requirements specific to the contract being called off and where necessary require providers on the framework to enter into partner arrangements with other specialist or BME providers to deliver specified services. This process will be part of any commissioning framework post March 2014.
68. The establishment of the framework recognises the important role of smaller, local voluntary and community sector organisations in addressing the equality agenda and allows for consortium bids to ensure that there is diversity and specialisation within the provider market.
69. In addition, services funded through the SP programme are for a wide range of vulnerable and socially excluded groups. SP services therefore have the opportunity to reach out to a wide range of groups and ensure they can access the support needed to maintain their independence and improve their health and well being.

Economic considerations

70. In terms of delivering economic benefits to the Southwark council, as indicated above the use of the framework will support the delivery of Southwark 2016: Sustainable Community Strategy in two ways. Firstly in that the services commissioned by the Supporting People programme focus on supporting service users to 'achieve economic well-being' through promoting financial inclusion, improving employability and enabling access to work opportunities. Secondly

that the services commissioned are 'efficient and modern' with a focus on value for money and quality.

Social considerations

71. The council requires the London Living Wage (LLW) to be included for new contracts where best value can be demonstrated. LLW would apply to all relevant staff working directly on the contracts and to any relevant staff employed by any sub-contractor. For this contract, the quality improvements are expected to be a higher calibre of support worker employed who are able to contribute to delivering improved outcomes in terms of promoting independence. It is therefore considered that best value will be achieved by including this requirement.
72. As part of the tender process, bidders will be required to confirm how quality will be improved by payment of LLW. On award, the associated quality improvements and cost implications will be monitored as part of the quarterly review of the contract.

Environmental considerations

73. Contractors will be assessed on their environmental policy and their response to questions raised at the pre-qualification stage.

Plans for the monitoring and management of the contract

74. After the framework has been established, responsibility for the ongoing management of the framework will sit within the adult commissioning departments of each council. In the case of Southwark, the operation of the framework will be overseen by the commissioning manager for prevention, inclusion and supported housing.
75. The intention is to establish a joint user group to oversee the management of the framework with membership from each of the boroughs that are utilising it. The work of the group will be supported by contract management within Southwark who will maintain a database of information on:
 - Providers in each category
 - Contracts awarded in each category
 - Contract value
 - Performance
 - Financial capacity
76. The joint user group will regularly review the information maintained by contract management. This will ensure that there is an informed view of the operation of the framework and any market management issues that emerge during the course of the contract such as provider performance and market segmentation.
77. There is a robust and comprehensive performance management framework in place to monitor the quality of services within the Supporting People programme. This was established at the inception of Supporting People in 2003 and has proved to be very effective in driving up quality and identifying service weakness.

78. The services procured through the framework will be monitored using the following:
- i. Key performance indicators, collected via the quarterly workbook currently in place
 - ii. The submission and review of the Supporting People Quality Assessment Framework on an annual basis
 - iii. Issues of concern will be reported in relation to quality or customer feedback to the relevant monitoring team to follow through.
 - iv. Scheduled cross-borough contract management meetings as part of the Framework Operational Group.
 - v. Closer monitoring and analysis of referrals from operational teams to assess ongoing impact of reablement, eligibility revision and transformation as a result of the personalisation program.
 - vi. Service user surveys.
 - vii. Regular borough contract monitoring meetings.
79. There is recognition that the call off process and possible transfer of provider introduces a degree of risk regarding the quality of service provision. In order to mitigate the risk, for the first six months after any transfer there will be an increased level of oversight of contracts. This will focus on staff handover, service user assessment and review and service user experience.
80. Responsibility for the performance management of Supporting People services has been devolved to local government by the CLG. This means there is now greater flexibility available to the business unit in terms of the monitoring of services which allows for the development of a framework that reflects local priorities.
81. Therefore there will be a comprehensive review of the monitoring and performance management of services procured with the framework so that we achieve a model that is proportionate, effective and reflects council priorities and the fairer future promises.
82. The services commissioned through the framework will have a dedicated monitoring officer with the Prevention, Inclusion and Supported housing business unit within adult commissioning.

Staffing/procurement implications

83. As detailed in paragraph 11 there will need to be a dedicated officer with responsibility for leading on the implementation of the framework. The cost of this will be shared with Lewisham and will amount to not more than £45k, which will be identified from within existing resources.

Financial implications (FI:/1006)

84. Staffing costs for implementation of the new framework agreement will be identified within available funds. These costs will be shared with the London Borough of Lewisham on an equal basis and would be approximately £45k to £90k for a 6 to 12 month period. It is considered that funds would be required in year one only. The cost to LBS would be not more that £45k.

85. All expenditure under the framework agreement will need to be contained within identified budgets. The financial implications of this new Framework Agreement are being considered, and are dependent in part on the scope and scale of the works commissioned. The service categories will be identified through detailed discussions to be carried out with departments across the council and financial details will form part of the Gateway 2 report.

Legal implications

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

Consultation

87. As part of the process to develop the new service specifications and other tender documents there will be a consultation exercise undertaken with the providers that are on the current framework and other known providers. This should help to better understand the challenges faced by providers in terms of accessing the framework and participating in the call offs.
88. An engagement exercise will be carried out with service users using Supporting People services regarding use of the framework and change of provider, to determine the impact on this group. This work will inform how the process of changing provider can be managed more effectively in the future, minimising disruption for service users.

Other implications or issues

89. No other issues or implications have been identified.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

90. This report is seeking approval to set up an inter-borough framework arrangement for the delivery of supporting people services. This framework will be procured jointly with Lewisham council and initially will serve both Southwark and Lewisham councils. It is intended however that other boroughs will be able to access the framework for a fee (still to be agreed and set).
91. Paragraphs 16 - 21 outline the business case for setting up the framework. This will replace an existing framework previously set up jointly with Lewisham. The report confirms that the previous framework has proved successful and contributed to the achievement of efficiencies and savings for both councils. In building on that success paragraph 8 highlights the intention to review the categories to be covered by the new framework, with the view to accommodating additional commissioning areas where appropriate. Recommendation 2 is seeking to delegate the final decision on the categories to be covered by the framework following this review to the Strategic Director for Childrens and Adults Services.
92. The new framework is not due to be in operation until April 2014. Whilst the timeline may appear generous, with a joint procurement the timeline needs to be lengthened to accommodate the joint governance arrangements that are necessary to ensure the project delivers the requirements of both councils. The

report confirms that a joint project board will be in place to oversee the procurement and a shared project manager resource is being jointly funded.

93. The tender evaluation will be conducted using a weighted model in favour of price (60/40%). Whilst this ratio is not in line with the council's current recommended level, the report provides justification for this.
94. Once set up, monitoring and management of the framework will need to be on two levels. Each borough will be responsible for the monitoring of their individual contracts that are secured through the framework. However there will also be a need for the collation of contract performance information and maintenance of the framework generally to help inform award decisions for all, throughout the life of the framework arrangement. Paragraph 75 confirms that Southwark will be responsible for the maintenance of the framework data. Whilst this task may not seem too onerous now, if the framework is accessed by other boroughs this role and responsibility may grow and require additional resources. This should be borne in mind when the joining fee for other boroughs is agreed with Lewisham and set.

Director of Legal Services

95. This report seeks the approval of Cabinet to the procurement strategy for The Southwark and Lewisham Supporting People Framework outlined in this Report.
96. Contract Standing Order 5.4 requires all reasonable steps to be taken to obtain at least 5 tenders following a publicly advertised competitive tendering process.
97. It is considered that these services are a Part B service under the Public Contracts Regulations 2006 and therefore there is no requirement to publicly advertise this procurement in the Official Journal of European Union (OJEU) although the procurement must still comply with rules regarding non-discriminatory requirements
98. Paragraph 28 of this Report confirms that a restricted two stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements
99. This contract is classified as a strategic procurement and therefore CSO 4.4.2 (a) applies. This requires the cabinet or cabinet committee to authorise the proposed procurement process, after taking advice from the Corporate Contracts Review Board.
100. The Council's Constitution provides that a decision taker may only make a Key Decision in accordance with the requirements of the Cabinet Procedure Rules, Access to Information Rules and the Protocol for Key Decisions set out in the Constitution. Those rules require that a Key Decision may not be taken unless the matter is on the Forward Plan.

Strategic Director of Finance and Corporate Services

101. The Strategic Director of Finance and Corporate Services notes the recommendations in this report, and that it is expected that all financial requirements from the proposals will be funded from existing budgets and resources both in the council and partner boroughs. The risk that new additional funds will be required to deliver the procurement itself is minimal. At this gateway

one stage the full financial impact of the services to be commissioned is still being determined.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Supporting People Framework Agreement: Contract Award March 2010	Individual Cabinet Member decision report 2010: http://moderngov.southwark.gov.uk/ie/DecisionDetails.aspx?ID=1258	Mark Taylor 020 7525 3513
Gateway 1 - Procurement Strategy Approval The Procurement of Supporting People Services Through a Framework Contract June 2008	Executive 2008 report: http://moderngov.southwark.gov.uk/CeListDocuments.aspx?Committeed=118&MeetingId=1018&DF=24%2f06%2f2008&Ver=2	Mark Taylor 020 7525 3513

APPENDICES

No	Title
Appendix 1	Operating the Framework

AUDIT TRAIL

Cabinet Member	Councillor Catherine McDonald, Health and Adult Social Care	
Lead Officer	Jonathan Lillistone, Head of Commissioning	
Report Author	Mark Taylor, Commissioning Manager	
Version	Final	
Dated	29 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 and Tenant Management Initiatives	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	30 November 2012	

APPENDIX 1**OPERATING THE FRAMEWORK**

1. It is recommended that contract award be delegated to the Strategic Director for Strategy and Commissioning in consultation with the Supporting People Commissioning Body.
2. Once established the framework agreement will create a list of providers for each of the service areas and service types who could be approached when services needed to be commissioned.
3. It is envisaged that these lists will be ranked on the basis of the full tender evaluation scoring. This would enable a number of methods to be adopted around operating the framework and 'call off' (i.e. commissioning to contract) from the framework.
4. When a service is required the Council can:
 - Approach the highest ranked provider and request the required service to be delivered on the pricing terms specified under the framework, and then agree to contract with the provider.
 - Conduct a mini competition involving all providers in the service category where some clarification on service delivery is needed or where TUPE applies and revised pricing including TUPE is required.
5. The framework agreement will specify an obligation on the part of providers accepted onto it to provide services the Council requests from them. There will however be no obligation on the Council to 'call off' services from the framework or guarantee providers a given volume or value of work.
6. It is recommended the Council collaborates with LB Lewisham to create a joint framework agreement. The local operation of the framework would remain separate and driven by local p by the individual boroughs need to commission particular services and at the point of call off locally agreed contracts would be issued and performance managed by the borough concerned.

Item No. 14.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Future Approach to Community Engagement	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Claire Hickson, Communities and Economic Wellbeing	

FOREWORD, COUNCILLOR CLAIRE HICKSON, CABINET MEMBER FOR COMMUNITIES AND ECONOMIC WELLBEING

In a time of austerity we need to use our finance and other resources to support the voluntary and community sector and community involvement in the most effective way we can, linked to our overall vision of a Fairer Future for All. As part of this we need to ensure that the council is engaging with our residents in the most effective way possible. Bad engagement, like holding what can be characterised as ‘sham consultations’, is worse than no engagement at all. But good engagement, where we have a genuine dialogue with our residents, groups and businesses has huge benefits. Not least of these being that people can understand why we are taking decisions and prepare themselves for change. The best engagement can lead to the best decisions as residents, businesses or local groups become part of the solution itself by taking responsibility for the outcomes.

Volunteering and the voluntary sector are important but are not the sum-total of ways that people get involved in their community. Community involvement includes being a good neighbour, a good parent, a carer or local businessperson. It makes communities more resilient to shocks. It helps them through tough times, but is also more at threat in tough times.

As austerity is likely to continue, we need to understand what that will mean for the future of community engagement. We need to ensure our support builds the resilience of communities and greater participation by residents in their future. That means taking a holistic view of the support we provide and how the council supports community involvement and participation so that we are working towards building stronger communities where community organisations can take more responsibility.

This report is a starting point for how we ensure our engagement across the council is more effective. The key principles that cabinet is asked to agree makes a clear statement of what we want our engagement to be in line with our vision of a Fairer Future for All in Southwark. The report also outlines some key steps that we will take in the process of developing our new approach to community engagement.

RECOMMENDATIONS

1. That cabinet agrees the future high-level approach to community engagement set out at Appendix 1 of this report.

2. That cabinet notes that the approach will be further explored during the consultation on the Housing Commission and that officers will report back to cabinet in July 2013 on the effectiveness of the community engagement.
3. That officers will refresh the current mechanisms for community engagement by undertaking specific reviews as set out in paragraph 19.

BACKGROUND INFORMATION

4. In June 2010, the cabinet set out its vision for Southwark. A Fairer Future for All in Southwark established a number of commitments that described the changes that the cabinet wished to achieve. This vision for Southwark guides the Council's approach to everything it does and has already informed a new approach to community engagement in a number of discussions about important issues which will have an impact on Southwark residents.
5. The first of these took place during the 2011 – 2012 budget setting process when the cabinet produced its Principles for Budget Setting. These set out a commitment to adopting a transparent, consultative approach to setting that budget, supported and informed by Equality Impact Assessments. The process included the most widespread budget consultation exercise that the council had ever undertaken. The Spending Challenge exercise was led by cabinet members who attended Community Council and other key public meetings throughout November and December 2010. Participants were given decisions to make on savings and investment across a range of service areas. In total, approximately 600 participants took part in the exercise across this period and there was face to face contact with around 1,000 people to talk about the council's Fairer Future programme and the immense challenges posed by the budget. The budget was set on 24 February 2011, which represented the culmination of a new style conversation with residents about the funding of services in the borough.
6. The second of these discussions focussed around the council plan, agreed by the council assembly at its meeting on 21 June 2011. The Council plan was developed alongside the Medium Term Resources Strategy (MTRS) 2011-14, which is made up of strategies for finance, procurement, information technology, assets, workforce and the council's relationship with the voluntary sector. The MTRS provides a solid and coherent resource framework in which the council can plan its future business.
7. The council plan:
 - sets out the Leader's vision for a fairer future for Southwark, including the six key principles that underpin that vision;
 - describes the top ten fairer future promises that will demonstrate what is being done to achieve that vision;
 - provides a priority statement from each cabinet member, describing in more detail the most important areas of activity within their portfolios. Each statement is then supported by delivery schedules of actions and targets with responsible officers identified.
8. A further component that informed development of the council plan was the council's first themed assembly debate, which took place on 6 April 2011. Themed debates were a new concept arising from a recommendation from the council's Democracy Commission. In themed debates, council assembly spends

time discussing local issues that matter most to residents. The first themed debate centred on issues relating to the future of Southwark. The Democracy Commission was charged with bringing about changes to the council assembly to make them more open relevant and engaging to the people of Southwark.

9. Finally, in late 2011 as a response to the serious disorder that took place across London the leader and cabinet launched a series of Community Conversations across the borough. As with the budget consultation this was a widespread exercise that involved open conversations in busy locations across Southwark led by the leader and cabinet members. In response to this feedback, the council launched a £1m [Community Restoration Fund](#) to provide more support for young people and businesses in the borough.
10. These are just some examples of a new style community engagement that demonstrates the council's ability to engage with residents in meaningful and interactive dialogue about the things which really matter to people living in the borough. However the approach is disjointed and inconsistent. The new approach to community engagement seeks to build upon these examples and encapsulate a template for future engagement activity.

KEY ISSUES FOR CONSIDERATION

11. This report sets out a high-level approach to community engagement, set out in Appendix 1.
12. The Fairer Future Vision and Council Plan set the context for a new relationship with residents based on trust, openness and transparency. The vision and plan describe a new relationship with citizens and customers that make more of the council's community leadership role. Part of this role is encouraging others to come together to do more, looking to the community to work with the council to provide solutions to the issues we face together.
13. The vision and plan also set out an aspiration to work with the community and voluntary sector more effectively and look at how we can harness the talents of people in the borough to make an even greater difference in challenging times.
14. The current tough financial times for the council make it ever more important that the services that the council provides are ever more closely aligned to the needs of those they serve and that when difficult decisions are made local people have the chance to have their say.
15. Good community engagement is already happening in every department of the council. However it currently happens more intuitively than by design, exists in pockets or not at all, is not co-ordinated and could work more effectively across the piece. The new approach sets a common standard to be adopted across the council.
16. This paper is not about supplanting the role of local councillors. Elected councillors have the primary responsibility for decisions on how the council makes best use of its resources, holding the council to account on the quality and efficiency of services and representing the views of their constituents. Elected members in their community leadership role play a crucial role in engaging with local people and encouraging them to work together to address local issues.

17. The aim of effective community engagement is to ensure that we make better decisions as a result of the dialogue we have with local communities. We recognise that decisions about local services and communities are rarely straightforward and can involve balancing competing interests and demands. In many cases this also means addressing technical issues in dialogue with those with a particular expertise.
18. The Localism Act 2011 introduced a range of new responsibilities including the Community Right to Challenge, Lists of Assets of Community Value, Community Right to Bid and neighbourhood Planning, which came into force during 2012. The council has put in place its processes for dealing with these and has led the way, being the first in the country to list an asset of community value and having two active neighbourhood forums working on neighbourhood plans for their areas.
19. In this context it is important that the council clearly states to local residents and other stakeholders, including the voluntary and community sector, its commitment to effective engagement and a fundamental shift in the relationship between the council and our communities. Supporting the various roles volunteers play in communities is central to this fundamental shift in relationships.

Next steps

20. This report defines a set of key principles that the council will follow consistently when it engages with local people. Subject to agreement of these principles officers will develop and implement an action plan for how they can be embedded across the council.
21. The Housing Commission engagement will be a concrete example of this approach. The proposals for engagement will include finding new ways of reaching more people and engaging them in a more open conversation where we decide together what we are going to do in the longer term. As well as providing information to inform the future of housing in Southwark, this process will be an opportunity to test the effectiveness of new engagement methods and the success of the new approach. Officers will report back to cabinet in July 2013 the outcome of that consultation. At the same time, a report will be presented to cabinet evaluating the consultation itself and the effectiveness of the new approach.
22. As well as the specific task of engaging residents in the conversation about the findings of the Housing Commission, the council will also refresh the current mechanisms for community engagement under the banner of the new approach. The table below sets out areas of activity with timescales for review.

	Task	Target Date
1	Review the funding that is allocated by the Community Councils. One year ago a cleaner greener safer revenue fund was established that gave local residents more involvement in the allocation of resources at neighbourhood level than ever before. After the first year of this fund it is timely to carry out an annual review to consider where improvements can be made for the future.	April 2013 Implementation from 2015

	Task	Target Date
	We will explore new approaches to how we devolve resources to the community and involve them in setting priorities (community plans) for their communities and through the community participating more in the allocation of local budgets.	
2	Refresh the Southwark volunteering strategy to build on the legacy of Olympic and Paralympic volunteering and develop the menu of volunteering opportunities for all age groups and interests.	April 2013
3	Produce and implement an action plan for better co-ordination of community engagement and consultation activity across the council.	April 2013 12 month review in 2014 to agree future targets
4	Develop new tools and techniques for community engagement alongside the more formal structures including making better use of social media to broaden participation	April 2014
5	Review the implementation of the proposed housing resident involvement strategy to inform future approaches to tenant and resident engagement	April 2014
6	Complete implementation of the recommendations of the Voluntary Sector Task & Finish group that was aimed at streamlining the ways the council commissions the VCS and review what more needs to be done to improve the councils relationship with the sector. In relation to our grant giving we will co-design and co-produce these with the voluntary and community sector.	April 2014
7	Implement and review the Housing Commission Engagement Plan and produce an evaluation and action plan that informs future community engagement and consultation.	June 2013
8	Carry out 12 month reviews of what we have put in place to meet the requirements of the Localism Act provisions for the Community Right to Challenge (CRtC), Lists of Assets of Community value/Community Right to Bid (CRtB) and Asset Transfer processes	October 2013 (CRtB) April 2014 (CRtC)
9	Work with public health teams and the VCS to empower communities in order to help people improve their own health and wellbeing; the work of the new Health & Well Being Board, and the new impetus towards wider patient and public participation represented by the new Healthwatch organisation.	April 2014

Community impact statement

23. The approach and next steps set out in this report aim to enable the council to carry out more effective community engagement. It is intended that this will lead to improved engagement with all sections of the community.
24. The next steps in the approach are about improving the way we support strong, active and inclusive communities that are informed and involved in decision-making and enable us to improve public services for everyone in the borough.
25. The approach recognises the diversity of our communities, the importance of community capacity building and the need to provide better opportunities for communities to participate to influence service delivery, decision making and policy development.
26. Part of the approach is a set of good practice principles for the council to work to when carrying out engagement with all sectors of the community. As such, it does not provide or prescribe methods for engagement with different community groups but seeks to help both to reduce existing barriers to engagement and to make it more meaningful.

Resource implications

27. There are no significant resource implications at this time.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

28. Cabinet is advised to accept the recommendations of this report.
29. Cabinet is advised that the recommendations comply with the Fairer Future for All principles.
30. Cabinet is reminded that evidence of community engagement can be used as the basis for equalities analysis contained within Equality Assessments. The principles of community engagement comply with the public sector equality duty contained within s.149 Equality Act 2010.

Strategic Director of Finance and Corporate Services (DKr006 12/13)

31. This report sets out a high level approach to community engagement that will be further explored during 2013. As it stands, it does not commit the Council to allocating any additional resources. Resource implications, if any, will become clearer in future reports on this subject. As a general rule any additional future resource commitments resulting from this process will be subject to the Council's annual budget setting process.

BACKGROUND PAPERS

Background Papers	Held At	Contact
None		

APPENDICES

No:	Title:
Appendix 1	A New Relationship with the Community - The Future Approach to Community Engagement

AUDIT TRAIL

Cabinet Member	Councillor Claire Hickson, Communities and Economic Wellbeing	
Lead Officer	Stephen Douglass, Head of Community Engagement	
Report Author	Stephen Douglass, Head of Community Engagement	
Version	Final	
Dated	29 November 2012	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
		Comments Included
	Director of Legal Services	Yes
	Strategic Director of Finance and Corporate Services	Yes
	Strategic Director of Housing and Community Services	Yes
	Cabinet Member	Yes
	Date final report send to Constitutional Team	29 November 2012

APPENDIX 1

A NEW RELATIONSHIP WITH THE COMMUNITY - THE FUTURE APPROACH TO COMMUNITY ENGAGEMENT

The Fairer Future Vision and Community Engagement

1. In July 2011 the Cabinet agreed the council plan which set out our promise of what we will deliver as a council.
2. The plan outlines a new relationship between the council and our residents, built on trust, openness and transparency in all we do.
3. The vision, and the six principles that underpin it, and the ten promises are the framework by which the council will create a fairer future for all in Southwark and protect the most vulnerable by:
 - looking after every penny as if it was our own
 - working with local people, communities and businesses to innovate, improve and transform public services
 - standing up for everyone's rights.
4. The vision sets out our aim to enhance the things that make Southwark special - its immense diversity and vast depths of untapped potential. Helping to unlock those talents, with nobody left behind, is what we are about as a council. Local people have told us what they want to see in how we engage with them in the future. We have listened to what they have to say and have tried to capture this in our vision for a new relationship with the community.
5. The vision states that between us, we have the knowledge, skills and creativity to solve the major problems we are facing together. This spirit of cooperation goes beyond just problem-solving. Improving the relationship and the way we engage with our communities is a strand that runs right through the vision.
6. This improved relationship with our communities means changing our approach to how we engage with them. Improving our customer service with our citizens and getting them more involved with local decision means that we must be more accountable to local people and take residents views into account when making decisions. We have to treat local people with respect to create a fairer borough where everyone takes part.
7. Our approach must be based in empathy, openness and trust. For the council, this means aspiring to be an organisation that shows residents true compassion and the same care and consideration that we show members of our own families. Listening to local people and taking their views into account when we have to make savings to budgets, so that we can protect our most vulnerable residents and preserve quality front line services that are valued by the people who live in the borough.

8. Excellent service can only be achieved through collaborative working and we must work together with residents, businesses and partners to transform public services for the people of Southwark. Working with our residents and other agencies to make the streets safer, encourage healthy lifestyles among individuals and families, and make regeneration work for local people. Empowering the community to deliver services where they can do this better than us, and being prepared to take risks and try out new ways of working.
9. We understand that securing a fairer future is more than just what the council can do with its own resources. There is a rich array of talent in Southwark, with community and voluntary organisations working tirelessly to help others and strong and connected local neighbourhoods that look after their own. With our partners in the Voluntary and Community Sector we want to develop stronger, sustainable and independent organisations, for example through the use of our transition fund, so that local organisations are better able to support residents to lead independent and quality lives.

Our Approach to Engagement

10. Our approach to engagement retains a strong focus on communication and consultation, but moves beyond these to more active and meaningful engagement in how the council delivers services in the following way:
 - **Communicate** – where we provide high quality, comprehensive information in a range of formats so that residents can choose the best option for them
 - **Consult** – when we ask you to tell us what you think about something, by completing questionnaires, online surveys or feedback forms, attending forums or one-off focus groups, and we listen to what you tell us before we take any action
 - **Decide together** – where we work closely with residents to share ideas and options and together decide what we are going to do
 - **Act together** – where we work with our partner organisations on shared priorities and deliver the outcomes together
11. This means moving beyond the old model of community engagement that is based purely on formal processes of consultation to one that engages people more actively. We can do this in a number of different ways:
 - a. People identifying priorities for their neighbourhoods – more active devolution of resources where it is possible to the community to decide how they are allocated.
 - b. Community capacity building – empowering and supporting our communities to work with each other to deal with the issues they face.
 - c. Building on our strong relationship with the voluntary and community sector to make our support more efficient and effective so that they can take more responsibility for the work they do with our communities.
 - d. Finding better and newer ways of engaging with our communities on public service improvement and on the community delivering where they are better able to do so.

12. Southwark has a very well developed architecture of engagement including the formal housing tenant and resident involvement structures, the Community Councils, a range of service user forums and working parties, the Southwark Youth Council, Voluntary and Community Sector Networks and a range of Community of interest Forums.
13. Many of our residents are not involved in these traditional structures, so as well as seeking to improve engagement through our existing structures we will offer more new methods for others to engage, reflecting their interests and the time they can give.
14. Good community engagement is already happening across the council. One example is the current work on the Children's Plan and the collection of 1000 stories and journeys about family life that will help to shape the future of local services for children and families. There are similar examples of good practice in every Department. However this work is not co-ordinated and does not work together as effectively as it could. This common approach to community engagement aims to improve the quality and better co-ordinate Community engagement and ensure that it is embedded in the fabric of the services we provide.
15. Elected councillors have the primary responsibility for decisions on how the council makes best use of its resources, holding the council to account on the quality and efficiency of services and for representing their constituents. Elected members in their community leadership role play a crucial role in engaging with local people and encouraging them to work together to address local issues.
16. The aim of community engagement is to ensure that we make better decisions as a result of the dialogue we have with local communities. We recognise that decisions about local services and communities are rarely straightforward and can involve balancing competing interests and demands. In many cases this also means addressing technical issues in dialogue with those with a particular expertise.

Key Principles for Community Engagement

The key principles that we will use in carrying out community engagement activities are that we will:

- Be clear about what the scope of our engagement is, whether we are communicating, consulting, deciding together or acting together.
- Engage when we know it will make a difference, when there is a real opportunity for people to have an impact and influence decisions on issues that local people care about.
- Engage at the right time, at an early enough stage for there to be an opportunity to genuinely influence a policy or service
- Allow sufficient time for good quality engagement to take place.
- Be clear about what we are asking, what opportunities there are to shape services and be honest about what can and can't be achieved..
- We will ensure that our engagement is accessible and targeted to those it needs to reach using a variety of engagement methods to broaden participation and overcome any barriers people may have in engaging with us.
- Aim to engage as widely as possible so that we increase engagement with those who are not already in touch with the council.
- Tell people what has happened as a result of their engagement.

Our engagement will build the capacity of the community to deliver services where they can do this better than us, and being prepared to take risks and try out new ways of working. Where we can we will devolve responsibility and power to the community to deliver.

Item No. 15.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Independent Housing Commission - Community Engagement Plan	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – LEADER OF THE COUNCIL

As London's largest Local Authority landlord, housing is central to everything we do as a Council. Our priority as a council is not just to ensure that all Southwark's council homes are warm, dry and safe and to improve our housing service; but to ensure the long-term future of council housing in Southwark. This is our greatest challenge but it is central to our vision of providing a future fair for all.

On 23rd October the cabinet received the report from the independent commission on the future of council housing in Southwark. The commission looked at how we can make our borough's council homes and housing services sustainable for the future at the quality our residents deserve.

The report described how decisions of the past and years of underinvestment had led to the challenges we face today. The report posed a number of different scenarios for the future. All of those require tough choices to be made about how and where we invest, to what standard and for whom we make council housing available.

When I first received the report I made it available to our residents. As a cabinet we then promised that we would begin an extensive and wide ranging debate on the report's analysis, findings and conclusions. This community engagement plan is attached.

The plan is both inclusive and ambitious. It is about encouraging open discussion on the choices we together face and understanding the consequences of those choices.

We want to involve all those who will have an interest in the future of housing provision in the borough. We want to use existing, well-established forums and groups such as community councils and tenant and homeowner groups. Just as important, we want to engage new groups and in particular seek the views of young people, who have such a crucial role in shaping the borough's future. Further, the future choices we take will ultimately have London-wide significance and so it's important we engage beyond borough boundaries with key stakeholders at a national level too.

The way in which we engage is changing and this plan represents the start of a new and different approach. It's an approach which builds on our innovative "community conversations" last summer. It's also an approach that is about discussing the issues raised in the independent commission's report in a way that is open, transparent and easily understood for all.

Finally, it is not about rushing into quick judgements. We want to take time to involve as many as people as possible and I look forward in the summer to reporting back on what we have heard about how we plan for the long-term future of council housing in Southwark.

RECOMMENDATIONS

1. That cabinet agree the proposed plan at Appendix 1 for engaging with council tenants, council homeowners, other residents and stakeholders on the independent housing commission's findings.
2. That cabinet receives a report on the outcome of the engagement exercise by summer 2013.

BACKGROUND INFORMATION

3. On 13 December 2011 cabinet made the decision to establish the independent commission on the future of council housing in Southwark. The commission's brief was to explore options for the future financing, ownership and operation of Southwark's housing stock beyond 2015/16 (when the current five year investment programme comes to an end). The aim was to examine the proposals and make recommendations for an investment strategy, for up to thirty years, that is sustainable, affordable to the council and breaks the current cycle of an escalating demand for resources to maintain the quality of the stock.
4. The commission was led by Jan Luba, a leading housing lawyer with extensive experience of work in the voluntary sector. Other commissioners included experts in housing, planning, resident engagement, housing finance and economics. The commission was serviced and supported by the Smith Institute, an independent think tank which specialises in housing and place-making. The Smith Institute provided the role of secretariat to the commission.
5. The commission's report was presented to cabinet on 23 October 2012. Officers were 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 was to be agreed by cabinet in December 2012.

KEY ISSUES FOR CONSIDERATION

6. Housing is of key strategic importance in Southwark. It impacts not just on the physical landscape of the borough, but also on individual and wider social, health and economic wellbeing. It is therefore vital that the council develops a clear vision for the future which reflects housing's strategic role in the place-shaping agenda, helping to deliver improved health outcomes for its residents, and supporting a vibrant local economy for people on a range of incomes.
7. Southwark's current housing strategy expires in 2016. The council's response to the results of the engagement exercise outlined in this report will therefore help to inform the development of a new housing strategy, and will have implications for other council strategies and plans.

8. This report does not seek to provide a detailed evaluation of the independent housing commission's report. That work is underway but will take some time to complete. Instead the commission's report is treated as a catalyst for the first stage of an open conversation with residents and stakeholders about the future of council housing in Southwark, how many homes should be provided, to what quality and cost, and who council housing should be for and for how long?
9. There is a need for a comprehensive plan of engagement on the key issues raised in the commission's report. This needs to encompass not just those living in the council's stock, but also other residents who may, for example, be living close to Southwark's estates, or who are registered on the housing list. The council also needs to engage and learn from partners and stakeholders who may be able to advise on investment options, have experience of partnering arrangements or new models of tenant and leaseholder engagement.
10. Because of the strategic importance of council housing in Southwark, and its links to other council priorities such as economic wellbeing, and improving the health of the borough, it is of primary importance that the engagement plan is broader than just those living in or near council homes. The debate also needs to be held with strategic partners such as health and social care, other housing providers, neighbouring boroughs, and the Mayor of London.
11. The core questions the plan of engagement needs to cover are:
 - Who should council housing be for, and for how long?
 - How many homes should the council provide, and to what standard?
 - How should these homes be managed?
12. These questions will in turn raise other questions and issues, but will underpin the conversation with residents.
13. The council genuinely wishes to hear residents' and partners' views on investment options for the council's stock, and on the other issues raised in the commission's report before determining how it should respond. The investment options put forward for consideration in the commission's report as set out in paragraph 32 will be used as a starting point for discussion, but it may be that there are other viable options that are put forward. The council is open to considering all feasible options.
14. Engagement will be through existing engagement structures such as area housing forums, Tenant and Home Owner Councils, and Community Councils, but the intention is also to reach out more widely. A number of different methods of engagement will be used, some of them new and innovative, in order to generate the widest possible response on these important issues.

Engagement plan

15. Cabinet are now asked to agree a comprehensive plan for engaging with tenants, homeowners, other residents, and stakeholders on the independent housing commission's finding as set out in Appendix 1. The results of the engagement exercise will be reported back to Cabinet by summer 2013.

16. It should be noted that cabinet will also be considering a report on the future approach to community engagement on the same cabinet agenda. The plan of engagement outlined in response to the independent housing commission exemplifies this new approach to community engagement.
17. All those living in the borough will be impacted by any changes to the provision of housing over the 30 years from 2015. It is therefore vital that the consultation engages as widely as possible.
18. The council's consultation will adhere to the principles of the government's Code of Practice on Consultation to ensure that it is effective, transparent and provides information that will be used to design an effective plan for the future.
19. Tenants and homeowners living in council property have a particular stake in the future of housing and the proposals attempt to ensure that they have a strong and informed voice throughout the process.
20. The proposals include the establishment of a steering board of residents with access to independent advice and research from an expert residents' friend. This will be established through the appropriate procurement process. The consultation is the council's consultation and aims to reach as broadly across the community as possible. However the steering board will ensure that tenants and homeowners have a voice in the consultation alongside the wider community. It will also take a quality assurance role in the consultation process. It will meet up to the point where the outcomes are reported back to Cabinet.
21. The engagement will build on the experience of the "community conversations" exercise that took place in 2011 which consisted of open conversations in busy locations around the borough led by members supported by council officers.
22. The programme of consultation is designed to use a wide range of both traditional and more innovative and interactive engagement methods to reach as wide an audience as possible and encourage broad participation. The key principles of the community engagement exercise are set out in Appendix 1. In summary these are that it will be universal, impartial, comprehensive, timely and cost effective.
23. The community engagement plan gives an active role to the Southwark Youth Council, Speakerbox and other groups of young people to ensure that the voices of young people, many of who will be borough residents through the 30 year period of the future plan, are listened to. Speakerbox is a group established by the council to give a voice to looked after young people and care leavers. The Youth Council is a group run by young people in Southwark that aims to give a voice to young people.
24. It is also important that the plan considers the housing needs of tenants and homeowners when they become older people.
25. The programme aims to be inclusive and will pay attention to those who experience barriers to having their views heard and adhere to best practice in consultation.

26. The engagement plan will include a proactive communications campaign to encourage wide participation. Any publication in connection with this engagement plan will be compliant with s105(6) of the Housing Act 1985.

The independent housing commission report- key findings

27. The commission's report acknowledges the strategic importance of council housing in Southwark, noting: *'Council housing is self-evidently strategically important for Southwark: it provides rented homes for a third of the borough's residents, connects to health, education and employment, and shapes the physical landscape. Getting the strategy for council housing right is thus vital to the future prosperity of Southwark.'*
28. The report also notes *'in order to develop a long term investment strategy, the council will need to take some critical strategic decisions about how many council homes it wants to provide over the next 30 years; who should live in council housing; and how the homes will be managed and paid for.'*
29. A summary of the report's key findings is set out in paragraphs 30-36 below.

Investment options

30. The report looks back in time to establish how and why Southwark's housing stock arrived at its current position. More crucially it looks to the future, examining options for investing in the housing stock, and developing a new relationship between the council and those who live in its homes, whether tenants or leaseholders. It also considers questions about who council housing should be for.
31. The report states that it does not contain a single 'blueprint' for the future of council housing. However it should be noted that the commission did not consider wholesale transfer of the housing stock to be a viable option, given the scale of the council's historic debt, and the history of votes against stock transfer in Southwark.
32. Instead the report proposes three long-term investment options for the period from 2015 for the council's consideration, noting that each has advantages and disadvantages, and none is cost or risk free. The commission considers these options to be financially viable for the council. The three options are summarised as follows:
- **Option 1-** a steady decline in its stock to around 30,000 properties in management. This would release funds to improve the retained stock but do nothing to address the shortage of affordable housing in the borough.
 - **Option 2-** Maintaining the stock at around the current level (39,000). This would require a substantial and ongoing refurbishment, demolition and new-build programme. This would ease (but not resolve) the borough's housing problems but would require the council to undertake a higher level of borrowing to cover the funding gap.
 - **Option 3-** A managed reduction to 20,000 homes. This would cut management and maintenance costs and release more resources for

investing in the existing stock. This would not directly address the borough's housing shortage, but could generate a large financial surplus for reinvestment, which could be used in partnership with other housing providers.

Management options

33. The report also identifies the need for a step change in the way the council manages its stock, and engages with its tenants and leaseholders. It proposes a number of different management and engagement options for the council and residents' consideration, including tenant and leaseholder compacts, increased levels of tenant management organisations or boards, and partnership models.

Meeting housing needs

34. The report is clear that issues such as demographic change, the local housing market, economic factors, and migration mean that whatever measures the council takes; demand for housing will continue to outstrip supply. Council housing is therefore viewed as a strategic asset, and therefore it is legitimate to ask 'who should social housing be for'?
35. The report notes that 'The council cannot possibly meet all housing demand in the borough, but could take the lead on developing a new agenda for council housing in London and, with the GLA and other boroughs, explore proposals to poll land and housing assets and create common housing investment funds.'
36. It also notes that 'The council could continue to give priority to those most in need. However, some reassessment of the council's lettings scheme may be justified, with possible new criteria such as allocating more homes to those in low-paid employment locally and some restrictions on newcomers to the borough.'

Community impact statement

37. The engagement plan set out in Appendix 1 outlines how the council intends to engage with the borough's residents and stakeholders on the independent housing commission's findings. The engagement plan is designed to be inclusive to all of the borough's communities, and provides a range of mechanisms to provide all residents with the opportunity to engage.
38. A community impact assessment will form an integral part of the consultation project plan. The impact assessment will validate the community engagement process by acting as a quality assurance mechanism to ensure the engagement plan takes into account all of the protected characteristics set out in the Equality Act 2010 (pregnancy/maternity, age, disability, gender and gender re-assignment, marriage or civil partnerships, race, religion or belief, sex and sexual orientation) and any adjustments that are necessary in respect of these groups. The Forum for Equalities & Human Rights in Southwark is the council's critical friend on equalities issues and will be involved in ensuring the process is thorough. The assessment will consider the following socio-demographic factors:

Factor	Consideration
Geography	The consultation process will be borough wide. Video booths, presentations, focus groups and workshops will take place across the council in order to maximise resident participation.
Age	A mix of traditional methodologies (such as attending tenants council meetings, area forums and briefing tenants and residents' associations) and the use of social media (including Twitter and Facebook) will be employed to obtain the views of residents across all age groups.
Disability	<p>We will consult with third sector and voluntary groups including organisations representing the interests of disabled residents.</p> <p>We aim to make the consultation process as interactive and accessible as possible. All events will be hosted in 'DDA' compliant buildings and any documentation produced will be available in a variety of formats (including Braille, large font and audio text).</p>
Gender	<p>Analysis of the consultation findings will explore whether or not there are any differences in resident opinion in terms of gender (and all other social characteristics).</p> <p>The consultation focus groups and workshop recruitment will take into account the need to have respondents from all genders, age and ethnicity.</p>
Household composition	<p>The consultation process will aim to minimise the burden of participation, by hosting events in locations that are easy to access for our residents and across various days and times.</p> <p>Anecdotal evidence suggests that working families or individuals with children find it difficult to participate in consultations that require considerable time commitment and conflict with work or childcare responsibilities. Therefore, by varying the type of engagement required and running events through the day, evening and weekend we will maximise the ability of respondents from all household compositions to provide their views on the future of housing in the borough (through a medium that best suits their need).</p>
Race and Religion	Southwark has a very well developed architecture of engagement through more formal community forums. These include the Disabilities Forum, Southwark Youth Forum, the LGBT Forum, the Forum for Equalities and Human Rights, the Pensioners Forum, Amador Bhubishot (Bengali community forum), the Multi Faith Forum, Southwark Muslim Forum, Southwark Somali Refugee Council, and the Refugee Communities Forum. Moreover, an offer of learning opportunities before discussions commence will be built into these consultations as well.

39. The council will use the results of this engagement exercise to inform its response to the independent housing commission's findings.
40. It should be noted that whatever option the council chooses to pursue, this will have a significant impact on communities in the borough. This will be the subject of an equalities assessment and community impact assessment.
41. Arrangements will also be put in place for engaging with key stakeholders, such as partner registered providers, to benefit from their expertise and knowledge on some of the issues raised by the report.
42. This engagement exercise will also act as a model and learning exercise for future community engagement on key issues.

Resource implications

43. There are no significant resource implications at this time, other than the resources involved in conducting a comprehensive engagement exercise.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

44. The Director of Legal Services notes the content of the report.
45. Section 105 of the Housing Act 1985 (HA1985) imposes requirements on a local authority to consult tenants or, to consider representations made to them by tenants or their representatives and to publish details of the consultation arrangements.
46. The Director of Legal Services notes that the planned consultation process seeks to go beyond the requirements of S.105 HA 1985 by consulting not only tenants and leaseholders but also all those who live within the borough as well as other relevant stakeholders. The Director of Legal Services also notes the plans for a substantial period of consultation, publication and the use of social media.
47. In line with the local authority's public sector equality duties to take certain steps, including steps to eliminate inequality and discrimination, the Director of Legal Services notes that the proposed engagement plan includes a plan to consult with, and make reasonable adjustments in relation to, a wide variety of residents and stake holders, in accordance with the provisions of the Equality Act 2010. The Director of Legal Services further notes that the proposed plan includes a plan for an Equality impact Assessment which, though no longer a compulsory requirement, continues to be good practice.
48. The Localism Act 2011 gives local authorities power to determine more matters, including questions such as who should qualify to be allocated council housing, at a local level. The Director of Legal Services notes that one of core questions in the proposed engagement plan deals with who council housing should be for.
49. The Director of Legal Services further notes that the proposed engagement process is but a stepping stone for further consultations and that [a] further level (or levels) of consultation may need to be undertaken by the council depending

on the proposal (s) accepted by the council at each stage.

Strategic Director of Finance and Corporate Services (FC/CE/12/10)

50. There are no financial implications directly associated with the decisions recommended in this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet paper – Establishment of a housing commission – 13 December 2011	Southwark website - http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?id=2588	Stephen Gaskell, Corporate Strategy 020 7525 7293
Cabinet paper- The Report from the Independent Commission on the Future of Council Housing in Southwark – 23 October 2012	Southwark website - http://moderngov.southwark.gov.uk/ieListDocuments.aspx?Cid=302&Mid=4247&Ver=4	Stephen Gaskell, Corporate Strategy 020 7525 7293

APPENDICES

No.	Title
Appendix 1	Resident consultation and engagement programme

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Graeme Gordon, Director of Corporate Strategy Gerri Scott, Strategic Director of Housing & Community Services	
Report Author	Stephen Gaskell, Head of Strategy and Partnerships Stephen Douglass, Head of Community Engagement	
Version	Final	
Dated	30 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	30 November 2012	

The future of housing in Southwark - resident consultation and engagement programme

December 2012

www.southwark.gov.uk

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1.0 Introduction

- 1.1 In October 2012 the independent Housing Commission explored the challenges that Southwark faces in terms of creating, sustaining and maintaining housing provision to meet the growing needs of the Borough's residents over the next 30 years.
- 1.2 The council's decisions on the future of council housing will have a major influence on the well-being of all Southwark's residents. It is vital that the council's investment plans are not only affordable and sustainable, but deliverable and effective. In order to meet this aim it is essential that all residents have the opportunity to directly influence the development of Southwark's housing strategy.
- 1.3 This report summarises the core components of a wide reaching community engagement plan to discuss the implications of the Housing Commission report. The consultation process will reflect the council's inclusive and ambitious future approach to community engagement. Cabinet is requested to approve the resident engagement programme outlined in this report.

2.0 The Aims and Objectives of Community Engagement

- 2.1 Local people have told us what they want to see in how we engage with them in the future. We have listened to what they have to say and have tried to capture this in our vision ‘a new relationship with the community’.
- 2.2 Underpinning our proposed community consultation programme are five key community engagement aims:
- Universal
 - Impartial
 - Comprehensive
 - Timely
 - Cost effective

How we will meet these aims is set out in table 1 below.

Table 1 Aims of Community Engagement Process	
1. Universal	<p>All stakeholders should have the opportunity to participate in the consultation process and to have their views taken into account.</p> <p><i>“About half the households in the borough live in a property owned by the council (as either tenants or leaseholders), and the rest of the population live in fairly close proximity to a council housing estate or development. Any inquiry into or report about the future of council housing in Southwark therefore touches on the lives of nearly all the borough’s residents”. Housing Commission Report 2012.</i></p> <p>Therefore, the engagement programme will provide all residents the platform to express their views about the future of Housing in the borough.</p>
2. Impartial	<p>The Housing Commission conducted an independent review of the provision of Housing in Southwark and has explored the various options available to the residents of the borough that will shape how housing policy is delivered over the next coming 30 years.</p> <p>The core aim of the engagement process will be to ask residents “a simple, fundamental question - what is the future for council housing in our borough”</p>

	<p>Residents will be asked to consider the 3 scenarios discussed within the Housing Commission report. However, it is essential for the consultation process not to be limited to asking Residents to vote for one of their preferred Housing provision outcomes.</p> <p>Rather, the consultation is an independent and impartial process that will seek to understand the views of residents in the Borough before the Council attempts to formulate and implement its strategy for the next 30 years.</p> <p>Residents will be asked to consider the following core questions:</p> <ul style="list-style-type: none"> • Who should council housing be for? • How much and to what quality? • Future Management Models? The consultation process will ask resident to consider whether different models apply in different places/for different kinds of housing and how do we get more people involved in Tenant/leaseholder Management etc.
3. Comprehensive	<p>A robust and mixed methodology approach is required to gain a clear understanding of residents' views. A summary of the proposed consultation programme is presented in section 4 of this report.</p>
4. Timely	<p>The council is making significant investments in its council housing until 2015. It now needs to plan ahead and decide how its investment strategy can best meet the needs and expectations of residents.</p> <p>To support this, the council must consider investment options for the future and fully engage tenants and leaseholders in developing a long-term strategy for council housing beyond 2015.</p>
5. Cost effective	<p>The consultation will make use of traditional and established communication mechanisms including the Tenant's and Homeowners Councils, Area Housing Forums, TRAs, Community Councils and other forums. This combined with the use of the Council's webpage and other social media tools will help maximise communication opportunities with residents while using resources in a cost effective manner.</p> <p><i>Section X of this report provides an indication of the costs of various consultation methods that will be employed during the engagement process.</i></p>

3.0 Engagement Principles

3.1 The consultation process will adhere to the Code of Practice on Consultation issued by the Department for Business Innovation and Skills. The BIS guidance outlines its consultation principles:

3.2 **Criterion 1: When to consult**
Formal consultation should take place at a stage when there is scope to influence the policy outcome.

The consultation outcomes will be used to help shape the provision of council housing over the next 30 years. The approach is one of deciding together on the options for the future. The council's current investment strategy outlines the council's plans until 2015. Therefore, consulting with Residents in 2013 will allow all stakeholders to influence the future of Housing delivery in the borough.

3.3 **Criterion 2: Duration of consultation exercises**
Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

It is envisaged that the engagement programme will take place over a 6 month period, beginning in January 2013. The findings from the consultation process will be presented to Cabinet and all other key stakeholder groups in July 2013.

3.4 **Criterion 3: Clarity of scope and impact**
Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected benefit and costs of the proposals.

The consultation documentation will require input from the Futures Steering Board to ensure it is user friendly to a wide range of people including tenants and homeowners and provides the information needed by residents.

An independent organisation will also be appointed as a 'critical friend' to tenants and leaseholders who can provide independent advice and carry out research to inform opinions. One of the functions of this organization will be to quality assure all core documentation produced throughout the duration of the consultation process and to ensure that tenants and homeowners in council property have a strong and informed voice throughout.

- 3.5 **Criterion 4: Accessibility of consultation exercises**
Consultation exercises should be designed to be accessible to, and clearly targeted at those people the exercise is intended to reach.

This report summarises the comprehensive and diverse methods that will be used to provide residents with the opportunity to express their views through out the consultation process (including, interactive voting, workshops, face to face interviews, postal, online and telephone surveys, and targeted focus groups). Background information will also be provided for participants covering key facts on housing in the borough to allow more informed conversations to take place.

- 3.6 **Criterion 5: The burden of consultation**
Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

We will seek to build on the success of recent engagement exercises, including Community Conversations and the Southwark Spending Challenge. It is envisaged that a fresh and interactive approach to communicating with residents will avoid the consultation fatigue experienced while using paper questionnaires and other time consuming research activities.

- 3.7 **Criterion 6: Responsiveness of consultation exercises**
Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

The findings from the engagement programme will be reported to Cabinet in July 2013. A report will be published and the findings presented to tenants, leaseholders and all stakeholder groups in the third Quarter of 2013.

4.0 Consultation Methodology

Who will we consult

- 4.1 All residents living in the borough will be impacted by any changes to the provision of housing services over the next 30 years (this is especially true for tenants and homeowners). There are several mechanisms in place to ascertain the views of our tenants and leaseholders, these forums will play an important part in the community engagement process.
- 4.2 **Housing based formal meetings:** There will be consultations with people who attend TRA meetings and other representative housing based meetings, such as Area Housing Forums, the Tenants Council, and the Homeowners Council, and there is a tried and test method of consultation at formal meetings. However the complexities of the Housing Commission's report makes it important to consider the opportunities everyone involved should have to consider together their ideas and thoughts and reactions. This will be done as a "learning" session at the beginning of a formal meeting; through workshops and briefing presentations, as well as 1-1 discussions with key people such as chairpersons. Such learning opportunities will need to be done by non council facilitators, and we intend to ask the Housing Commission members to help us with this work.
- 4.3 **Community Councils:** There are consultation methods that work at each Community Council, and they vary from one to the other. As with housing based formal meetings; an offer of learning opportunities will be built into these consultations before discussions on the content of the Housing Commission report commence.
- 4.4 **Community Forums:** Southwark has a very well developed architecture of engagement through more formal community forums. These include the Disabilities Forum, Southwark Youth Forum, the LGBT Forum, the Forum for Equalities and Human Rights, the Pensioners Forum, Amador Bhoishot (Bengali community forum), the Multi Faith Forum, Southwark Muslim Forum, Southwark Somali Refugee Council, and the Refugee Communities Forum. Moreover, an offer of learning opportunities before discussions commence will be built into these consultations as well.
- 4.5 **Young People;** Because the Housing Commission's work leads us to look 30 years into the future up to the year 2045; we need to provide active roles for a team of young people so that their contributions are significant and influential. After all they will be affected by whatever outcomes happen. We will recruit young people from the Southwark Youth Council, Speakerbox and other networks such as the Bengali One project, the Youth Advisors, Rezent Radio, and SE1 United youth group. Speakerbox is a group established by the council to give a voice to looked after young people and

care leavers. The Youth Council is a group run by young people that aims to give a voice to young people in the borough.

- 4.6 **Housing Needs of Older People;** It is also important that we engage people on the housing needs of tenants and homeowners when they become older people. We will therefore ensure that the community conversations engage people in the borough who will become older up to 2045.
- 4.7 **National/Regional stakeholders;** Because of the strategic importance of council housing in Southwark it is of primary importance that the engagement programme is broader than just those living in or near council homes. The engagement exercise will also include consultations with strategic partners such as other housing providers, neighbouring boroughs and regional government. How Southwark plans for the future is also of interest nationally and we will organise a conference targeted at local authorities nationally, particularly those who are major landlords that will take place alongside the broader engagement activities set out in this plan.

How we plan to engage with residents

- 4.8 We aim to use the **Community Conversations** method of going to where people are already and offering to have conversations located around a highly visible marquee or stall, with busy shopping streets a good place to do this. This will be the centrepiece of our engagement. We will include at least a thousand people, many of whom would not be likely to express their views through other routes. We know that the enthusiasm of council decision makers to talk unmediated to people living in Southwark about very important issues, such as the future of housing, is the reason why this method has been successful already and therefore lead members and ward councillors will be invited to lead the conversations.
- 4.9 The council, working locally with community volunteers, will construct interactive methods to enable the Community Conversations to be engaging. We will make a local history based photography exhibition about housing in Southwark, there will be new 2 minute long films made by the young people's team, a questionnaire, maps of the borough past and present, and a video booth for people to tell us precisely what they think.
- 4.10 We will make the best use of our libraries by touring the same consultation products used for the Community Conversations. In addition neighbourhood based focus groups will ensure we can invite a sample of people in any given neighbourhood to input to the consultations, and therefore further extend the opportunities we give local people to have their say, and capture the differences between each neighbourhood, which may be very nuanced, and which would probably be missed otherwise.

- 4.11 **Including everyone:** We need to pay attention to people who experience barriers to having their views heard. This includes having English as a second language and being part of newer migrant communities such as Latin American and Chinese communities. Moreover, having a sight or hearing impairment, or learning disability, the effects of old age, long term illness, and having mobility impairments can be very significant barriers. A complete equalities impact assessment will be produced in December 2012 to ensure that the community engagement programme is inclusive and adheres to equality and diversity best practice in consultation.

New ways to consult

- 4.12 To maximise awareness of the Housing Commission recommendations and encourage residents to share their views about how they would like to steer the provision of housing in the borough over the next 30 years it is important to utilise ambitious and proactive consultation methods. This section explores the methods that will be used to encourage residents across all socio demographic groups to take part in the community engagement programme.
- 4.13 **Still photography/local history:** Recent photography projects in Southwark have focused on cohesion and equality issues and have been very well received. Photographs from the local history library placed alongside contemporary photographs of the same area of Southwark will mean that people can contrast the past with the present and the future. Therefore, a still photography/local history project will be set up towards the beginning of the consultation work; to enable interested local volunteers to create a resource for further stages of the consultation plan, as well as to use this method to explore Housing Commission ideas through images.
- 4.14 **Vox pops:** Consultations about planning policies have used video booths to ensure local people can express and explain their ideas, and we will do the same. We routinely capture views about Council Assembly topics by vox pop interviews in high streets with people who can spare a couple of minutes. We will do both. This will total up to a wide variety of views from a wide variety of people. One of the key aims of the consultation process is to encourage residents to consider the issues raised in the Housing Commission report. As an apolitical body the Housing Commission is regarded an independent expert. To build on this credibility it is suggested that the video booths should include a presentation by Jan Luba exploring the main findings from the Commission's report and pose a series of questions to those participating.
- 4.15 **Empowering community volunteers:** All of the consultation projects can include volunteers from many different sections of the local community, which will improve our final product. In addition it will give about 20 local people opportunities to learn new skills and potentially improve their employability.

- 4.16 **Competitions:** Not everyone wants to take part in meetings, or to volunteer, or to take part in creative projects, or to be stopped in the street to be asked their views. But some people may want to enter a competition to win a prize, and so we will find opportunities to use competitions to increase the reach of the consultation plan.
- 4.17 **Social media:** The council has a twitter account and a facebook page these will be used alongside more traditional media to raise awareness, create interest and have conversations. The council has already used discussion groups and on-line forums, such as the SE1 Forum and the SE5 Forum to gather community views. This has proved to be an effective and costly way of gathering views. The young people's team will be asked to work with our e-communications team on the content of tweets and postings, and to say how they think we can start up and continue on-line conversations. A range of methods will ensure that those who do not have access to this technology can still engage. However we will also develop an on-line survey to extend our reach to people whose preferred method of engagement is the internet.
- 4.18 **Participation in analysis:** We will have a huge number of opinions and ideas, suggestions, positive and negative comments, and creative expressions of people's thoughts and feelings. Analysis workshops with local people will both help us do our work and will ground our conclusions in reality. We will invite people according to a sample of the borough's ages and ethnicities, and by gender, neighbourhood, housing tenure, and other equality considerations. The participatory analysis workshops will be used to ensure the double checking of emerging patterns by people directly affected by the outcomes

5.0 Resources structure

Table 2.

Role	Function
Futures Steering Board	A board of residents (tenants and homeowners in council property) appointed to ensure that tenants and homeowners have a voice in the consultation alongside the wider community and to take a quality assurance role in the consultation process ensuring that it reaches as broadly as possible.
Resident Friend	An independent organisation appointed to provide impartial guidance to the Futures Steering Board and quality assurance of the consultation process documents and outputs.
Community Engagement team	Responsible for implementing all community engagement (including attending Housing forums, resident workshops and focus groups)
Communications	Creating Community Conversation webpage and responsible for managing all social media (including Twitter and Facebook accounts). Responsible for maximising participation through a proactive communications campaign
Programme manager	Responsible for the development and management of following aspects of the engagement programme: <ul style="list-style-type: none"> • Equality Impact Assessment. • Risk Register • Project plan and co-ordination of engagement activity • Progress reporting • Final report to Cabinet and other stakeholders

6.0 Consultation Timetable

	Task	Deadline	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13
	1. Governance											
1.1	Cabinet	11 Dec										
1.2	Appointment of Future's Steering Board	28 Jan										
	2. Communication & Raising Awareness											
2.1	Community Conversation Website	18 Jan										
2.2	Pres Release & briefings to key stakeholder groups	18 Jan										
2.3	Tenants Council & Home Owners Council	18 Jan										
2.4	Appoint Residents' Friend	08 Feb										
	3. Wider Engagement Programme											
3.1	Interactive voting and video booths	14 Feb										
3.2	Still photography/local history competitions	30 Apr										
3.3	Participation analysis	15 Jun										
	4. Tenant and Homeowner Consultation											
4.1	Community focus groups & feedback to Community Forum	31 Mar										
4.2	Online survey of residents	15 May										
	5. Report Development											
5.1	Report to Cabinet	Jul 13										
5.2	Report to Tenants and Homeowner Councils	Jul 13										
5.3	Publish report on website	Aug 13										

Item No. 16.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		London Councils Grants Scheme 2013/14	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Claire Hickson, Communities and Economic Wellbeing	

FOREWORD, COUNCILLOR CLAIRE HICKSON, CABINET MEMBER FOR COMMUNITIES AND ECONOMIC WELLBEING

The London Councils grants scheme funds voluntary and community sector organisations that are intended to address a range of social issues. This year the commissions will be focused on tackling homelessness, sexual and domestic violence, tackling poverty by promoting access to employment and training. It primarily funds organisations that work across more than one London borough.

The unprecedented cuts in government funding have led to London Councils making further reductions to the levy that London boroughs are required to pay to the scheme and ending the commissioning of a number of services across London.

For 2013/14 the levy that Southwark Council is required to pay is £316,707 a reduction of £105,065 on the previous financial year. We need to formally agree this new reduced levy.

It is crucial, particularly in the current context of government reductions in funding, the impact of the economic downturn and the forthcoming government changes to welfare, that we work with London Councils to ensure that this funding delivers clear outcomes and value for money for Southwark residents.

RECOMMENDATION

1. That the Cabinet approve Southwark Council's contribution to the London Councils Grants Scheme of £316,707 for 2013/14 subject to approval of the budget proposals to be submitted to the Council Assembly in February 2013.

BACKGROUND INFORMATION

2. The London Councils Grants Scheme was established following the abolition of the Greater London Council, as a means of maintaining support to voluntary organisations providing London-wide services. Organisations supported by the scheme are required to provide services across at least two London boroughs in order to qualify for support.
3. Constituent Councils are required to contribute to the London Councils Grants Scheme under Regulations 6(8) of the Levying Bodies (General) Regulations 1992. Individual council's contributions should be proportionate to their populations. For 2013/14 the apportionment is based on the Office for National Statistics (ONS) June 2011 estimate of population.

4. In accordance with the Grants to Voluntary Organisations Order 1992 which came into effect on 02 November 1992 and remains in force, two-thirds of constituent Councils must agree the budget before 1 February 2013. If not the overall level of expenditure will be deemed to be the same as that approved for 2012/13 which totalled £12,500,000.

KEY ISSUES FOR CONSIDERATION

London Council's 2013/15 funding round

5. In September 2012 the London Councils launched the 2013/15 commissioning round based on revised principles and priorities for the scheme.

The principles are:

- Commissioning services that deliver effectively and can meet the outcomes specified by London Councils, rather than funding organisations
 - Commissioning services where there is clear evidence of need for services that complement borough and other services to support organisations that deliver services
 - Commissioning services where it is economical and efficient to deliver services on a London wide basis or where mobility is key to delivery of a service to secure personal safety
 - Commissioning services that can not reasonably be delivered locally, at a borough or sub-regional level
 - Commissioning services that work with statutory and non-statutory partners and contribute to meeting the objectives of the Equality Act 2010.
6. Services which satisfy the principles outlined above are required to meet at least one of the following priority areas in order to be eligible for receipt of funding from the scheme:
 - Tackling homelessness amongst individuals and households through direct services and/or developing new ways of working with partners to generate housing and accommodation and access services
 - Sexual and domestic violence
 - Tackling poverty by promoting access to employment and training drawing on opportunities for match funding provided by boroughs working with London Councils and European Social Fund
 - Providing support to London's voluntary and community organisations enabling those organisations gain access to funds, skills and resources to provide effective services to communities.
 7. The timetable for the programme is as follows:

Launch	September 2012
Deadline for applications	26 October 2012
Assessment of applications	November – December 2012
Applicants informed of recommendations (applications that are not recommended for funding are presented with option to submit a right to reply)	January 2013
Grants Committee meets to agree funding	February 2013

8. Officers of the London Councils will assess the applications, and will seek the views of borough officers from 33 London boroughs. Recommendation will be sent to applicants in January 2013 and presented to Grants Committee in February 2013.

London Councils Grants Scheme 2013/14 budget

9. The London Councils Grants Committee considered proposals for expenditure at its meeting on 5 November 2012. This was subject to agreement of the overall budget by London Councils Leaders' Committee, which met on 13 December 2012 and agreed the proposed budget. The budget being recommended to constituent councils is set out below.

Overall Level of Expenditure	£ 10,000,000
Made up of:	
• London Councils Grants Programme	7,540,000
• Membership Fees to London Funders	60,000
• ESF Co-Financing	1,880,000
• Operating (Non-Grants) Expenditure	419,000
• Central Recharges	101,000
Income would comprise:	
• Borough contributions	9,000,000
• European Social Fund grant	1,000,000

Community impact statement

10. For the financial year 2012/2013 the sum of £9,920,000 was awarded to voluntary organisations based throughout London to carry out various services and activities covering legal advice, health & social care, citizenship & human rights, support for women, support for children and young people, arts and culture, sustainable forms of transport, quality childcare provisions, support for the elderly, support for migrant communities, facilities for homeless persons, tackling homelessness, development of social enterprise across London, social cohesion, etc. Southwark Council influences the pattern of the London Councils support through its representation on both Grants and Leaders Committees as a constituent council.
11. This funding is based on levels of deprivation and need. Residents in Southwark

benefit from a wider range of services from organisations other than those simply based within the borough. Organisations based in Southwark also serve the populations of other London boroughs.

Resource implications

12. Southwark Council's contribution to the 2012/13 budget was £421,773 (based on a population of 287,000). If the proposed budget is approved the contribution in 2013/14 will be £316,707 (based on a population of 288,700). This represents a reduction of £105,065 over the 2012/13 levy.
13. There are sufficient resources within the Community Capacity budget to meet the Council's required levy of £316,707 for 2013/14. However, this will need to be considered within the council's normal budget-setting process.

Consultation

14. Southwark Council is represented on the London Councils Grants and Leaders Committee. In addition officers attend the London Councils Grants officers meetings. The Scheme requires two third of constituent Councils to support the recommended budget. If this is not achieved then the budget will remain at the 2012/13 level.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

15. The Director of Legal Services notes the content of this report.
16. There are no specific legal implications relating to the recommendations made in this report, other than the requirement that the council shall in considering any actions it is to take have regard to the duties of Best Value introduced by the Local Government Act 1999.

Head of Specialist Housing Services

17. The Head of Specialist Housing Services notes the contents of the report and concurs with the recommendation in paragraph 1.

Strategic Director of Finance and Corporate Services

18. The council's current contribution to the London Councils Grant Scheme for 2012/13 is £421,773. This reduces to £316,707 in 2013/14 as the overall London Councils grants programme is subject to savings, and can therefore be contained within the existing budget provision. The council is committed to pay at least £316,707 per year over the next three years. The £105,065 reduction in commitment is currently assumed to contribute towards the Housing & Community Services departmental saving target for next year, subject to the wider corporate budget setting process and requirement for savings for 2013/14 following the grant settlement in December.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Correspondence from London Councils http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4249&Ver=4	Community Engagement, 160 Tooley Street London SE1 2QH	Triumphant Oghre 020 7525 7418
London Councils Grants Scheme 2013/14 – Report http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=5060	Community Engagement, 160 Tooley Street London SE1 2QH	Triumphant Oghre 020 7525 7418

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Claire Hickson, Communities and Economic Wellbeing	
Lead Officer	Stephen Douglass, Head of Community Engagement	
Report Author	Triumphant Oghre, Commissioning Officer	
Version	Final	
Dated	29 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 Housing and Community Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	29 November 2012	

Item No. 17.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Albion Street Project Mandate	
Ward(s) or groups affected:		Electoral ward; Rotherhithe	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Over the last few years there have been several rounds of public consultation on the regeneration of Rotherhithe. One of the issues repeatedly raised by local people is concern at the decline of Albion Street.

The council has responded to this in our planning policy documents that include a number of objectives for the Street. This report deals with the next stage in the process, establishing a project where we will work with the local community on a number of specific regeneration proposals. These include; looking at the opportunity to expand Albion Primary School; facilitating the appropriate redevelopment of the former Rotherhithe library building; making it easier to move around the area; and, a number of improvements to the public realm.

So that the project benefits from the ideas and energy of the whole community the governance arrangements include a central role for local representatives. Working with all stakeholders will give this project the best chance of reversing the decline of this important part of the borough.

RECOMMENDATION

That the cabinet

1. Agrees the project mandate for the regeneration of Albion Street as set out in Appendix 1.

BACKGROUND INFORMATION

2. The decline of Albion Street as a commercial centre has long been a source of concern for people in Rotherhithe. This report sets out details of the mandate for a project to encourage the regeneration of the area. The project will be called the Albion Street Regeneration Framework.
3. The mandate includes information gathered during extensive public consultation and benefits from the positive contributions made by many local people. It is the intention that a high level of public involvement will be maintained throughout the life of the project.
4. The project is structured around four themes that it is envisaged will progress in two distinct phases. The first phase focuses on developing a general approach for the particular theme area; the second on delivery of that theme. Transition to

the second phase will depend on the availability of funding and where appropriate will involve local people and partner organisations in fund raising: for example through CGS bids.

5. The four theme areas are:

- Albion Primary School – to explore expanding the school to two forms of entry
- Albion estate – to respond to comments from residents and local people about the condition of the estate and whether it can be better integrated into the regeneration of the wider area.
- The former Library on Albion Street – to ensure, so far as is possible, that the site is redeveloped in a way that supports the regeneration aspirations of local people.
- Public realm – looking at a number of initiatives to improve the general appearance of the neighbourhood, way finding and links with the wider Rotherhithe area.

6. As well as extensive public consultation further work is already underway in a number of the theme areas. There is considered to be advantage in pulling all of this together in order to exploit synergies and to maximise the benefit of any investment.

KEY ISSUES FOR CONSIDERATION

7. The key issue for consideration is whether the project mandate as drafted will deliver the aspirations of local people for the regeneration of the Albion Street area in a way that is consistent with the objectives of the Canada Water area action plan.

Policy implications

8. The council's adopted Core Strategy established a vision for Canada Water as a vibrant shopping centre with high quality public realm and open spaces. The central commercial district oriented around Canada Water basin must seek to reach out to the wider Rotherhithe area so as to improve accessibility by foot, bicycle and public transport. One of the ways in which the Core Strategy suggest this is achieved is by creating a new north / south link between the Rotherhithe over ground station and the Canada Water underground station.

9. The Canada Water Area Action Plan (CWAAP) sets out in more detail the initiatives required to realise this vision ahead of 2026 and includes specific measures to promote the regeneration of Albion Street by:

- Improving pedestrian and cycle links between Albion Street and the town centre, St Mary's Conservation Area and Rotherhithe Station.
- Reinforcing the viability of the shopping parade by making sure that no more than two units are used as hot-food takeaways.
- Working with leaseholders to improve the appearance of shop fronts.
- Continuing to investigate the potential for a market on Albion Street through the Markets Strategy we are preparing.
- Seeking funding to provide public realm improvements.
- Using the library site as an opportunity to help improve the street.

- Working with governors and staff to explore the potential to provide mixed use development on a part of Albion Primary school.
10. One of the council's key housing priorities is to make all of its homes warm, dry and safe by 2014/15. Thus in 2011 the council approved a housing investment programme and strategy to ensure that works programmes and resources were targeted to meet this objective.
 11. The four theme areas from the project mandate link directly to these various policy statements and will assist the council in the delivery of important objectives. Further information on the anticipated outputs is given in the following section on community impact.

Community impact statement

Albion Primary School

12. Council officers will work with the governors and senior management team from Albion Primary to explore the possibility of expanding the school to meet future pupil needs.
13. There is anticipated to be a significant demand for additional pupil places in the Bermondsey and Rotherhithe planning area over the next few years with up to 8 forms of entry (an additional 240 year 7 places) required by 2016. Albion is an outstanding school and its expansion would support the delivery of local places and the resultant additional footfall on Albion Street would support the local economy.
14. The presence of the school attracts visitors to Albion Street and makes a positive contribution to the vitality in the area. Investment in the site may also give the opportunity to help address the fragmented character of the street and contribute to a coherent and consistent streetscape.

Albion Estate

15. During public consultation a number of comments were received about the poor condition of the estate and problems of anti social behaviour being suffered by residents. There were also suggestions about how the estate could contribute to the regeneration of the wider area.
16. It is proposed that housing officers explore these issues with residents.
17. The initial task will be to establish the factual position on the condition of the estate and any issues being faced by residents including investment proposed under the Warm, Dry, Safe programme. If appropriate, residents will then be involved in formulating a policy response for the estate.
18. It is also likely that residents' views will contribute to the development of proposals in relation to the wider regeneration of the area, alongside other stakeholders, as a result of other more general consultation.

Former library

19. The library is in the process of being sold by the council to a commercial property developer who will deliver their own scheme for the site. It is understood the

developer is in discussion with the adjoining Norwegian and Finnish Churches to deliver a scheme that enhances these listed buildings and that may include elements of their sites.

20. Initial designs indicate a mixed use block with commercial space on the ground floor and around 30 residential units above. The aspiration is to relocate the local doctors' surgery into the development, possibly with a pharmacy. This will release another site further along Albion Street, which if redeveloped has the potential to deliver further residential units as well as new retail space and public realm improvements.
21. The scheme will be delivered by the commercial developer. Officers from regeneration will support and facilitate a development that, so far as is possible, delivers the council's aspirations for the street.

Public Realm

22. The Albion Street Steering Group (ASSG) has been established to promote the regeneration of the area. This hard working group of local volunteers has already carried out much good work and delivered a number of notable successes.
 - A thriving community shop has been established in one of the units in the council parade on Albion Street.
 - The ASSG was the driving force behind this year's expanded Scandinavian Christmas Market.
 - The group has been responsible for a number of successful CGS bids for public realm improvements.
23. The public realm theme will be taken forward in collaboration with the ASSG, building on the energy, ideas and expertise of the group. The project will also make sure that the views of other local people, in particular tenants and residents are taken fully into account.
24. Preliminary discussions have confirmed that there are a number of matters where the council can begin to address the aspirations of local people:
 - Carrying out preliminary design work for a small number of strategically important public realm interventions (provisionally identified as St Olav's Square, the library public square and Lower Road amenity land).
 - Developing a signage and way finding strategy for the wider Rotherhithe area.
 - Improving pedestrian and cycle permeability from Canada Water and the Thames through the Albion Street area.
 - Identifying and helping to resolve practical issues so that we can re-establish a market in Albion Street.
25. Consultants will be retained to deliver some of this work and to undertake public consultation.

Resource implications

26. As explained above, the Albion Street Development Framework project will progress four inter-related work themes in two phases. Working closely with

stakeholders the first phase will identify a way forward for that theme area. The second phase is delivery and is contingent on securing funding.

27. Each of the four theme areas will, in a resource sense, be taken forward through different mechanisms as explained below.
28. Work on Albion Primary School will be progressed by officers from regeneration in collaboration with school governors and the school management team. Initial activity relating to viability testing will be funded from budgets under the control of children's services. If a solution to the expansion of the school is found the relevant decisions will be the subject of a separate report.
29. In the first instance investigations into the condition of the Albion Estate will be carried out as part of the normal housing management function and will give rise to no additional resource requirement. Subject to the conclusion of the investigation work there may be a need for further reporting and possibly funding bids. If that should prove to be the case those reports will consider the resource implications.
30. The redevelopment of the former library on Albion Street will be taken forward by the purchaser of the site as a commercial venture. The involvement of officers from the project team will be limited to supporting and facilitating a suitable development and will be funded from existing regeneration budgets. In due course a planning application will be made. This process will determine the s106 package for the site including any resources that will be used for public realm improvements.
31. It is intended to appoint specialists to support the tasks arising from improvement of the public realm, signage, way finding and access routes. The appointment will be subject to the gateway reporting process. Delivery of specific interventions will be subject to the identification of funding and if appropriate will be reported separately.
32. Over and above this theme related work the general administration of the project and work to co-ordinate the theme activity will be undertaken by officers from regeneration. This activity will be carried out as part of the normal responsibilities on the Canada Water regeneration team and will be funded from existing budgets.

Legal/financial implications

33. There are not considered to be any particular legal implications arising from this report.
34. It is intended to appoint professional experts to support the tasks arising from improvement of the public realm, signage, way finding and access routes. The appointment will be subject to the gateway decision process. Based on the experience of running similar consultation exercises as part of other regeneration projects the cost of appointing the technical experts is estimated at around £50k and will be funded from regeneration reserves. The procurement process will seek the most economically advantageous tender.

Consultation

35. There have been several rounds of public consultation on the future of Albion

Street stretching back over a number of years.

- Between 2008 and 2011 as part of the preparation of the CWAAP officers from planning policy carried out extensive consultation with all local stakeholders.
 - In 2009 the Canada Water Consultative Forum organised a series of cafe conversations on the future of the street.
 - In 2010 as part of its programme of themed meetings the Bermondsey Community Council held a public meeting and workshops looking at the issues being faced by Albion Street. This led to the establishment of the ASSG.
 - In the summer of 2012 the council along with its regeneration partner at Canada Water, Canada Quays Ltd (formerly British Land Canada Quays) held an ideas forum; an open consultation event for all local stakeholders on how to take forward the regeneration of the area.
36. The outcome of this activity is the Albion Street Development Framework project the scope of which has itself been consulted on with local stakeholders, including Albion Primary School, local residents, the ASSG and other interested parties.
37. The tasks for the appointed professional experts will include public consultation on a governance structure for the project so that the views of local stakeholders are fully understood as the project moves forward. This will include consultation on specific design and issue related matters arising out of the project themes and an overarching role to make sure the themes hang together in a coherent way. The consultation exercise will also include new work, e.g. with residents of Albion Estate, where no specific consultation has yet been carried out.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

38. As set out at paragraph 33 of this report there are no particular legal issues arising from this report at this stage. As and when specific legal issues arise, on matters of property or planning law or otherwise, legal advice will be sought and further reports presented to cabinet (for example in the case of disposal of land) at the appropriate time.

Strategic Director of Finance and Corporate Services

39. The strategic director of finance and corporate services notes that there are no direct financial implications arising from the recommendation. However, implementation of the project mandate will result in costs which will either be contained within existing budgets or, if appropriate, will be the subject of specific funding bids. It is anticipated that the appointment of experts in relation to the public realm work will be the subject of the usual procurement procedures and funding will be identified from the regeneration reserve.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Albion Street Project Mandate. Attached as Appendix 1.	160 Tooley Street, London SE1 2QH	James Oates 020 7525 5633

APPENDICES

No.	Title
Appendix 1	Albion Street Project Mandate

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	James Oates, Principal Valuer	
Version	Final	
Dated	29 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	29 November 2012	

APPENDIX 1

Albion Street Regeneration Framework

Project Mandate

Author:	Matthew Rees
Version no:	Issued V1
Date:	29 November
Document Owner:	James Oates
Copy No:	
File Name:	
Doc Ref:	

Version control

	Version no.:	Change Description:	Requested by:	Date:
	Issued v1		Jon Abbott	Nov 2012

References

	Ref:	Document:
	1	Albion Street Area (Ideas) Forum workshop report
	2	Southwark Core Strategy
	3	Canada Water Area Action Plan

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1 Authority Responsible

The Elephant & Castle Project Director, also currently overseeing the Canada Water Regeneration, has authorised the start up of the Albion Street Regeneration Framework project. The Canada Water Principle Surveyor will lead on the project management and governance of this project reporting to the Elephant & Castle Project Director and Regeneration Director as appropriate.

2 Background

The decline of Albion Street as a commercial centre has long been a source of concern for people in Rotherhithe. This project comes about as the result of extensive public consultation and is intended to assist with the regeneration of the area.

There have been several rounds of consultation stretching back over a number of years:

- Between 2008 and 2011 as part of the preparation of the Canada Water Area Action Plan (CWAAP) officers from planning policy carried out extensive consultation with all local stakeholders.
- In 2009 the Canada Water Consultative Forum organised a series of cafe conversations on the future of the street.
- In 2010 as part of its programme of themed meetings the Bermondsey Community Council held a public meeting and workshops looking at the issues being faced by Albion Street. This led to the establishment of the Albion Street Steering Group (ASSG).
- In the summer of 2012 the council along with its regeneration partner at Canada Water, Canada Quays Ltd (formerly British Land Canada Quays) held an ideas forum; an open consultation event for all local stakeholders on how to take forward the regeneration of the area. This resulted in September 2012 in the release of a report on the outcome of the workshop.

A number of common issues have emerged from this consultation that will be taken forward as part of the Albion Street Regeneration Framework.

The project is structured around four themes that it is envisaged will progress in two distinct phases. The first phase focuses on developing a general approach for the particular theme area; the second on delivery of that theme. Transition to the second phase will depend on the availability of funding and where appropriate will involve local people and partner organisations in fund raising: for example through CGS bids.

The four theme areas are:

- Albion Primary School – to explore expanding the school to two forms of entry
- Albion estate – to respond to concerns from residents and local people about the condition of the estate and whether it can be better integrated into the regeneration of the wider area.
- The former Library on Albion Street – to ensure, so far as is possible, that the site is redeveloped in a way that supports the regeneration aspirations of local people.

- Public realm – looking at a number of initiatives to improve the general appearance of the neighbourhood, way finding and links with the wider Rotherhithe area.

2.1 Policy Background

The Council's adopted Core Strategy (2011) established a vision for Canada Water as a vibrant shopping centre with high quality public realm and open spaces. The central commercial district orientated around the Canada Water basin must seek to reach out to the wider Rotherhithe area as to improve accessibility by foot, bicycle and public transport. One of the ways in which the Core Strategy suggests that this is achieved is by creating a new north / south link between the Rotherhithe over ground station and Canada Water underground station as shown in figure one below.

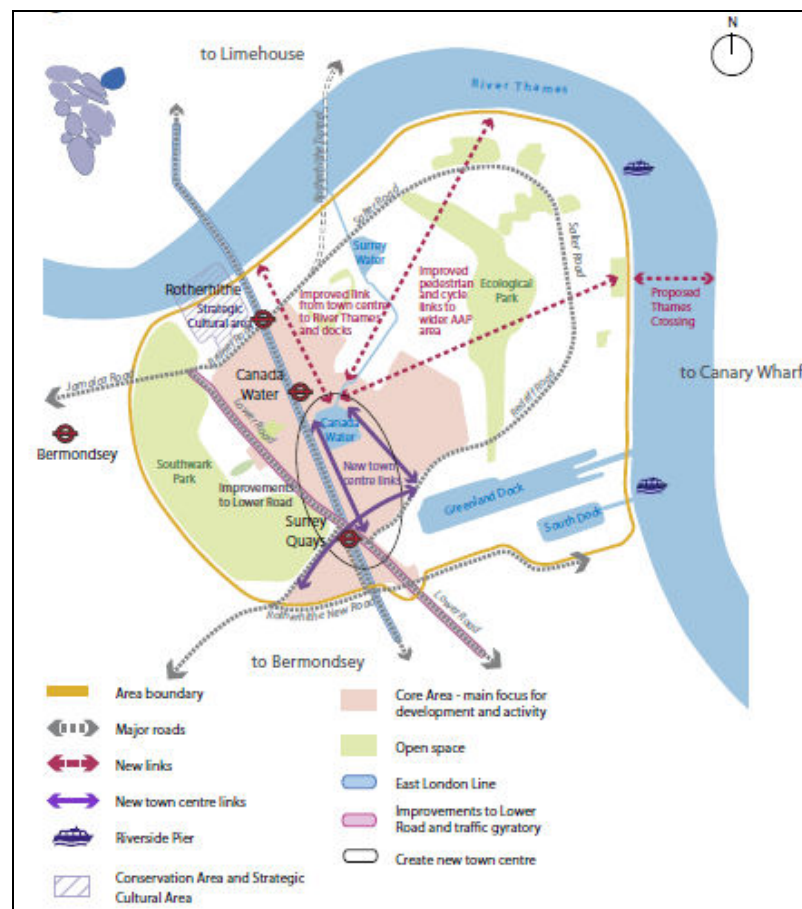


Figure One: Plan of Rotherhithe Peninsula and Canada Water Regeneration Area

The Canada Water Area Action Plan (2012) (CWAAP) sets out in more detail the initiatives required to realise this vision ahead of 2026 and provides specific guidance on enhancements to Albion Street that will contribute to this vision. CWAAP Policy 30 lists the following initiatives:

- Improving pedestrian and cycle links between Albion Street and the town centre, St Mary's Conservation Area and Rotherhithe Station



- Reinforcing the viability of the shopping parade by making sure that no more than two units are used as hot-food takeaways
- Working with leaseholders to improve the appearance of shop fronts
- Continuing to investigate the potential for a market on Albion Street through the Markets Strategy we are preparing
- Seeking funding to provide public realm improvements
- Using the library site as an opportunity to help improve the street
- Working with governors and staff to explore the potential to provide mixed use development on a part of Albion Primary school

One of the council's key housing priorities is to make all of its homes warm, dry and safe by 2014/15. Thus in 2011 the council approved a housing investment programme and strategy to ensure that works programmes and resources were targeted to meet this objective

The four theme areas from the project mandate link directly to these various policy statements and will assist the council in the delivery of important objectives.

2.2 Progress to date

Work is far advanced on the creation of a schools' investment programme for the whole of the borough. In spring 2013 Southwark's Cabinet will confirm the shortlist for the next programme of school expansions. It is anticipated that the Albion Street Primary School will be confirmed as one of the schools that will be increased from one to two form entry.

Canada Quays Ltd has agreed terms with Southwark Council for the purchase of the vacant former library building on Albion Street. The sale is due to complete by March 2013 and will be followed by Canada Quays Ltd bringing forward the redevelopment of this key site.

Southwark Council's Public Realm Team has progressed concept designs and initial costings for a new landscaped square adjacent to the main entrance of the Norwegian Church. This will be progressed to planning application stage.

The Canada Water project team has advanced negotiations with the owner of the derelict former public toilet, located outside of the main entrance to the Norwegian Church, in order to secure the purchase of this land. If this proves unsuccessful then a Compulsory Purchase Order will be considered.

The environment of Albion Street is likely to significantly change over the coming years with the proposed above development. It is important that these investments are coordinated in a way to help deliver maximum benefits to Albion Street particularly in order to increase pedestrian footfall moving throughout the area.

It is a strongly held view by local stakeholders that increased footfall will enhance the vibrancy and viability of the existing shops. This combined with improved strategic connections to

Canada Water underground station will help secure Albion Street's with a long-term future as an important local amenity.

3 Project Objectives

1. Overarching objective

To coordinate the delivery of the above developments and initiatives in order to achieve the CWAAP Policy 30 objectives, as listed in paragraph 2.1.

2. Albion Street overarching consultative group

To appoint an external expert to lead on establishing an overarching liaison group in order to facilitate a process of dialogue and ideas sharing between key stakeholders and the local community that will play a key role in shaping the future development plans into a unified and deliverable vision.

3. Albion Street Primary School

To explore options to expand Albion St Primary School to two form entry.

4. Albion Estate

To consult existing tenants and leaseholders on perceptions of the existing Albion Estate and whether it can be better integrated into the regeneration of the wider area.

5. Former Library building

To support Canada Quays through the pre-planning design and consultation phase in order to bring forward a viable detailed planning application for the former library building that maximises the regeneration benefits for the local environment and community.

6. Public Realm improvements

To appoint an external consultant to undertake the following public realm related tasks:

- Production of a 'Legible London' signage strategy for the wider Rotherhithe area (the area boundary as shown in figure one) in order to improve signposting and way finding for pedestrians and cyclists.
- Identification of agreed local and strategic routes that can be enhanced to improve connectivity between Albion Street, the river to the north and south towards the Canada Water central retail area.
- Identification of a small number of public realm schemes throughout the Albion Street area (as shown in figure two) that would enhance the local environment and support the above objectives.
- Concept design and costings of these public realm schemes.

- Identify practical measure that will support the aspiration for a regular street market and that possibly acknowledge the Baltic and Scandinavian link with Canada Water.

The project will also explore funding options for the delivery of specific measures and interventions.

4 Scope

The main focus for the project is the Albion Street area as shown outlined in blue in the map below. This includes Albion Street, Albion Estate, Albion Primary School, Albion St Library building and Norwegian Church buildings and square.

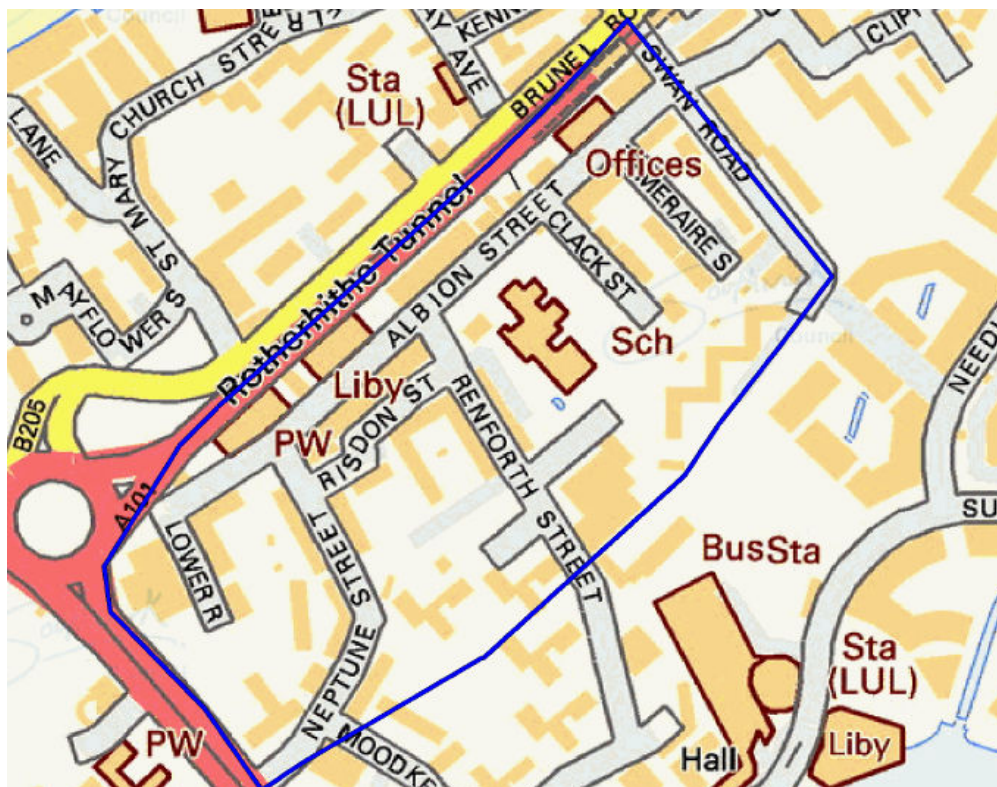


Figure Two: Albion Street Area

Delivery of certain of the project objectives: signage and way finding; access routed through the area, will extend outside of the Albion Street area, although it is not expected they will extend outside of the, 'area boundary' shown in figure one.

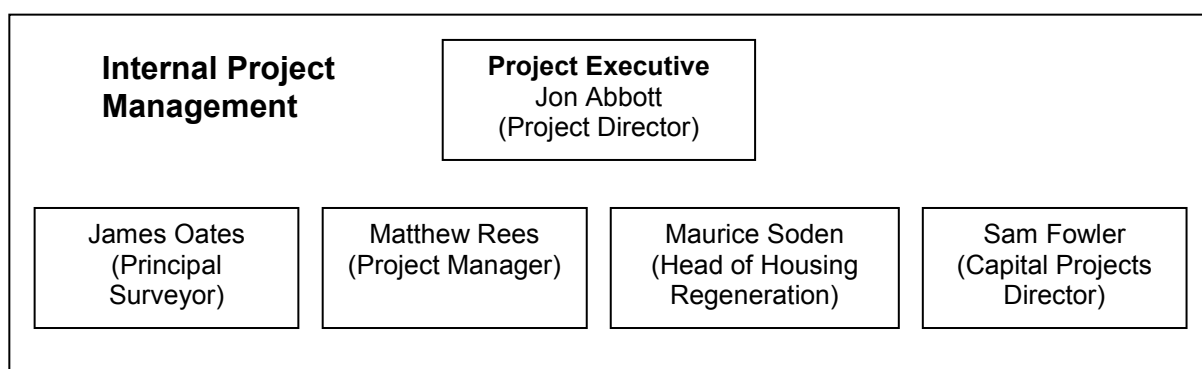
5 Constraints

5.1 The budget available for the appointment of the external experts will be confirmed and capped following the tendering exercise that is to be carried out. This project mandate and budget is not directly responsible for the delivery of the extended Albion Street School or the redevelopment of the Library Building by Canada Quays. Through coordinating the delivery of these initiatives and identification of

appropriate environmental improvements additional funding will be sought in order to progress the delivery of these.

6 Interfaces

- 6.1 In order to progress this project there will be interfaces between internal Southwark departments at an officer level. These will include representatives of the Property Regeneration team, Planning department, Southwark Highways authority, Environment & Leisure team and the Housing Regeneration team.
- 6.2 An internal project group will be established and meet at regular intervals to update on project progress, programme progress, risk or key project issues that may impact ability of meeting overall objectives.



- 6.3 An overarching liaison group is to be established as part of the work package that the appointed consultants will be required to deliver. This will be made up of representatives from established local groups and will meet regularly.
- 6.4 An aspiration for the liaison group is for a lead representative to be nominated who will attend specific update meetings with the internal project management structure. These meetings will also be held at regular intervals with the purpose of discussing key issues. The lead representative will act as a link to ensure the views of local people are fully understood and accounted for in the delivery of the project.

7 Quality Expectations

- 7.1 That the procurement, appointment and subsequent delivery of the project brief will be completed by September 2013.

8 Outline Business Case

- 8.1 The benefits of undertaking this project are that it will achieve the objectives of the adopted CWAAP policy 30.



8.2 A coordinated approach to the improvements within the Albion Street area will maximise the benefits to the existing Albion Street streetscape and also improve its connectivity and relationship with the core regeneration area.

8.3 Timescales

December 2012	Project Mandate document approved by Cabinet. Appointment brief and tendering documentation prepared.
January 2013	Stakeholders consulted on brief for appointment. Final drafting of project brief. Invitation to tender distributed Short listing, interviews and selection of consultant. Gateway Two report drafted to appoint selected consultant.
February to September 2013	Stakeholder Forum formed and terms of reference agreed Study undertaken including stakeholder meetings, regular update meetings with Canada Water project team, design sessions with highways. Public consultation with strategy proposals

9 Reference Documentation

The list of reference documentation is set out on page 2 of this document.

Sign-off

Authority Name:	Position:	Signature:
Jon Abbott	Elephant & Castle Project Director	Date:

End of Document

Item No. 18.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Gateway 2 - Contract Award Approval – Integrated Highways Maintenance, Project Delivery and Professional Services Contract	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Barrie Hargrove, Transport, Environment and Recycling	

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

This report recommends awarding the Highways and Professional Services Contract to Conway Aecom Ltd. This contract's specification will deliver value for money in a time of unprecedented government cuts and support a fairer future for the residents, businesses and users of Southwark. The winning bids represent the strongest submissions in terms of quality and price and the supplier will provide more customer information than ever.

This contract has a clear requirement that any person working on it will be paid no less than the London Living Wage and Conway Aecom Ltd have made a clear commitment to engage and use small and medium sized enterprises based in Southwark wherever possible. The contract also makes provision for offering training opportunities for Southwark residents.

The Conway Aecom Ltd offer provides strong technical knowledge, operational capability and capacity and an approach which will provide the expected high service delivery standards.

RECOMMENDATION(S)

1. That Cabinet approve the award of the Integrated Highways Maintenance, Project Delivery and Professional Services contract to Conway Aecom Ltd
 - Lot A – Highways Maintenance
 - Lot B – Highways Projects (Works)
 - Lot C – Professional Services

for a period of six years starting 1 April 2013 with a provision for a further extension of two years.
2. That Cabinet note the valuable contribution made by TfL and London Councils to the Council's procurement process.

3. That Cabinet instructs Officers to continue working closely with TfL and the London Technical Advisory Group on pan London issues in order to continue to demonstrate best value in delivering Highways and Professional Services.

BACKGROUND INFORMATION

4. The council currently delivers services for professional support, maintenance, improvement, design and construction of highways through two contracts, namely; the integrated highway maintenance contract with FM Conway Ltd as the term contractor and Transport Planning and Streetscene Services contract with Mouchel Ltd as the service provider. These arrangements were all extended to 31 March 2013 to ensure continuity of service while this procurement process was completed.
5. It is necessary that Southwark Council as a Highway Authority meets the statutory requirement that the highway network is 'kept safe' – Highways Act 1980 Section 41. This in practice places a responsibility on the local authority to maintain and improve the highway to the benefit of all users at public expense. The traditional mechanism to achieve this is through the appointment of term contractors.
6. The proposed contract and contract specifications will enable the council to deliver management and maintenance of the public highway, design and deliver highway improvement projects and administer the 'peaks and troughs' of management and supervisory work load involved in project delivery and professional services.

London Highways Alliance Contract (LoHAC)

7. In July 2009 Transport for London (TfL) on behalf of the London Technical Advisory Group (LoTAG), Capital Ambition and the Office of Government Commerce (OGC) commissioned a project to consider the benefits of Pan London (TfL, London Boroughs and the City of London) collaborative procurement of highway term maintenance and improvement works.
8. In December 2010 TfL decided not to extend its Highways Works Maintenance contracts past April 2013 and has led on the development to transform London's highways management of which LoHAC is the key work stream.
9. Preparations for LoHAC have included current pan London contract and market analysis, preparation of a common specification and contract design. All London Boroughs have been encouraged to contribute to this process and to share the outputs.
10. Southwark have with the permission of TfL and Capital Ambitions closely mapped the available LoHAC specification and documentation ensuring commonality wherever possible to reduce duplication of efforts.
11. In November 2012 the Transport for London board accepted recommendations that 4 framework agreements for use by TfL and 4 call-off contracts for use by London Boroughs (both sets geographically based North West, North East, Central and South) for the delivery of highways maintenance and related services be awarded.

12. The report outlines the council's evaluation process against the LoHAC successful tenderer.

Procurement Board

13. The process for the preparation of the contract strategy and procurement has been overseen by a Highways and Professional Services procurement board. The board was chaired by the Head of Public Realm and was made up of legal, procurement and technical officers.

Gateway 1

14. The Gateway 1 report for this procurement strategy was approved by Cabinet in February 2012. Within that report the timetable indicated a proposed contract commencement date of 1 April 2013. The tender process is set out below.
15. The procurement strategy and contract documentation allowed for suppliers to bid and provide services to one, two or all three 'Lots' of the contract package. The elements are;
- **Lot A** – Highways maintenance including asset inspections, gulley cleaning programmes and winter service provision.
 - **Lot B** – Highways Project works delivery including delivery of highways safety schemes, footway and carriageway resurfacing, S106 highway developments and TfL's local improvement works.
 - **Lot C** – Professional Services including provision of co-located staff to deliver highway and engineering services, delivery of remote project work or short term secondments to accommodate peaks in workload and/or delivery of specialist skills not available in-house
16. The Gateway 1 report strategy approved by Cabinet also included the council's continued participation in the LoHAC procurement process in addition to its own procurement process. This allowed for a comparison of financial rates, terms and conditions with Southwark's specification and successful supplier against LoHAC's.
17. The Gateway 1 strategy allowed for service delivery to the council from one supplier or LoHAC for all three 'Lots', suppliers or LoHAC for one lot each or the combination of 'lots' and suppliers. Each 'lot' will be let as a whole and the council will not cherry pick best elements.

Procurement project plan

18. The future timetable to conclude the procurement is outlined below.

Activity	Completed by/Complete by:
Approval of Gateway 1: Procurement Strategy Report	07/02/2012
Invitation to tender	10/08/2012
Forward Plan for Gateway 2 decision	03/09/2012
Closing date for return of tenders	25/09/2012
Completion of evaluation of tenders	24/10/2012
DCRB/CCRB/CMT Review Gateway 2:	08/11/2012
Notification of forthcoming decision – despatch of Cabinet agenda papers	29/11/2012
Approval of Gateway 2: Contract Award Report	11/12/2012
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/12/2012
Alcatel Standstill Period (if applicable)	04/01/2013
Contract award	05/01/2013
Add to Contract Register	07/01/2013
Publication of award notice in Official Journal of European (OJEU)	Jan 2013
Contract start	01/04/2013
TUPE Consultation period – start	05/01/2013
TUPE Consultation period – end	29/03/2013
Contract completion date	31/03/2019
Contract completion date – if extension exercised	31/03/2021

KEY ISSUES FOR CONSIDERATION

Contract period

19. The contract period for all three Lots is six years with an option of a further two year extension. This period allows suppliers long enough to recoup / amortize capital investment with sufficient payback period across the contract term and also aid the council in receiving optimum rates.
20. The possible extension period will also allow the council to continue to receive those beneficial rates subject to supplier performance.

Contract form

21. The form of contract for Lots A and B will be New Engineering Contract (NEC) 3 - Term Service, Lot C will be NEC 3 - Professional Services. The Institution of Civil Engineers endorses NEC3 which is a family of contracts that facilitates the implementation of sound project management principles and practices as well as

defining legal relationships. These are widely recognised as industry best practice for these areas of service delivery.

22. The use of these contract forms will be a departure from the existing forms and officers have already developed a training programme on the new contract forms to ensure delivery of the anticipated benefits.

Policy implications

23. This procurement process supports the corporate plan and will help to achieve Fairer Future promises. It will directly support providing improved value for money through the provision of highly competitive market tested rates. Improving our customer services will take place through developing and delivering superior customer information and improved customer access to services. The procurement of these contracts will also encourage healthy lifestyles by providing a public realm which residents and users of the borough can be proud of and active in.
24. The contracted services will indirectly support Fairer Future promises in the ongoing maintenance around the borough's public spaces including Canada Water Library and any future Camberwell Library. The promised benefits and opportunities of regeneration will also be supported by adoption and maintenance to a high standard of any highway or public realm space.
25. A review of Highways Maintenance by the Environment, Transport, Communities & Citizenship Scrutiny Sub-committee produced a report with a series of recommendations on the provision of public information, contract monitoring and key performance indicators. All recommendations directly related to the contract have been resolved through amendment of existing or inclusion of additional specification clauses. A series of work streams have been developed by officers to deliver those indirectly associated to the contract.
26. Additionally the contracted services will be delivered aligned to corporate financial priorities and high technical standards in the installation and ongoing maintenance of public realm assets.

Tender process

27. Due to the value of the contract being over the EU Services threshold of £173,934 the contract is subject to EU Procurement Regulations and an EU restricted procedure compliant process was followed. A Contract Notice ref: 000058112 advertising the contract was dispatched to the Official Journal of the European Union on 13 March 2012 in accordance with the EU Directive 92/50/EEC (The Award of Public Services Contract).
28. Following this contract advertising three evaluations were completed to inform the final award recommendation.

These were:

- Evaluation of the returned pre qualification questionnaires
- Evaluation of returned tenders (financial and quality)
- Evaluation of comparison between the outcomes for the Southwark process and that of the declared LoHAC award

29. Those invited to tender, were invited to a bidders day held 17 August 2012 at Canada Water Library. This was to ensure that potential bidders had a clear understanding of the council's requirements, the procurement process and to give an opportunity for the bidders to ask questions. Presentations were given by the Head of Public Realm, Legal and Technical officers.

Pre Qualification Questionnaires (PQQ)

30. Following the publishing of the OJEU notice, advertising in the trade magazine Local Transport Today and local newspaper the South London Press PQQs were requested by 39 companies.
31. At the advertised closing date for receipt of completed PQQs, 20th April 2012, 13 companies had returned completed questionnaires. It should be noted that prospective suppliers were asked to submit PQQs for each intended Lot bid.

LOT	Submitted PQQ's
A – Highways Maintenance	5
B – Project Delivery (Works)	8
C – Professional Services	9

32. Following receipt of completed PQQs assessment of submissions was carried out under the following headings:
- General information
 - Financial information
 - Equal opportunities
 - Health and safety
 - Corporate information
 - Technical information inc. references
33. Submissions were initially reviewed for compliance and eligibility by Exor Services Limited (risk and compliance analysts) who provided analysis of each questionnaire including finance and health and safety. The remaining elements of the submitted PQQs were evaluated by suitably qualified officers.
34. Details of returned PQQs and summary of Invitations to Tender (ITT) are set out in Appendix 1.

Evaluation of returned tenders

35. Evaluation was completed in accordance with the methodology set out in the ITT documents. Evaluation was based on a 70% / 30% split of price and quality respectively.
36. The price component was based on reference to three financial models reflecting the anticipated profiled spread of work informed by experience of the current contracts. The quality component was assessed in two stages; as presented in quality plan submissions and secondly on the basis of clarification interviews held 18 October 2012. This methodology information was given to bidders as part of the ITT documentation and was agreed with legal and corporate procurement officers ahead of the ITT and tender period.

37. Tender returns were checked initially for completeness and compliance with the instructions and requirements of this procurement process and a 'health check' review of all submissions was also completed by a legal officer.
38. The evaluation team included subject matter experts, technical personnel, Health & Safety Advisor and Business Managers. Clarification interviews were chaired by the Strategic Director for Environment and Leisure.
39. The following table sets out bidders who were invited to tender, summarises those which completed a return and highlights those which withdrew from the process -

COMPANY	Lot A		Lot B		Lot C		Withdrew*
	Invited	Rec'd	Invited	Rec'd	Invited	Rec'd	
A	Y	Y	Y	Y	Y	Y	
B	Y	Y	Y	Y	Y	Y	
C	Y	Y	Y	Y			
D	Y	Y	Y	Y			
E			Y	N			30/08/12
F			Y	N			15/08/12
G			Y	N			16/08/12
H					Y	N	31/08/12
I					Y	N	21/09/12
J					Y	Y	
K					Y	N	14/09/12
L					Y	N	28/08/12
M					Y	Y	

Quality

40. The quality component scoring is based on the response to supplied questions with any supporting appendices plus the supply of required additional information. This forms the Bidder's Quality Plan.
41. To facilitate the evaluation of submitted quality plans by each bidder a pre-determined scoring criteria was used. The scoring range was either 0–10 or 0-5 for each question based on the importance of the response to service delivery. Minimum thresholds for any individual question response was 4 out of 10 or 2 out of 5. An overall quality threshold was set at 50%.

42. Following individual evaluation a deliberation meeting was held at which a consensus score for each quality submission was agreed, and subjects requiring clarification at the clarification meetings were logged.
43. Following clarification meetings, a further deliberation meeting was held at which adjustments to the consensus scores were made given the evidence produced via the clarification process.
44. Full details are contained in the closed report.

Financial

45. The evaluation of price was based on models reflecting the work type in one or all of the service elements of each individual contract Lot.
46. The tendered rates and lump sums were entered into a pre-determined pricing model together with applicable tendered percentages for response time attendance and / or volume discounts and / or Lot discounts applicable to the identified individual contract Lot.
47. Notional contract values were generated for each tender submission from the schedule of rates and / or lump sum item cost provided by the bidder in their pricing documents.
48. There was a relative scoring system with the cheapest supplier awarded the maximum available (100% or 70.00 marks after weighting). Subsequent bids were scored relative to the cheapest bid.
49. Bidders were given the opportunity to offer discounts on their prices for each Lot submitted, on the basis of their being awarded more than one Lot.
50. Quality evaluations were not repeated with the respective bidder retaining their respective quality score for each respective lot regardless of any Lot discounts offered.
51. For the Lot C financial evaluation, as less detail had been provided before tender, clarification was issued after tender providing more detailed information. This request gave all bidders the opportunity to amend their pricing schedules in light of this. All bidders confirmed that all original pricing submissions remained valid and requested no change.

Combined Quality and Financial

52. Following the completion of the quality and financial elements to the tender return evaluation the scores were combined to identify the Lot winner. Below is a summary of combined scores by Lot after application of all discounts.

Lot A

Supplier	Quality	Financial	Combined	Position
Conway Aecom	20.55	70.00	90.55	1
Company B	20.10	39.22	59.32	2
Company D	16.95	36.69	53.64	3
Company C	15.30	32.73	48.03	4

Lot B

Supplier	Quality	Financial	Combined	Position
Conway Aecom	20.55	70.00	90.55	1
Company D	16.50	59.72	76.22	2
Company C	15.00	57.16	72.16	3
Company B	18.90	42.81	61.71	4

Lot C

Supplier	Quality	Financial	Combined	Position
Conway Aecom	17.25	69.79	87.04	1
Company M	15.15	70.00	85.15	2
Company B	21.15	63.43	84.58	3
Company J	20.40	59.28	79.68	4

53. Officers recognised the closeness of the results on Lot C so the evaluation team sought a secondary check on the quality and financial evaluation and scoring from legal and departmental procurement teams which concluded satisfaction with the officers' approach.

London Highways Alliance Contract (LoHAC) – Evaluation comparison

54. As per the ITT tender documentation and Gateway 1 report, bidders were made aware that Transport for London ("TfL") is currently conducting a procurement of the London Highways Alliance Contract ("LoHAC"), a framework agreement covering the London area (including the London Borough of Southwark), and a secondary comparison evaluation with LoHAC would take place. This is for the provision of certain highways and professional services, similar to the Highways Maintenance, Project Delivery and Professional Services Contract.
55. The secondary evaluation was undertaken for Lots A and B.
56. As regards Lot C it was the intention to carry out a secondary evaluation with LoHAC however because of the significantly different ways in which Southwark and LoHAC finally required bidders to price the contract and divergence of specifications it has not proved possible. It has been agreed by both parties that a fair and objective evaluation cannot be undertaken. Therefore no secondary Southwark/LoHAC evaluation was undertaken for Lot C.
57. The secondary evaluation found that there would be no overall benefit to the council buying in to the LoHAC framework contracts on either Lot A or Lot B. It is therefore recommended that the council should award its own Highways and Professional Services contracts for all three lots as per the conclusion in the recommendation in paragraph 1 above. It is recommended that all three Lots are awarded to Conway Aecom.

Plans for the transition from the old to the new contract

58. As part of the quality plan submission information was requested of each supplier, which was scored on a pass/fail basis. The winning supplier for each lot provided information which will now form part of the contract and support the transition process. Provided information was;

- Construction phase plan
- Mobilisation plan
- Environmental assessment
- Tender stage risk register

With officers and the supplier working in conjunction, the information provided will be further developed following contract award.

59. To manage the procurement of this contract a procurement board has been operating with the Head of Public Realm, Procurement and Legal Officers. This will cease to operate following completion of a lessons learned log review. Following the completion of the procurement process a Mobilisation Board will be formed to manage the transition period; this will be chaired by the Head of Public Realm.

Plans for monitoring and management of the contract

60. All contract lots will be managed and monitored by the Public Realm Division of the Environment and Leisure Department.

61. A range of new mechanisms and measures have been included in the new contract to encourage good performance and compliance. The contractor's performance will be measured against a new suite of key performance indicators (KPIs). This performance will be reviewed annually, monthly or per task order as there are a range of options available to officers.

62. The new performance mechanism is designed so that good performance is rewarded financially with poor performance punished with an additional requirement to provide written evidence for remedies and improvement plans at the contractor's cost.

63. The performance mechanism also includes a default and critical default tariff and escalation process as an additional contractor performance management tool.

64. A further component of this contract is the Annual Service Review and Improvement Plan which will capture performance over the preceding year and set agreed targets for innovation and service improvement for the coming year. A key pre-set component of the Annual Service Review is to consider customer satisfaction with the service.

65. The contracts specifically determine the governance arrangements which include an executive board, weekly operational meetings and monthly contract and performance monitoring meetings. Escalation options and responsible roles are also pre-defined in the contract specification if required.

66. It was recognised during strategy development that a possible outcome was for all Lots to be delivered by a single supplier. Whilst offering benefits this also represents a risk in possible conflicts of interest and loss of control. In consideration of this, development of control processes has begun which include governance arrangements, ring fencing key roles to Southwark staff only, compliance evaluation testing, audit regimes and appropriate schemes of delegation for design, finance and operational activities.
67. To support contract management and as part of the contract specification a series of standard forms were developed to aid the audit process. The recording of decision making and approval processes will be further developed during the mobilisation period.
68. Planned developments in the council's asset management system – Confirm (inspections, works and infrastructure asset management) will also provide an audit trail of monitoring and management within contracts.

Identified risks for the new contract

69. The proposed supplier Conway Aecom is a joint venture between FM Conway Ltd and Aecom Ltd. To protect the interests of the council a parent company guarantee has been requested and received from both parent companies. A cost for the provision of a performance bond has also been supplied and the council will exercise this option as further risk mitigation. A risk table is included in the closed report.

Community impact statement

70. The Highways and Professional Services contract support borough wide service provision. The impact of the service will affect all communities/groups, residents, businesses, visitors and those that pass through the borough.
71. A well maintained infrastructure will make an important contribution to the borough. Direct benefits of delivering a well maintained and improved highway infrastructure are a major contribution to the quality of life and safety of all users.
72. Continued emphasis on quality asset improvements, maintenance and replacement through this contract will especially benefit the most vulnerable members of the community i.e. the elderly, the disabled and young children.
73. During mobilisation the Council will work with the nominated supplier to assist the Council with its aim of meeting the 'Safer Lorries Safer Cycling' pledge in relation to vehicles used on the contract and their HGV movements in and around the borough.

Economic considerations

74. As part of their quality submission the winning tenderer provided evidence of previously engaging local small and medium sized enterprises with a view to incorporating them into their supply chain. A commitment to repeat this for Lots A & B during this contract period was also made. Additionally a statement of commitment to making full use of the talents, skills and experience of the community and individuals that exist in Southwark is included in submitted quality plans.

75. The operational depot and offices for Lots A and B will be based in the heart of Southwark. Conway Aecom have evidenced plans for future development of their operational presence in Southwark possibly offering further employment opportunities and contribution to the local economy

Social considerations

76. A contract clause ensures that all contractor, sub-contractor, casual and agency staff employed or engaged in providing these services are paid an equivalent hourly wage which is equal to or exceeds the London Living Wage (LLW). It was also confirmed as part of the clarification interviews that all financial submissions include provision to pay the LLW. Non-payment of the LLW by the supplier is identified in the contract as a critical performance default with a requirement for the provision of a rectification plan. The provision of an unsatisfactory rectification plan can lead to the termination of the contract.
77. The winning supplier has committed to providing training opportunities to Southwark residents based on the level of spend by the council. Conway Aecom has welcomed working in partnership with Southwark Works to deliver the commitment.

Environmental considerations

78. A generic pre-tender environmental assessment has been prepared for Lots A and B and their development will form part of the mobilisation period prior to the start of the contract.
79. The contract specifications set out the need for the completion of specific project / works related environmental assessments including impact on fauna, flora, soil and water and installation of required control measures where necessary.
80. The contract specifications demand Euro VI standard engines (when available) on new fleet used in this contract. The minimum standard until such time is Euro V. This aims to introduce stricter limits on pollutant emissions from road vehicles, particularly for emissions of nitrogen particulates and oxides.
81. The entire fleet utilised in service delivery operates on diesel with 5% bio-ethanol, reducing carbon emissions. All cars in the fleet are either diesel or hybrid with minimum emissions to Euro V standard.
82. The use of dust suppression techniques for all construction activities are a contractual requirement. This is achieved by installing dust screening and dampening on all surfaces to prevent dust becoming airborne. Road planers are to be fitted with systems using computer controls to manage suppression whilst minimising water consumption.
83. As part of the commitment to the contract Conway Aecom have set a self imposed target to recycle a minimum of 95% of water / waste from gully cleaning operations and surplus materials or waste arising from construction activities.

Market considerations

84. The parent companies for this successful joint venture are private organisations with national and international operations with national operations alone employing over 500 people.

Staffing implications

85. There are no additional staffing resource implications connected with this contract although with the introduction of a new form of contract (NEC 3) there will be a training need for all staff associated with the contract supervision and administration.
86. There are no TUPE implications for council staff. It is however anticipated that TUPE will apply from the incumbent contractors (FM Conway Ltd and Mouchel Ltd) to the new supplier.

Financial implications

87. The proposed contracts will not commit the council to any minimum level of expenditure during any financial year. These contracts provide no exclusivity to the prospective supplier and the Council retains the option to use other delivery mechanisms including LoHAC if required.
88. The base cost of the contracts (on Lots A and B) will remain in place until April 2014 at which point they will be subject to an inflationary mechanism. The agreed mechanism has a saving built into the calculation to account for the expected efficiencies of the supplier. For Lot C, the contract is based on open-book actual cost plus principles, as such there is no inflation mechanism. However there are KPIs built into the contract to ensure that any inflationary pressure in the contract is maintained at the market average level, additionally the non-exclusive nature of the contract gives the council the right to procure services elsewhere if the incumbent contractor is not felt to be giving value for money.
89. The anticipated annual basic cost for the Lot A will continue to be funded from Asset Management revenue budgets before taking into account any saving proposals for 2013/14. This budget will support the identified core services of inspections, highways and structures maintenance, gulley cleaning and winter services (gritting) and the value of work ordered can be planned to be within budget resources available for the financial year.
90. The anticipated annual expenditure for the Lot B will continue to be funded through capital receipts, Local Implementation Plan funding and ad-hoc project grants / funds. The latest capital programme has a provision for non principal roads for 2013/14 and 2014/15 financial years. This reduces from 2015/16 onwards. The funding through Local Implementation Plan is not expected to significantly reduce in 2013/14.
91. The anticipated annual expenditure for the Lot C will continue to be charged to either capital or revenue, but these costs are mostly recovered through grants or external income.

Legal implications

92. Please see concurrent from Director of Legal Services

Consultation

93. Southwark staff familiar with the workings of the current contracts were consulted on the options available for this procurement process and comments and proposals were included in the development of the contract specification.
94. Further consultation was undertaken with other officers and service areas as appropriate throughout the procurement process.
95. Ongoing discussions and liaison took place with officers representing the LoHAC board to ensure the proposed procurement strategy was not in conflict with the LoHAC strategy and to ensure there was an agreed evaluation methodology for the comparison of Southwark's and LoHAC's prospective supplier rates.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

96. This gateway two report seeks the Cabinet's approval of the award of the three Lots comprising the Integrated Highways Maintenance, Project Delivery and Professional Services contract to Conway Aecom Ltd for a maximum period of eight years.
97. A procurement strategy report for the contract was approved by the Cabinet in February 2012.
98. The report details the background to the services packaged within the proposed contract and notes that tenderers were able to bid for one, two or all three lots. A discount mechanism applied should a single supplier win two or more elements of the contract.
99. The report describes how the council's procurement ran alongside a similar timetable to the LoHAC pan-London tender for an integrated highways contract. It was intended that each of the successful bids for the Southwark contract would be compared against that of the winner of the local regional LoHAC contract with the award recommendation being made to the best priced submission(s).
100. An OJEU restricted process was followed with the intention of inviting a minimum of five providers to tender for each of the three Lots.
101. The report confirms the process and the criteria that were used at tender evaluation to select a provider to deliver this contract. The council's standard price: quality ratio of 70%:30% was followed. Details of the contract were requested by 39 organisations and five PQQs were submitted for Lot A, eight for Lot B and nine for Lot C. Ultimately each of the Lots received four tenders. The report details the reasons why organisations invited to tender subsequently withdrew their interest; the main reasons given were around a perceived risk of non-award or no work due to LoHAC, companies inability to meet the tender's requirements and the number of tenderers in the process.

102. The recommended bid for Lot A was significantly lower than that of all other bidders for the Lot. Having reviewed both the price and quality submissions and satisfied themselves that all bidders had the ability to price on the same basis, officers are confident that services are deliverable at the tendered price.
103. In view of the closeness of the scores for the top two tenders for Lot C, officers from legal services and departmental procurement undertook a further internal challenge of the evaluation process. The review concluded that the process followed was robust and the resulting scores substantiated.
104. The report confirms that the procurement process undertaken was largely in line with that described at gateway one stage - it was not possible to carry out a secondary evaluation to compare the Southwark Lot C result with that of LoHAC as the pricing and specification had become too dissimilar to allow a meaningful comparison - and that the process undertaken has been compliant with both CSOs and relevant legislation.
105. The client section will be responsible for monitoring the contract through regular meetings and service reviews. The report describes the KPIs and other targets the contractor will be expected to meet as well as the detailed reporting submissions required of them.
106. The report notes that the proposed transition process from the old to the new contract was detailed as part of the tender submissions and that a contract mobilisation board will be established to manage this period.
107. This matter has been reviewed by the Environment and Leisure Departmental Contract Review Board and the Corporate Contract Review Board and recommended changes have been incorporated into this final report.
108. This concurrent has been provided by the Head of Environment and Leisure Procurement.

Director of Legal Services

109. This report seeks the Cabinet's approval of the award of the Highways and Professional Services contract to Conway Aecom as set out in paragraph 1 of the report. At this value of contract, the award decision relates to a Strategic Procurement and so is reserved to the Cabinet.
110. As noted in paragraph 27, the nature and value of this Contract are such that it is subject to the full tendering requirements of the EU Procurement Regulations (the Public Contracts Regulations 2006 as amended). The Contract was therefore advertised in the Official Journal of the European Union on 13th March 2012 and the Restricted Procedure set out in those Regulations followed.
111. Tenders have been received and evaluated in accordance with the evaluation mechanism set out in the Tender Documents and the award of a contract to Conway Aecom is recommended on the basis that it submitted the most economically advantageous tender for all three lots. As noted in paragraph 51, more detailed information was provided to bidders in relation to lot C after tenders had been received to enable the council to complete the evaluation of this lot. To ensure transparency of the process all bidders were then given the opportunity to reconsider their pricing schedule in relation to this part of the bid.

112. In addition, this offer compared favourably against the proposed LoHAC alternative on the criteria described in this report.
113. Conway Aecom is described in the Tender as a fully incorporated joint venture and prior to the award of the Contract, Conway Aecom will be required to provide confirmation of their legal status for appointment. The Council will also be obtaining executed versions of the Bond, the Parent Company Guarantees and suitable direct warranties from the two component companies (FM Conway Limited and Aecom Limited) in favour of the Council.
114. CSO 2.3 requires that a contract may only be awarded if the expenditure involved has been approved. Paragraphs 87 to 91 inclusive confirm how this contract is to be funded.

Strategic Director of Finance and Corporate Services

115. The Strategic Director of Finance and Corporate Services notes the recommendations in this report. The financial implications arising from the award of contract are shown in paragraphs 87 – 91. However it is noted that the council has flexibility over the use of these contracts or other delivery mechanisms if these provide better value for money.
116. For Lots A and B there is a base cost of the contracts, which is subject to both inflationary increases and an expectation of efficiencies from the supplier.
117. The anticipated costs are expected to be funded in the following ways:
- a Lot A: asset management revenue budgets
 - b Lot B: through the capital programme, particularly capital receipts, Local Implementation Plan funding and ad-hoc project grants / funds.
 - c Lot C: mainly recovered through grants or external income, and could be capital or revenue in nature.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 – Highways and Professional Services cabinet report http://moderngov.southwarksites.com/documents/s26119/Report%20Gateway%201%20-%20Procurement%20Strategy%20Approval%20Integrated%20Highways%20-%20Maintenance%20Project%20and%20Pr.pdf	160 Tooley Street, London SE1 2QH	Matthew Hill 020 7525 3541

APPENDICES

No	Title
Appendix 1	PQQ Results Report (see closed agenda)
Appendix 1a	PQQ Scoring (see closed agenda)
Appendix 2	Tender Results Report (see closed agenda)

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Transport, Environment and Recycling	
Lead Officer	Des Waters – Head Of Public Realm	
Report Author	Mick Lucas – Public Realm Asset Manager	
Version	Final	
Dated	30 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 and Tenant Management Initiatives	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		30 November 2012

Item No. 19.	Classification: Open	Date: 11 December 2012	Meeting Name: Cabinet
Report title:		Gateway 2 - Contract Award Approval Parking Enforcement, Notice Processing and Associated Services	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Barrie Hargrove, Transport, Environment and Recycling	

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

This report asks the Cabinet to approve the procurement of the new contract for parking enforcement, notice processing and associated services. I am satisfied that in agreeing this report cabinet will be making provision for the council to secure a contract which has a mechanism to both reduce costs and improve its current services. The contract also includes for the wider role of the civil enforcement officer and the payment of the London Living wage.

RECOMMENDATIONS

1. The Cabinet approve the award of the parking enforcement, notice processing and associated services contract to APCOA Parking UK Ltd on the basis set out in paragraph 42 for a period of four years commencing from 1 April 2013, with a provision to extend for up to a further maximum of 3 years.
2. Cabinet note that the council requires APCOA to pay the London Living Wage (LLW) to all employees and sub-contractors engaged on this contract working in Greater London.
3. Cabinet note that the capital costs required are lower than the amount set aside for this contract and instruct the Strategic Director of Finance and Corporate Services to reduce the capital programme accordingly.

BACKGROUND INFORMATION

4. The Traffic Management Act 2004 imposes an explicit duty on local authorities to manage their road network so as to reduce congestion and disruption. Parking services are a fundamental function that ensures the council meets this duty.
5. Under the parking enforcement, notice processing and associated services contract the service provider will deliver the following parking related services:
 - Parking enforcement using mobile, walking and CCTV equipped civil enforcement officers (CEOs)
 - Housing Estate parking enforcement
 - Traffic enforcement using mobile, fixed and unattended CCTV cameras
 - Notice processing services, for all penalty charge notices issued (PCNs)

- PCN and permit customer services
 - Managed parking data hosting including capacity management and web services
 - Permit services
 - Cashless pay and display services
 - Service management including service desk
 - Asset management services including the provision of hardware and software
 - Abandoned vehicle removals and storage
 - Sign and line maintenance management
 - A wider role for the CEOs expanding their remit
 - School crossing patrols
6. The existing contracts which provide for parking enforcement notice processing and associated services are with APCOA Parking UK Ltd and were awarded in 2001. The duration of the current contracts were for ten years with two break points which the council did not activate. The existing contracts end on the 31 March 2013.
 7. The Gateway 1 report for this procurement was approved by cabinet in March 2012. It identified the factors which led to the recommendation to re-procure the parking enforcement service and outlined the procurement route to be taken (via an open OJEU procedure) and the provisional timetable. Within that report the timetable indicated a proposed contract commencement date of 31 December 2012. The tender process is outlined in paragraphs 19 – 37.
 8. Subject to the approval of recommendations made in this report the new contract will be awarded in January 2013 and the new services will commence on 1 April 2013.
 9. This contract has been developed to have the flexibility to incorporate further services where best value and cost effectiveness can be demonstrated (within the scope of the contracted services), utilising economies of scale and the minimisation of contract and client management resource. The contract is subject to an annual price review and is linked to changes to the London Living Wage (LLW).
 10. The future activity to finalise the procurement is outlined below:

Procurement project plan

Activity	Complete by:
Forward Plan (if Strategic Procurement)	06/07/2012
Approval of Gateway 1 – Procurement strategy report	20/03/2012
Invitation to Tender	06/08/2012
Closing date for return of tenders	03/10/2012
DCRB Review Gateway 2: Contract award report (this report)	05/11/2012
CCRB Review Gateway 2: Contract award report (this report)	15/11/2012
Notification of forthcoming decision - Five clear working days (if Strategic Procurement)	29/11/2012
Cabinet approval of Gateway 2: Contract Award Report (this report)	11/12/2012
Scrutiny call in period and notification of implementation of Gateway 2 decision	21/12/2012
Alcatel stand still period ends	14/01/2013
Contract award	15/01/2013
Add to contract register	15/01/2013
Contract start date	01/04/2013
Initial contract completion date	31/03/2017
Contract completion date if extension is exercised	31/03/2020

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

11. In accordance with planned benefits outlined in the Gateway 1 report, the procurement process has been specifically constructed to produce a contract which will provide:

- A well-managed and well-governed service transition
- A reliable parking service that is:
 - Responsive and modern
 - Resilient and efficient
- A service which satisfies minimum customer service needs, and then goes further
- A mature and forward looking working relationship with the provider
- A quality service at an affordable cost

- Delivery of a digital CCTV parking and traffic enforcement system and a wider role for the council's CEOs.
12. The council identified two projects that will be delivered by the new contract to bring immediate and practical business benefits to the parking service, to customer service and reduce operational costs. These projects are the delivery of a digital CCTV solution and making greater use of the CEOs deployed through integrating a reporting function for road network into the CEOs role (the wider role).
 13. The parking and traffic appeals service and adjudication related services are provided in house. These were not included in the contract specification, so that the council can retain an appeals function that is independent of the contractor.
 14. In addition to the on-street parking enforcement and notice processing the contract will also deliver a parking enforcement and notice processing service for the Council's Housing and Community services department. Following the introduction of the Freedoms Act in October 2012 the use of clamping and removing on the Council's estates has ended and by the time this new contract starts all of the Council's estates will be being enforced using PCNs and broadly the same legislation as the on-street enforcement.
 15. A procurement objective was an overall reduction in the revenue cost for the delivery of standard core services. This has been achieved and will enable agreed saving targets for 2013/14 to be met. Additionally throughout the contract term, the prices of the services will be clear, transparent and provide the parking service with a true sense of the value being added by the contract. Outside of the fixed cost elements the council will be in a position to commission future projects where a business case demonstrates a full return on investment within a prescribed period. Where it is anticipated that this will generate further savings to the council these business cases will be agreed and managed through the joint council/contractor parking management board.
 16. During the pre-tender stage there were regular procurement board meetings which were chaired by the Head of Public Realm. These meetings were attended by all key personnel who went through the stages required and the progress made to date.

Policy implications

17. The key element of the corporate plan that this strategy supports is "transforming public services". The provision of a sound and reliable parking service, and how it is delivered, are at the heart of how the parking service interacts with the wider public.
18. Key corporate objectives are supported through an improving working environment, improving customer services and enabling more effective service delivery.

Tender process

19. Due to the value of the contract being over the EU Services threshold of £173,934 the contract is subject to EU Procurement Regulation and an EU compliant process was followed.

20. The procurement route followed was to use an OJEU open process and issue a combined Invitation to Tender (ITT) and Company Questionnaire. Approval to utilise this process was given via a Gateway 1 report approved by the cabinet in March 2012 in compliance with CSO 4.4.2 a.
21. The ITT was advertised in the OJEU on 06 August 2012, with a return date for the completed tenders of 03 October 2012.
22. Nineteen companies expressed an interest in the ITT, with four companies signing the confidentiality agreement and receiving TUPE information and the data pack.
23. On 04 September 2012 a bidder's conference was held to provide an update on progress and to explain the background to the procurement and the council's aspirations as well as answering a number of questions from the bidders. All four of the companies which had signed the confidentiality agreement attended.
24. Two of those companies withdrew from the process. Where reasons were provided there were no common factors.
25. Although only two tenders were received, it is clear from discussions with other local authorities in London who have recently tendered their parking service that receiving a limited number of tenders is representative of the current UK parking market. Considering that the two companies who tendered were the market leaders officers were satisfied that proceeding with two tenders only would still lead to a procurement that met quality thresholds and provided value for money.
26. There were a number of requests for clarifications from the suppliers which were all answered and notified to all bidders. The circulated responses did not identify the originating company. Two tenders were received on the closing date of 03 October 2012 and were opened at 160 Tooley Street on 04 October 2012.
27. The two completed ITT responses were from:
 - APCOA Parking UK Ltd
 - NSL Ltd.

Business qualification questionnaire

28. Both companies submitted detailed BQQs containing information relating to their financial, equal opportunities, environmental and health and safety status. The documents were assessed by Exor who confirmed that both companies met the necessary thresholds and standards.

Tender evaluation

29. The evaluation panel included subject matter experts and technical personnel.
30. To facilitate the evaluation of quality, service delivery plans were submitted by each bidder and scored using pre-determined criteria. The scoring range was 0 – 10. Marks were weighted to reflect the importance of the aspect to the service. The evaluation methodology was agreed with legal and corporate procurement sections ahead of the tender period.

31. The council identified three main objectives of the contract,
- Improvements in customer service,
 - IT Solution and further improvements in web services
 - PCN processing including improvements in interaction with the public through email, web and 'phone services.
32. The evaluation methodology was designed to ensure that these key objectives were reflected in the evaluation. The council has borne these three objectives in mind when attributing weightings to the evaluation criteria and sub-criteria (as set out below), and when constructing service delivery plan questions.
33. In order to assist in the verification of the submission, and answer some further points of clarification the bidders, on 22 October 2012, presented an outline of their proposals. The presentations were not scored.
34. Bidders were advised that the evaluation panel would conduct a “consensus scoring process” where moderation of the scores awarded during the exercise would take place. The moderation exercise gave regard to any variance in score between the individual evaluators, together with subsequent assessment arising from clarification presentations. The consensus score was agreed by the evaluators for each of the evaluation criteria.
35. There were pass or fail thresholds in relation to the evaluation of the technical solution and service delivery criteria, both bidders met the threshold.
36. Price evaluation of parking enforcement bids were given a 70% weighting overall. The pricing from both bidders were below the council's expected target costs. The prices for capital equipment were very similar between the two bids and varied by less than 1% when the CCTV project was included.
37. Bidders were required to provide prices corresponding to each year of the contract. Two prices were required from the bidders.

Business As Usual 1 (BAU1)	Business As Usual 2 (BAU2)
Fixed costs	Fixed Costs
Capital costs paid for by contractor and depreciated over 4 years	Capital Costs are provided by the Council
Variable costs	Variable Costs
Project costs paid for by the contractor in Year 1	Project costs are provided by the Council
Year 1 Price including projects	Year 1 Price not including projects and reduced by depreciation and a revenue reduction to reflect the capital saving
Year 2 to 4 Annual Price	Year 2 to 4 Annual Price reduced by depreciation and a revenue reduction to reflect the capital saving

38. The BAU2 prices were compared against the BAU1 prices for each bidder using a Net Present Value (NPV) calculation at a discount rate of 5% pa. Where the NPV was positive, the BAU2 price provided better value than the BAU1 price. Both the BAU1 and the BAU2 prices were ranked against each other. In each case, the lowest price was allocated the maximum percentage and the other price was ranked downward according to the percentage by which the higher bid exceeded the lowest. For example where in the BAU1 the second to lowest bid to exceed the lowest by 10%, it would receive 10% less of the highest weighting than the lowest bid in that section.
39. The final outcome of the evaluation process is summarised in the table below.

Overall Scores

<i>Name</i>		<i>APCOA</i>		<i>NSL</i>	
		<i>BAU1</i>	<i>BAU2</i>	<i>BAU1</i>	<i>BAU 2</i>
Tender Evaluation Criteria	Weight				
Price & Cost Effectiveness	70	70.00	70.00	61.70	60.98
Quality Control & Quality Assurance	30	23.27	23.27	22.98	22.98
Total Score (BT)	100	93.27	93.27	84.68	83.96

40. The table above show that on every basis, APCOA's price was lower than NSL's. In order to verify whether the BAU2 basis would provide more value for money than the BAU1 basis, both bidders were asked to clarify the basis on which savings would result from the upfront investment of capital from the council. The result was that the BAU2 price was lower and provided a saving for the council.
41. It can be seen from the table above that APCOA's submission is also better than NSL's on quality, despite the lower price. In particular, APCOA's tender includes:
- new replacement web systems for permits which increase overall automation and therefore improvements to customer service.
 - a partnership with PayPoint under which it is proposed that permits, PCNs and pay and display parking can all be paid for through the 139 PayPoint equipped shops in Southwark (more than 24,000 across the UK). This is a considerable expansion on the number of locations where payments can be made currently and a significant improvement in customer access.
 - a new centrally located base for their civil enforcement officers (CEO) which will bring productivity benefits in getting their CEOs to those areas with the highest pressure on parking.
42. It can be confirmed that overall APCOA have the best score on both quality and price, including scoring the highest in two of the three key areas in the quality assessment criteria. APCOA's BAU2 proposal is the most economically advantageous tender in accordance with our stated evaluation criteria and is therefore recommended for award.

Plans for the transition from the old to the new contract

43. Within the plan there is a three month transition period, between the current arrangements prior to the new contract commencement date of 1 April 2013, to deal with the detailed planning and delivery of associated activities such as revised IT implementation replacement web permits module and replacement of the virtual pay and display service.

Plans for monitoring and management of the contract

44. This contract will be managed and monitored by the parking service. A joint parking management board chaired by the Head of Public Realm will be established to oversee the contract and authorise any future improvement projects which can show further significant savings to the council over the contract period.
45. The council will enforce the adoption of Prince 2 methodology (projects in a controlled environment) for the delivery of all projects. This will assist in ensuring the delivery of high quality projects which meet the needs of the business and are delivered on time, within budget and receive maximum customer satisfaction ratings.
46. A range of new mechanisms and remedies have been included in the new contract to encourage good performance and compliance. The contractor's performance will be measured against the agreed key performance indicators. These KPIs will be reviewed annually (or as required) through the parking management board to ensure that they are appropriate and effective tools for monitoring performance. The key measures include system and service availability (from an end user's perspective), end user satisfaction and the time taken to undertake specific requests (e.g. time to deal with correspondence at statutory stages) contained within the specification.
47. A further component of this contract is the annual service improvement plan which will capture, on an annual basis performance over the preceding year, agreed targets for innovation and service improvement for the next year. In addition the contract specifically determines the governance arrangements which include the quarterly parking management board, weekly operations group, monthly contract and performance monitoring group, etc.
48. The contract is based on the British Parking Association (BPA) model contract which has been constructed by the BPA for parking enforcement services. The contract is based upon fixed and variable costs which will be monitored and paid on a monthly basis. There is a contractual change control procedure which ensures that all material variations to the contract are documented and authorised by approved personnel.

Identified risks for the new contract

49. A parent company guarantee is being provided and costs for a performance bond have been received from APCOA. There are also various other provisions and remedies within the contract to protect the council.
50. Risks relating to this contract and how they will be managed are shown in Appendix 1.

Community impact statement

51. The contract is necessary to fulfil the council's statutory obligations. Parking and traffic enforcement are extremely sensitive issues. This contract will improve the levels of customer service provided to Southwark's diverse communities, as the service standards are subject to continuous improvement and testing and through the parking management board the contractor will have to show improvements that are being proposed and implemented.
52. The enforcement of parking controls assists pedestrians, particularly those with impaired mobility to cross streets and contributes to an improved environment through the elimination of on-street commuter parking and the associated reduction of local and borough-wide traffic levels with improvements to local air quality and noise reductions.
53. The policies within the Transport Plan are upheld within this report and have been subject to an equality impact assessment (EqIA).

Economic considerations

54. Through the overall project plans submitted by the contractor they have explicitly indicated that they will seek to engage local labour as part of the local economic benefit plan through the following activities:
 - Advertising opportunities in local press, and a range of publications to reach small businesses, ethnic minority owned business and social enterprises
 - Committing contractors/suppliers to engage with borough-wide employment programmes such as Southwark Works and Building London Creating Futures to support unemployed residents' access to training, skills and sustainable employment
 - Committing contractors/suppliers to engage with apprenticeship schemes
 - Encouraging contractors/suppliers to use local companies in their sub-contracting and supply chain arrangements

Social considerations

55. In addition to meeting the rigorous EU tender process, all bidders had to demonstrate compliance to the council's requirements relating to equalities (additional local requirement). This evidence based requirement addresses areas such as policy, procedures, recruitment, training and monitoring.
56. There is a specific clause in the contract which requires that the London Living Wage (LLW) must be paid to all staff working in Greater London. APCOA has confirmed that their tender includes all necessary costings for the LLW and the LLW will be paid to all staff and sub contractors working in Greater London. Both bidders highlighted that they felt they could provide higher levels of customer and client service, retain staff and provide better productivity and a wider range of services through the CEOs as a result of the inclusion of LLW.

Environmental considerations

57. The contract will adhere to the council's sustainability policy and materials purchased where possible will be from sustainable sources.

- 58. The number of removal vehicles will be reduced under the contract and at the same time the contractor has committed to improve emissions to meet Euro V emissions standards compliant, whereas the current vehicles have a Euro 3 or 4 level status only.
- 59. Currently the contractor operates 3 Toyota Prius Hybrid vehicles as well as a number of SMART cars. In the new contract they are required to provide a number of vehicles equipped with automated number plate recognition technology (ANPR). The new vehicles CO2 emissions will be below 100gm/km and will therefore be congestion charge exempt. In addition the contractor currently operates a number of motorcycles; the new contractor is expected to provide a mixture of conventional and electric vehicles to replace these.
- 60. The contractor is required to minimise consumption of energy and emissions of pollutants and be able to demonstrate the effectiveness of these procedures.

Market considerations

- 61. The successful contractor is a private organisation.
- 62. The successful contractor has over 500 employees.
- 63. The successful contractor's organisation is national and their activity is spread across the UK.

Staffing implications

- 64. As the contract is to be awarded to the incumbent contractor APCOA Parking UK Ltd to transfer any employees to in relation to the existing services undertaken by APCOA Parking Ltd as there will be no change to the employer. Under the new contract APCOA Parking Ltd will undertake a small proportion of work currently performed by council Network Inspectors. However, the activities of the Network Inspection service as a whole will not transfer nor are any council Network Inspectors wholly or predominantly assigned to the activities which will be transferred to APCOA Parking Ltd. TUPE will therefore not apply to transfer any council employees to APCOA Parking UK Ltd in relation to the award of these new services nor will there be a need to re-organise the internal Network Inspection service structure or to reduce the number of any affected posts as a result.
- 65. The introduction of the new parking contract will impact how parking staff use technology and interact with the service provider.

Financial implications

- 66. The fixed/variable price elements of the contract are to be funded from the existing parking budgets.
- 67. The contract is subject to an annual price review which is not linked to a specific index price changes but will be agreed through an annual strategic review meeting of the parking management board; but future changes in the London Living Wage will be considered as an automatic reason to change the contract price.

68. The capital expenditure will be used to provide a new fully digital CCTV parking and traffic enforcement system as well as new equipment for the CEOs to enable them to carry out a wider role.

Legal implications

69. Please see the legal concurrent below.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement (MG/11/12)

70. This Gateway two report seeks the Cabinet's approval of the award of the Parking Enforcement, Notice Processing and Associated Services contract to APCOA Parking UK Ltd for a maximum period of seven years.
71. A procurement strategy report for the contract was approved by the Cabinet in March 2012.
72. The report details the services to be delivered within the proposed contract including an expanded role for civil enforcement officers.
73. An OJEU open process was followed with the intention of inviting a minimum of five providers to tender.
74. The report confirms the process and the criteria that were used at tender evaluation to select a provider to deliver this contract.
75. Details of the contract were requested by 19 organisations but only two tenders were submitted. In considering whether two bids would provide adequate competition, officers considered the recent experience of the market and on balance decided that the process should continue.
76. Bidders were required to submit two prices; one with capital costs for the CCTV project being provided by the contractor and depreciated over four years and a second with capital costs being met by the council. The report describes the process followed to determine which option would provide greater value for money. Each bidder was asked to clarify the basis on which savings would result from upfront investment of capital by the council. The report shows that there is a modest benefit in the council providing the investment itself and this is reflected in the recommendation to pursue the BAU2 route.
77. Submitted prices were below the council's pre-tender estimates. As the recommended provider, APCOA Parking UK Ltd, also scored highest on quality, including in two of the three key areas, at the lowest price officers are confident that value for money has been achieved.
78. The report confirms that the procurement process undertaken was in line with that described at gateway one stage and that the process undertaken has been compliant with both CSOs and relevant legislation.
79. The client section will be responsible for monitoring the contract through regular meetings and service reviews. The report describes the KPIs and other targets the contractor will be expected to meet as well as the detailed reporting submissions required of them.

- 80. The report notes that there is sufficient time between award and contract start for appropriate transition arrangements to take place.
- 81. This matter has been reviewed by the Environment and Leisure Departmental Contract Review Board and the Corporate Contract Review Board and recommended changes have been incorporated into this final report.

Director of Legal Services (KM/11/12)

- 82. This report seeks the Cabinet's approval to the award of the parking enforcement, notice processing and associated services contract to APCOA Parking UK Ltd as further detailed in paragraph 1. At this value of contract, the award decision relates to a Strategic Procurement and is therefore reserved to the Cabinet.
- 83. The nature and value of the services to be procured are such that they are subject to the full tendering requirements of the EU Procurement Regulations (the Public Contracts Regulations 2006 as amended). As noted in paragraph 20, the contract was advertised in OJEU on 6 August 2012 and the open procedure as permitted under those Regulations followed.
- 84. Tenders have been received from 2 bidders and evaluated in accordance with the evaluation mechanism set out in the tender documents. Clarifications were requested from both bidders to enable the council to complete its evaluation of BAU2 submissions. As detailed in paragraph 38, APCOA have submitted the most economically advantageous tender for both BAU1 and BAU2 submissions and is therefore recommended for award. Award is to be on the basis of the BAU2 submission, where capital costs are provided by the council.
- 85. Contract Standing Order 2.3 requires that a contract may only be awarded if the expenditure involved has been approved. Paragraphs 66-68 confirm how this contract is to be funded.
- 86. Recommendation 2 requires the Cabinet to note that the capital costs required are lower than the amount set aside for this contract and to instruct the Strategic Director of Finance and Corporate Services to reduce the capital programme by that amount.

Strategic Director of Finance and Corporate Services (JS/11/12)

- 87. The Strategic Director of Finance and Corporate Services notes the recommendations in this report. The financial implications arising from the award of contract are shown in paragraphs 66 to 68.
- 88. The contract is subject to an annual price review, to be agreed by a strategic review meeting of the parking management board, and any change in the London Living Wage will be reflected in the contract price.
- 89. The contract is supported by capital investment in the parking and traffic enforcement system, and for use by the civil enforcement officers. This investment is within the capital programme, and the recommendation is for the balance to be returned to the resource pool for allocation elsewhere.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 1 – Parking and traffic enforcement procurement strategy http://moderngov.southwarksites.com/documents/g3821/Public_reports_pack_Tuesday_20-Mar-2012_16.00_Cabinet.pdf?T=10	160 Tooley Street London SE1 2QH	Nicky Costin 020 7525 2156
Gateway 3 – Parking and traffic enforcement contracts http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=302&MId=4249&Ver=4	160 Tooley Street London SE1 2QH	Nicky Costin 020 7525 2156
Gateway 1 – Initial procurement strategy report http://moderngov.southwarksites.com/ie/IssueDetails.aspx?IId=16067&PlanId=0&Opt=3#AI19606	160 Tooley Street London SE1 2QH	Nicky Costin 020 7525 2156
Gateway 1/2 – Parking and traffic enforcement contracts http://moderngov.southwarksites.com/documents/g3813/Public%20reports%20pack%20Tuesday%2021-Jun-2011%2016.00%20Cabinet.pdf?T=10	160 Tooley Street London SE1 2QH	Nicky Costin 020 7525 2156

APPENDICES

No.	Title
Appendix 1	Risk register

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Transport, Environment and Recycling	
Lead Officer	Deborah Collins, Strategic Director of Environment and Leisure	
Report Author	Des Waters, Head of Public Realm	
Version	Final	
Dated	29 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
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		29 November 2012

APPENDIX 1**RISK REGISTER**

S/N	Risk	Mitigating Action
R1 Low	Transition to the new parking contract causes disruption to service.	New supplier is incumbent this reduces the risk. Early meetings with the service delivery partner will occur to clarify governance and transition plan to the new contract
R2 Low	New parking contractor has insufficient knowledge about council business requirements and services	New contractor is the incumbent
R3 Low	Impact on council staff and business during implementation of new projects	Communications plan to gain understanding of changes planned and their likely impact. Implementation plan in place draft provided by the contractor as part of the SDP's

CABINET AGENDA DISTRIBUTION LIST (OPEN)**MUNICIPAL YEAR 2012/13**

NOTE: Original held by Constitutional Team; all amendments/queries to
Paula Thornton/Everton Roberts Tel: 020 7525 4395/7221

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Peter John	1	Eleanor Kelly	1
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Barrie Hargrove	1	Duncan Whitfield	1
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Richard Livingstone	1	Officers	
Catherine McDonald	1	Doreen Forrester-Brown	1
Veronica Ward	1	Jennifer Seeley	1
Other Councillors		Trade Unions	
Catherine Bowman	1	Roy Fielding, GMB	1
Toby Eckersley	1	Henry Mott, Unite	1
Neil Coyle	1	Chris Cooper, Unison	1
Gavin Edwards	1	Neil Tasker, UCATT	1
Dan Garfield	1	Michael Davern, NUT	1
David Hubber	1	James Lewis, NASUWT	1
Lorraine Lauder	1	Irene Bishop, ASCL	1
David Noakes	1		
Paul Noblet	1	Others	
The Right Revd Emmanuel Oyewole	1	Elizabeth L. Olive, Audit Commission	1
Mark Williams	1	Robin Campbell, Press Office	1
Andy Simmons	1	Paula Thornton, Constitutional Officer	20
Group Offices			
Alex Doel, Cabinet Office	1	Total:	65
Laura Kavanagh, Opposition Group Office	1	Dated: 27 November 2012 (pt)	
Press			
Southwark News	1		
South London Press	1		
Members of Parliament			
Harriet Harman, MP	1		
Tessa Jowell, MP	1		
Simon Hughes, MP	1		