

Cabinet

Tuesday 16 July 2013

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 Richard Livingstone
Councillor Catherine McDonald
Councillor Victoria Mills
Councillor Veronica Ward

Portfolio

Leader of the Council
Deputy Leader and Housing Management
Regeneration and Corporate Strategy
Children's Services
Transport, Environment and Recycling
Finance, Resources and Community Safety
Health, Adult Social Care and Equalities
Communities and Economic Wellbeing
Culture, Leisure, Sport and Volunteering

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Contact

Everton Roberts 020 7525 7221 or Paula Thornton 020 7525 4395

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

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

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 8 July 2013



Cabinet

Tuesday 16 July 2013

4.00 pm

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

Order of Business

Item No.	Title	Page No.
	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	1
	To note the items specified which will be considered in a closed meeting.	
4.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any interests and dispensation in respect of any item of business to be considered at this meeting.	
5.	PUBLIC QUESTION TIME (15 MINUTES)	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	

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6.	MINUTES	2 - 13
	To approve as a correct record the minutes of the open section of the meeting held on 26 June 2013.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
8.	INDEPENDENT HOUSING COMMISSION - CONCLUSIONS AND NEXT STEPS FOLLOWING COMMUNITY AND STAKEHOLDER ENGAGEMENT	14 - 43
	To consider the outcomes of the community engagement undertaken in respect of the report of the Independent Housing Commission.	
9.	LETTINGS POLICY REVIEW	44 - 121
	To consider the results of the lettings policy review consultation and agree the final recommendations of the review.	
10.	REPORT INTO MAJOR WORKS AT DRAPER HOUSE (HOUSING, ENVIRONMENT, TRANSPORT AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE)	122 - 136
	To consider the report of the overview and scrutiny committee in respect of the review of major works at Draper House.	
11.	CULTURAL STRATEGY 2013-2018	137 - 169
	To approve the cultural strategy and action plan for 2013-18.	
12.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - SUPPLY OF ELECTRICITY TO QUARTERLY BILLED SITES	170 - 183
	To approve the use of the Laser consortium arrangement for the purpose of purchasing the supply of electricity to quarterly billed sites.	
13.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - NURSING CARE DEMAND LED CONTRACTS	184 - 204
	To approve the procurement strategy for the nursing care local framework agreement.	

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14.	WALWORTH TOWN HALL - A STRATEGIC VISION FOR THE REBUILT TOWN HALL	205 - 212
	To approve the high level vision for the Walworth Town Hall.	
15.	DULWICH SUPPLEMENTARY PLANNING DOCUMENT	213 - 221
	To adopt the Dulwich supplementary planning document.	
16.	QUARTERLY CAPITAL MONITORING OUTTURN REPORT 2012/13	222 - 255
	To note the outturn position for 2012/13 for the general fund capital programme and the outturn position for the housing investment programme. To approve the virements and funded variations and the re-profiling of the expenditure and resources in the new financial year 2013/14.	
17.	EAST DULWICH ESTATE - BADMINTON HOUSE OPTIONS APPRAISAL	256 - 273
	To note the options for refurbishing and retaining Badminton House.	
18.	143 COPLESTON ROAD, EAST DULWICH SE15 4AQ - DISPOSAL OF FREEHOLD INTEREST	274 - 279
	To authorise the disposal of the council's freehold interest in 143 Copleston Road, East Dulwich, SE15.	
19.	DISPOSAL OF PROPERTY AT WOOD'S ROAD, LONDON SE15	280 - 285
	To approve the disposal of the site at Wood's Road Peckham.	
20.	DISPOSAL OF FORMER CAR POUND, MANDELA WAY, SE1	286 - 290
	To approve the disposal of the 250 year leasehold interest in the car pound at Mandela Way, London SE1.	
	OTHER REPORTS	
	The following items are also scheduled for consideration at this meeting:	
21.	REVENUE OUTTURN REPORT 2012/13, INCLUDING TREASURY MANAGEMENT	

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22. REGENERATION RISK REGISTER AND ARCHIVE RECORDS OF HOUSING ESTATES

23. PRIMARY INVESTMENT STRATEGY

24. INVESTIGATION IN TO ASBESTOS INCIDENT, WESTONBIRT COURT

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

25. MINUTES

To approve as a correct record the closed minutes of the meeting held on 26 June 2013.

26. DISPOSAL OF PROPERTY AT WOOD'S ROAD, LONDON SE15

27. DISPOSAL OF FORMER CAR POUND, MANDELA WAY, SE1

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

Date: 8 July 2013



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

Cabinet 16 July 2013

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 16 July 2013 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: 25 Disposal of Property at Wood's Road, London SE16

Item: 26 Disposal of Former Car Pound, Mandela Way, SE1

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: 8 July 2013



Cabinet

MINUTES of the OPEN section of the Cabinet held on Wednesday 26 June 2013 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

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

1. APOLOGIES

All members were present.

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

There were no late items.

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

No representations were received in respect of the items listed as closed business for the meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

5. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

6. MINUTES**RESOLVED:**

That the open minutes of the meeting held on 14 May 2013 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

There were no deputation requests.

8. CALL-IN: GATEWAY TO PECKHAM - PUBLIC SQUARE AND STATION REGENERATION - RECOMMENDATIONS FROM OVERVIEW AND SCRUTINY COMMITTEE

Councillor Catherine Bowman presented the overview and scrutiny committee report.

This item was considered in conjunction with item 9 below. See item 9 for decisions.

9. GATEWAY TO PECKHAM - PUBLIC SQUARE AND STATION REGENERATION - OFFICER RESPONSE TO OVERVIEW AND SCRUTINY RECOMMENDATIONS

This item was considered in conjunction with item 8 above.

RESOLVED:

1. That models of partnership arrangements which are as dynamic as possible while involving the widest range of stakeholders and community groups be investigated.
2. That a further report on the findings of the engagement models investigated be received in the autumn.
3. That the area where interests need to be acquired which is set out Appendix 1 of the report be noted.
4. That the cabinet member and officers ensure that the outcomes of involvement activities for this project are recorded, especially those with partners, alongside logistical information on the number of meetings and consultation documents distribution and stakeholders consulted, to ensure meaningful and measurable engagement.

10. POLICY AND RESOURCES STRATEGY 2014/15: REVENUE BUDGET - INITIAL FINANCIAL REMIT

RESOLVED:

1. That the provisional funding settlement for 2014/15 as announced by Government in December 2012, including lost spending power of £20.6m as adjusted be noted.
2. That it be noted that the forthcoming spending round announcement was due on 26 June 2013 and that this contains the potential for further reductions in funding to local government over the next two years.
3. That the emerging pressures on council budgets for future years including general and contractual inflation, pay awards and general demand pressures across services be noted.
4. That the 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 2014/15 be reaffirmed.
5. That officers continue to work on budget options for a balanced budget in 2014/15 for presentation to the cabinet in the autumn of 2013, following a programme of public consultation over the summer.

11. FAIRER FUTURE ANNUAL PERFORMANCE REPORT 2012/13

RESOLVED:

1. That progress in 2012/13 against the ten fairer future promises and portfolio performance objectives in the council plan be noted.
2. That the council plan's cabinet member portfolio objectives and targets for 2013/14 (Appendix 1) be agreed.
3. That the following new equality objective for the transport, environment and recycling portfolio be agreed "to refresh the current processes for considering the needs of residents and local communities that may be affected by public realm projects to ensure that accessibility needs for specific groups be met" with the following new milestones and specified targets:
 - Consultation, feedback processes and work programmes reviewed, best practice identified (by quarter 3)
 - Actions and Improvements identified (by quarter 3)
 - Improvement plan produced (by quarter 4)
 - Improvement plan implemented and evaluated (to be a target for 2014/15).
4. That council assembly be recommended to agree the council plan's cabinet member portfolio objectives and targets for 2013/14 (Appendix 1 of the report).

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

12. RESPONSE TO SCRUTINY REPORT INTO ACCESS TO MATERNAL HEALTH AND EARLY YEARS SERVICES FOR THE GYPSY AND TRAVELLER COMMUNITIES

Councillor Rebecca Lury, chair of the health, adult social care, communities and citizenship sub-committee was in attendance to provide comments in respect of the cabinet response to this scrutiny report.

RESOLVED:

That the response to the recommendations of both the overview and scrutiny committee and health, adult social care, communities and citizenship sub-committee on services for the gypsy and traveller communities be noted and agreed.

13. RESPONSE TO THE OVERVIEW AND SCRUTINY COMMITTEE - HOUSING, ENVIRONMENT, TRANSPORT AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE REVIEW OF TENANTS AND RESIDENTS ASSOCIATION HALLS AND COMMUNAL ROOMS

RESOLVED:

1. That the response to the housing, environment, transport and community safety scrutiny sub-committee's investigation into tenants and residents association (TRA) halls and communal rooms be noted and agreed.
2. That the additional activity being undertaken to improve the service be noted.

14. MAJOR WORKS STATUS REPORT INCORPORATING WARM, DRY AND SAFE

RESOLVED:

1. That the status of the housing investment programme with particular reference to the warm, dry and safe programme be noted.
2. That it be noted that the warm, dry and safe programme will be fully committed by the end of 2015/6.
3. That the planned brought forward schemes from 2014/15 and 2015/16 programmes be noted.
4. That the progress of the strategic safety works programme be noted. All substantial risk high rise blocks have now been completed. The majority of high moderate risk blocks originally identified have now been completed with the rest due to complete early in 2013/14. Further work is being prioritised and a further report will be drawn up to seek approval for the additional resources required.

5. That it be noted that the amount of stock that has actually been surveyed has increased from around 11% when the initial programme was compiled to 32% as at March 2013.
6. That the additional resources that have been provisionally secured be noted and that it also be noted that an additional £48.8m secured through decent homes backlog funding is added to the investment assumptions for the delivery of the warm, dry and safe programme in addition to the current resources. A further report in December 2013 will formally request for any additional resources, if required, for the completion of the warm, dry and safe programme.
7. That it be noted that the council is working with British Gas to deliver environmental improvements including roofs, windows and cavity work. This is at a notional cost to Southwark. The council is piloting an initial package of works in Bermondsey and Rotherhithe and if successful this will be rolled out to a larger number of properties.
8. That the plans to consult exclusively with leaseholders early in the planned worked process as part of the council's commitment for "putting residents first" be noted.
9. That it be noted that this report will be sent to home owners council and tenant council following cabinet approval.

15. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - LIFT MAINTENANCE CONTRACT

RESOLVED:

That the revised procurement strategy outlined in the report for the lift maintenance contracts, contract A, north of the borough at an estimated annual cost of £1,721,000 and contract B, south of the borough at an estimated annual cost of £1,398,000 for a period of five (5) years from 8 September 2014, with the potential for two (2) twelve month extensions, subject to performance, making an estimated contract value of £21,833,000 be approved.

16. GATEWAY 2: CONTRACT AWARD APPROVAL - LONG-TERM REPAIRS AND MAINTENANCE CONTRACT

This item was deferred.

17. GATEWAY 2: CONTRACT AWARD APPROVAL - COMMUNAL LIGHTING AND LIGHTNING PROTECTION CONTRACT

RESOLVED:

That the award of the communal lighting and lightning protection contract to Spokemead Maintenance Ltd for the estimated sum of £896,000 per annum for the period of 3 years from 1 October 2013 to the value of £2,688,000; with the option to

extend by a further 2 years in 12 monthly increments making the total estimated contract value £4,480,000 be approved.

18. 143 COPLESTON ROAD, EAST DULWICH SE15 4AQ - DISPOSAL OF FREEHOLD INTEREST

This item was deferred.

19. COLECHURCH HOUSE, SE1

RESOLVED:

That the head of property be authorised to agree and where appropriate vary the terms of the heads of terms and agreement regarding the joint disposal of the sites at Duke Street Hill and Tooley Street SE1 in accordance with the terms set out in the closed cabinet report.

20. DISPOSAL OF THE GRANGE (SITES C2 AND C4) BERMONDSEY SPA, LONDON SE1

RESOLVED:

1. That the disposal of The Grange ('The Property') to the preferred bidder on the principal terms set out in the closed version of the report be agreed.
2. That the head of property be authorised to agree any variations to these terms that may be necessary to achieve the disposal in the light of further negotiations and securing full planning consent.
3. That in the unlikely event the sale to the preferred bidder does not proceed to exchange, the head of property be authorised to agree the terms of a sale with any one of the under bidders set out in the report or any other third party, provided that the terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable.

21. APPOINTMENTS TO OUTSIDE BODIES 2013/14

RESOLVED:

1. That the appointments to the outside bodies listed in Appendix A of the report for the 2013/14 municipal year be agreed as follows:

Age UK London

Councillor Catherine McDonald

Better Bankside Board

Councillor Adele Morris

Canada Water Consultative Forum

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

Central London Forward

Councillor Peter John

Centre for Literacy in Primary Education

Councillor Renata Hamvas

Creation Trust

Councillor Fiona Colley
Councillor Dan Garfield
Councillor Lorraine Lauder MBE

Cross River Board

Councillor Fiona Colley

Crystal Palace Community Development Trust

Councillor Lewis Robinson

Cycling England (Member Champion for Cycling)

Councillor Barrie Hargrove

Greater London Enterprise Limited

Councillor Fiona Colley

Green Chain Joint Committee

Councillor Barrie Hargrove
Councillor Victoria Mills

Groundwork Borough Steering Group

Councillor Mark Glover
Councillor Toby Eckersley
Councillor Graham Neale

Groundwork South London Sub-Regional Committee

Councillor Mark Glover

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

Councillor Catherine McDonald

Kings College Hospital NHS (Council of Governors)

Councillor Catherine McDonald

Lambeth and Southwark Housing Association Limited

Councillor Ian Wingfield

Local Government Association (LGA) Urban Commission

Councillor Peter John (3 votes)

Councillor Anood Al-Samerai (2 votes)

London Road Safety Council (LRSC)

Councillor Barrie Hargrove

Councillor Dora Dixon-Fyle

London Youth Games Limited

Councillor Veronica Ward

Councillor Dora Dixon-Fyle (Deputy)

North Southwark Environment Trust

Councillor Neil Coyle

Potters Fields Park Management Trust

Councillor Peter John

Eleanor Kelly

South Bank Partnership

Councillor Fiona Colley

Councillor Adele Morris

Councillor David Noakes

Councillor Geoffrey Thornton

South Bank and Bankside Cultural Quarter Directors Board

Councillor Veronica Ward

South Bermondsey Big Local Partnership Steering Group

Councillor Richard Livingstone
Councillor Paul Kyriacou

South London Gallery Trustee Limited

Councillor Cleo Soanes
Councillor Mark Williams
Councillor Catherine Bowman

South London and Maudsley (SLaM) and NHS Trust Members Council

Councillor Catherine McDonald

Southwark and Lambeth Archaeological Excavation Committee (SLAEC)

Councillor Darren Merrill
Mr. Bob Skelly (Deputy)

Southwark Cathedral Education Centre

Councillor Cleo Soanes

Southwark Community Leisure Ltd. (Fusion) Management Board

Councillor Michael Seaton
Councillor Michael Bukola
Councillor Michael Mitchell

Southwark Police and Community Consultative Group

Councillor Althea Smith
Councillor Cleo Soanes
Councillor Kevin Ahern
Councillor Mark Williams
Councillor Mark Seaton
Councillor Graham Neale
Councillor Jonathan Mitchell
Councillor Michael Bukola
Councillor Poddy Clark
Councillor Lewis Robinson

Waterloo Quarter Business Alliance – Southwark (Business Improvement District)

Councillor David Noakes

22. NOMINATIONS TO PANELS, BOARDS AND FORUMS 2013/14

RESOLVED:

1. That the allocation of places to the panels and boards and forums set out in Appendix A of the report for the 2013/14 municipal year be agreed as follows:

Fostering Panel

Councillor Victoria Mills

Joint Partnership Panel (Trade Union Consultation)

Councillor Peter John
Councillor Richard Livingstone

Leaseholders Arbitration Panel

Councillor Norma Gibbes
Councillor Mark Glover
Councillor Right Reverend Emmanuel Oyewole
Councillor Martin Seaton
Councillor Althea Smith
Councillor Poddy Clark
Councillor Eliza Mann
Councillor Tim McNally
Councillor Wilma Nelson
Councillor Jeff Hook
Councillor Michael Bukola
Councillor Geoffrey Thornton
Councillor Adele Morris
Councillor Lewis Robinson

Secure Accommodation Panel

Councillor Patrick Diamond
Labour group reserve vacancy
Councillor Wilma Nelson
Councillor Lisa Rajan (Reserve)

Southwark Safeguarding Children's Board

Councillor Dora Dixon-Fyle

Standing Advisory Council on Religious Education

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

Tenancy Agreement Arbitration Panel

Councillor Rowena Davis
 Councillor Norma Gibbes
 Councillor Mark Glover
 Councillor Right Reverend Emmanuel Oyewole
 Councillor Mark Williams
 Councillor Althea Smith
 Councillor Poddy Clark
 Councillor Eliza Mann
 Councillor Tim McNally
 Councillor Wilma Nelson
 Councillor Jeff Hook
 Councillor Michael Bukola
 Councillor Geoffrey Thornton
 Councillor Adele Morris
 Councillor Toby Eckersley

Tenant Management Organisation Liaison Committee

Councillor Claire Hickson
 Councillor Darren Merrill
 Councillor Anood Al-Samerai
 Councillor Michael Bukola
 Councillor Ian Wingfield

2. That the Standing Advisory Council on Religious Education appoint its own chair and vice chair for 2013/14.

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.

The following is a summary of the closed part of the meeting

23. MINUTES

The closed minutes of the meeting held on 14 May 2013 were approved as a correct record and signed by the chair.

24. GATEWAY 2: CONTRACT AWARD APPROVAL - LONG TERM REPAIRS AND MAINTENANCE CONTRACT

This item was deferred.

25. GATEWAY 2: CONTRACT AWARD APPROVAL - COMMUNAL LIGHTING AND LIGHTNING PROTECTION CONTRACT

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

26. COLECHURCH HOUSE, SE1

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

27. DISPOSAL OF THE GRANGE (SITES C2 AND C4) BERMONDSEY SPA, LONDON SE1

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

The meeting ended at 5.26pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, THURSDAY 4 JULY 2013.

THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE, WITH THE EXCEPTION OF ITEM 11 WHICH FORMS PART OF THE BUDGET AND POLICY FRAMEWORK AND IS THEREFORE NOT SUBJECT TO CALL-IN. 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: 16 July 2013	Meeting Name: Cabinet
Report title:		Independent Housing Commission – Conclusions And Next Steps Following Community And Stakeholder Engagement	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

In many ways modern Southwark has been defined by its social housing. From the pioneering slum clearance and house building of the Bermondsey Borough Council in the 1920s and 1930s inspired by Alfred and Ada Salter, to the post-war construction of the architecturally brutalist estates such as the Heygate and Aylesbury, the provision of good quality homes for Londoners has been a key aspiration of Southwark Councils.

In 1981 70% of all of the housing stock in the borough was council housing. Whilst that figure has now reduced to approximately one third, Southwark remains the largest council housing landlord in London and the largest in England as a percentage of all housing stock.

Two years ago we recognised as a Council that if we were to continue to meet that political aspiration of providing quality and genuinely affordable housing for our residents we needed to realistically assess our ability to fund and manage our homes for Southwark's next generation.

Our Independent Housing Commission chaired by Jan Luba QC produced a report which has challenged us to think in a bold but practical way about the future of our housing stock of 39,000 tenanted properties and 15,000 leasehold homes.

We then embarked upon the most ambitious public engagement exercise this council has ever undertaken, with dozens of events and multiple opportunities for everyone in the borough to get involved and to be heard on the subject of council housing in Southwark.

We have also supported tenants and homeowners representatives to ensure that they have had the time and space to carefully consider all aspects of the housing commission's report and to suggest their own preferred approaches. And we have sought advice and comments from local and regional government as well as other housing providers such as housing associations. Finally, we have also had specialist input from financial and property specialists. Their contributions have fashioned the decisions which we will take today and for the next 30 years.

The views of the public reflect our own. We want to build more council homes for Southwark's present and future residents as part of the increased housing capacity of all tenures which we need to deliver across our borough. We have already committed to building 1000 new council homes by 2020. And building on the success of tenant

management organisations such as the Leathermarket TMO, we want to explore with our residents how they can take greater control of the management of their homes. In coming months we will explore how our housing management services can be delivered in a manner which best meets residents' expectations and their demand for greater involvement in the decisions which affect their homes.

Irrespective of any political will, through the work undertaken by the Independent Housing Commission and more recent financial modelling produced by Savills, we can now conclude with some certainty that not only can we afford to retain our housing stock, but that any stock transfer or significant reduction in the numbers of that stock would not make any financial sense for us as a council.

Southwark cannot provide the answer for the entire housing shortage in London. But we are determined to lead the debate and build more council homes over the next 30 years. Now more than ever council housing provides a viable housing solution for many people. We recognise the value and importance of council housing – it is time for other local authorities across London to find their own financial solutions and commit to building council homes for future generations.

My own vision for housing in Southwark in 30 years time is of a place where you will not know whether you are visiting an estate in private or council ownership; where the quality of our council homes rivals or exceeds those produced for private sale, and where those properties are managed and maintained either by their residents, or the council, or by a combination of both – but always with the agreement and support of their residents.

This report provides a solid evidential basis for us to restate our unequivocal commitment to council housing in our borough, managed for and by our residents – and to set about creating an ambitious strategy to build even more new council homes for Southwark and London.

RECOMMENDATIONS

That cabinet notes

1. The outcomes of the community engagement on the report of the Independent Housing Commission, in particular the clear weight of opinion that:
 - Council housing should be for people for whom the private rented sector is unaffordable, who are in low paid work, beyond retirement age or unable to work (e.g. through illness or disability) and who have a local connection with the borough;
 - The council should invest in its housing stock to provide good quality homes for all its tenants;
 - The council should provide as many homes at genuinely affordable rents as possible and should look creatively at different options for financing and managing the delivery of new council homes;
 - The council's housing stock should be better managed and there is a significant appetite among council tenants and homeowners for more resident involvement in housing management, more tenant management initiatives and for exploring partnership working with other social housing providers, where this makes sense for a particular estate or locality.

2. The very high level of participation of tenants, homeowners and other residents in the community conversations about the future of housing and thanks them all for their thoughtful and constructive contributions.
3. The specific input of the Futures Steering Board of council tenant and homeowner representatives and thanks them for their work.
4. The specific view expressed by Homeowners' Council that there is now greater professionalism and focus to the council's work with homeowners but a need to continue to address the concerns of leaseholders and homeowners.
5. The outcomes of the wider stakeholder engagement with other local authorities, housing associations and representatives of regional and national government commissioned from The Smith Institute.
6. The detailed evaluation of the Independent Housing Commission's findings commissioned from Savills, which comprises a high level financial and housing stock options appraisal, informed by the most recent stock condition survey, the council's existing housing investment programme and relevant national policy developments (e.g. to the Right to Buy scheme).

In consideration of which, that cabinet

7. Restates the council's commitment to council housing as a community asset for the long term benefit of Southwark residents and to championing the mixed and diverse communities which make Southwark such a successful and liveable borough.
8. Rules out any wholesale or large-scale transfer of its housing stock to another provider.
9. Notes the amendments proposed to the council's lettings policy, the report of which appears elsewhere on this agenda, including the proposal to extend the local residency qualification for joining the housing register from 6 months to 2 years.
10. Instructs the strategic director of housing & community services
 - To bring back proposals to September cabinet on how to increase resident involvement in managing council housing and, in particular, how to encourage more tenant management organisations;
 - To bring back an action plan to September cabinet for the continued improvement of leasehold management services;
 - In consultation with the strategic director of finance and corporate services, to undertake further detailed assessment of the financial performance of the council's housing assets alongside an assessment of the extent to which they meet the council's overall social housing objectives and develop long terms plans for delivering more council homes in the future.

Additionally, that cabinet

11. Recognising the important role that other social housing providers and the private sector have in meeting the totality of housing needs in the borough, instructs the director of corporate strategy to review the council's housing

strategy across all tenures and sectors, having regard to the detailed assessment of the council's own stock referred to above.

EXECUTIVE SUMMARY

Key milestones

12. In late 2011 cabinet agreed a £326 million housing investment programme to make every council home warm, dry and safe over a five year period to 2015/16. At the same time, cabinet recognised the need to develop a long-term strategy for the council's housing stock. In order to secure an unbiased perspective, cabinet established the Independent Housing Commission supported by the Smith Institute. The Independent Housing Commission was asked to examine proposals and make recommendations for an investment strategy for up to thirty years, which was sustainable and affordable. It was launched in January 2012 and reported in October 2012.
13. An unprecedented community engagement plan to gather views on the report and the future of council housing was agreed in December 2012. This plan reflected the council's inclusive and ambitious future approach to community engagement, the principles of which were agreed by cabinet in October 2012. It provided the first opportunity to follow the new approach. Because the future of council housing matters to everyone, the plan was set up to be far-reaching and inclusive. At the same time, it was important that the existing residents of council housing were supported to make their own contribution. A board of council tenants and homeowners was established, the Futures Steering Board. Homeowners' Council also decided to make its own separate submission to the council.
14. From the outset, cabinet were clear that there should be wider discussions with other social housing landlords, in London and nationally. The Smith Institute was asked to interview key stakeholders, including local authorities, national and regional government and housing associations.
15. Any emerging new approaches to the management of the council's housing stock would need to be supported by robust financial and technical analysis. Therefore, Savills, a firm of specialist housing advisors, were commissioned to prepare a high level finance and housing stock options appraisal.
16. A review of the council's lettings policy was already underway when the Independent Housing Commission reported. A cross-party councillor group chaired by the cabinet member for housing management reviewed the council's lettings scheme and made a number of recommendations around who council housing should be for.

Community Engagement

17. The public were asked to respond to 4 questions:
 - Who should council housing be for and for how long?
 - How much council housing should there be and to what quality?
 - How should council housing be managed?
 - Any other comments?

18. In total there were over 80 different key events, activities or ways of engaging that gathered several thousand views, ideas and suggestions. The engagement process included a varied range of exercises that included:
- Engagement at Area Housing Forums, Tenant Council, and Homeowners' Council
 - Engagement at community councils
 - Engagement at a range of community forums
 - Engagement targeted at young people including work with a local youth radio station that engaged over 120 young people
 - Engagement on the housing needs of older people
 - Community Conversations, led by councillors, in busy shopping streets across the borough, or in parks where people are enjoying leisure activities.
 - Events in libraries
19. In general, in response to who should council housing be for and for how long, people were more likely to say that council housing should be for households on low incomes. This was followed by views around the need to maintain lifetime tenancies, the importance of having a local connection, those with disabilities and those for whom the private rented sector is unaffordable.
20. In response to how much council housing there should be and to what standard of quality, respondents were more likely to say that the council should have more council housing, that this should be of better quality and that there should be more investment in the current stock.
21. In response to how council housing should be managed, people were more likely to say that the council housing stock should be council managed but that there should be more resident involvement, that the council should encourage tenant management organisations and that the council should work more in partnership with others.
22. The Futures Steering Board felt that the council should at least retain the existing level of stock but preferably increase the number of homes available for social rent. The group felt that the homes should be council managed but that there was a need to improve the level of service and there should be more resident involvement.
23. Homeowners' Council said Southwark should provide as many social rented homes as possible but investment decisions have the potential to increase the costs charged to leaseholders. Regardless of the management option chosen, homeowners said they need more cost-effective management of both repairs and major works. Homeowners would like to see a wider range of options to help struggling owners and be fully involved in the implementation of policies and procedures that are developed.

External Stakeholder Views

24. Other local authorities referred to the difficulties of lack of housing supply, poor quality homes, and the impact of welfare reform, and mentioned that housing had to support wider strategic objectives of supporting economic wellbeing.
25. The key message from housing associations was that there was an appetite for working in partnership with the borough on innovative models of delivery,

although this might require mixed tenure developments or some properties let at higher affordable rents, in order to subsidise a proportion of properties for social rent.

26. The GLA, DCLG and London Councils felt that the main challenges facing Southwark Council were high housing demand, poor quality housing and the impact of welfare reforms.
27. Also, it was felt that the council needed to decide what it wanted to do with its housing stock, and who council housing was for. They felt that Southwark could make more of its borrowing capacity and land availability. Greater flexibility over rental policy, particularly the affordable rent product, was also mentioned.

Finance and Housing Stock Options Appraisal

28. Savills were commissioned to carry out a high-level, expert review of the potential options for the future of the council's housing stock, including financial modelling, stock options and management arrangements.
29. In their view, Housing Revenue Account (HRA) self financing introduces new opportunities for a viable long term business plan with the potential to increase levels of investment beyond the current Warm, Dry, Safe standard. Initial modelling indicates that additional investment is affordable with significant long term surpluses forecast.
30. Savills reported that a reduction in stock to 20,000 explored by the Housing Commission would lead to a significant loss of future HRA revenue which could not be matched at the same time by a corresponding reduction in costs. This means that in revenue terms the HRA would be worse off as a result of stock reduction and capital receipts from disposals would need to be used to balance the revenue position, reducing the amount of capital available for any additional benefits.
31. Savills say that there is no overriding financial case for wholesale stock transfer or any significant stock reduction at estate level. Instead any stock reductions could be on an asset management basis, and community led.
32. They add that local management options may facilitate service improvement and locally focussed asset management could improve business plan capacity and resident satisfaction. There is a range of funding options available to deliver council led estate renewal and new build where this makes strategic sense, allowing the council to access the funding required without impacting on the cap on borrowing currently in place in the HRA. Savills say this could provide opportunities for new mixed tenure redevelopment.

BACKGROUND INFORMATION

Housing need in Southwark

33. Southwark is a borough which has historically experienced high levels of housing need and this is likely to continue, with projected increases in the borough's population.
34. The Southwark Housing Requirements Study which was conducted using the government's methodology for objectively assessing the housing requirements of

a locality was last carried out in 2008, prior to the economic downturn. This found that the borough had a high level of need for affordable housing, and in particular for larger social rented housing. There were around 11,300 existing households who were in housing need, that is, they were living in unsuitable housing, needed to move, but were unable to afford to pay for a housing solution themselves. Work is continuing to update our understanding of housing needs in the borough with the ongoing releases of census data and the forthcoming London strategic housing market assessment. This will be fed into the review of Southwark's housing strategy.

35. At 1 April 2012 there were 20,555 households on the Southwark housing register. Just over two thirds of these were new applicants (14,112) and just under a third were existing tenants wishing to transfer (6,443). The greatest demand was for a one bedroom property (10,855). However, social housing tenants wishing to transfer are most likely to need a 2 bedroom or larger property. Applicants wishing to move to a 3 bedroom or larger property have to wait much longer for a property to become available. While the council has policies to encourage greater supply of new larger properties these are still in very short supply.
36. The Southwark Housing Requirements Study 2008 identified significant shortfalls in the supply of larger affordable family homes (i.e. with 3 or more bedrooms). This study also identified very high levels of overcrowding in the borough. Around 12% of the borough's households live in overcrowded conditions, with the highest levels of overcrowding being experienced in the council's own housing stock at 15%.
37. Homelessness acceptances – those to whom the authority has a legal duty to provide assistance – increased in 2012/13, from just over 500 in 2011/12 to over 600 in 2012/13. Homelessness is projected to increase further as a result of the continued shortage of genuinely affordable housing for those on low incomes. Welfare reforms are also likely to impact on levels of homelessness. Many landlords are unwilling to accept households on benefits due to concerns about rent arrears, that may result from direct payments of housing benefit to the tenant, and the pending introduction of the cap on the maximum amount in all out of work benefits which households can receive (£350 per week for single people and £500 per week for couples and families).

Social housing supply in Southwark

38. The number of council lettings averaged around 1900 over the last two years. There were 1,725 housing association lettings including supported housing lets in 2011/12. 724 households accepted Southwark's nomination to housing association accommodation in the same period.

The table below shows projected completions of affordable housing over the period 2012-15.

Year completed	Affordable Rent	Social Rent	Intermediate	Grand Total
2012-13		487	150	637
2013-14	24	308	225	557
2014-15	146	548	346	1,040
Grand Total	194	2,574	1,504	4,272

Current Council Housing Investment Strategy

39. In late 2011, as one of the council's ten Fairer Future promises, cabinet agreed a £326 million housing investment programme to make every council home warm, dry and safe over the following five years.
40. The warm, dry and safe programme incorporates all major works that will be required over the five years to meet the council's housing landlord obligations as a landlord and achieve the government's decent homes standard. The council has committed to residents to deliver this programme, having undertaken extensive consultation on the investment principles and draft programme.
41. Another key priority for the council is the commitment to invest in estates with high investment needs, which was agreed alongside the current investment strategy. Specific decisions were taken to refurbish three estates – Hawkstone (low rise blocks), Abbeyfield and Four Squares – and to continue with the existing approach for others, including the Aylesbury.
42. The regeneration schemes at the Aylesbury, Heygate and Elmington Estates involve the redevelopment of these estates in partnership with others, including the provision of new social housing. The agreed approach for these estates goes far beyond the scope of the council's investment strategy and is predicated on bringing in external financing to allow the focus of housing investment resources to be on the remainder of the stock.
43. The development of new homes under the direct delivery programme for 1,000 new council homes is not regarded as part of the current investment strategy and is designed to minimise any impact on the current investment programme.
44. The key principles of the council's housing investment strategy are:
 - To agree a minimum affordable standard based upon the known resources realistically available that will enable the council to bring all council homes up to the same agreed standard by March 2016.
 - To ensure that all council homes which require investment benefit from the resources available.
 - To agree the minimum budget envelope and to continue to work to bring in additional funding to bring schemes forward where possible in order to complete the programme more quickly and ahead of schedule
 - To develop a 30 year housing asset management plan which will be used to inform and shape future programmes.

The Independent Housing Commission

45. At the same time as agreeing the current five year investment programme, cabinet recognised the need to develop a long-term strategy for the council's housing stock. This would be an investment strategy for council homes for a whole generation into the future, and a blueprint for service improvement and the quality standard of council homes for tenants and leaseholders for decades to come.
46. In order to secure a genuinely external, unbiased perspective on the issues, cabinet agreed to establish an independent commission on the future of council housing in Southwark. The Independent Housing Commission was tasked with

exploring 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). It was asked to examine proposals and make recommendations for an investment strategy for up to thirty years, which was sustainable, affordable to the council and broke the current cycle of an escalating demand for resources to maintain the quality of the stock.

47. The Commission was chaired by Jan Luba QC, a leading housing lawyer with extensive experience of work in the voluntary sector, including the Citizen's Advice Bureau, Child Poverty Action Group and the National Housing Law Service. It was supported by The Smith Institute, a London-based public policy think tank, which specialises in housing and place making.
48. The commission directed its own research and analysis and undertook an open call for evidence and information from stakeholders, tenants, leaseholders, residents, housing associations, voluntary organisations and others who were involved and interested in providing housing across the borough. It was launched in January 2012 and reported in October 2012.
49. 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."
50. The report also notes that "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."
51. 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, including different options for the number of rental units maintained by the council, and considers the question of who council housing should be for.
52. 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 to consider, including tenant and leaseholder compacts, increased levels of tenant management organisations or boards, and partnership models.
53. 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. 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 pool land and housing assets and create common housing investment funds."
54. 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.”

55. The report of the Independent Housing Commission was presented to cabinet by the chair of the commission on 23 October 2012, at the same time as a report setting out how the council could develop a new approach to community engagement. This new approach retains a strong focus on communication and consultation, but moves beyond these to more active and meaningful engagement.

Work following receipt of the report of the Independent Housing Commission

56. In October, cabinet asked for detailed consideration of the report’s findings to be undertaken, noting that this would require full and extensive community engagement, involving councillors, officers, tenants, homeowners and other residents, as well as key stakeholders. To that end, cabinet instructed officers to undertake a detailed review of the commission’s report and draw up a plan for engaging residents in an extensive and wide-ranging debate on its analysis, findings and conclusions.
57. The community engagement plan was developed over the following weeks and agreed by cabinet in December 2012. At the same time cabinet noted that the detailed evaluation of the commission’s report was underway but would take some time to complete. Because the future of council housing matters to everyone, the engagement plan was formulated to be far-reaching and inclusive. It was also important that the existing residents of council housing were supported to make their own contribution to the process. A board of council tenants and homeowners was established, the Futures Steering Board, supported by Solon Community Network. Although the original purpose of the board was to act as a quality assurance panel for the community engagement process, ensuring that tenants’ and homeowners’ views were properly represented, after a number of meetings, the board decided to change its remit and focus instead on forming its own conclusions and recommendations. Homeowner’s Council also decided to make its own separate submission to the council.
58. The process and outcomes of the community engagement are summarised in a later section of this report, including a summary of the report of the Futures Steering Board and of the submission from Homeowners’ Council. A full report of the community engagement, the full report of the Futures Steering Board and the complete submission from Homeowners’ Council are appended to this report.
59. From the outset, cabinet was clear that while the primary focus of the housing commission was to inform a strategy for the future of Southwark’s council housing stock, the discussion should resonate more widely with all social housing landlords, in London, and nationally. Although the scale of Southwark’s housing stock means that the need for a future strategy may be more pressing for the council than for other housing providers, Southwark’s council housing does not exist in a geographical and social vacuum. The views of others are vital in establishing a strategy that will deliver positive outcomes for the whole community – current residents and the residents of the future.
60. The Smith Institute was therefore commissioned to carry out a series of interviews with key housing stakeholders including local authorities, national and regional government and housing associations. This peer review exercise

captured key stakeholders' reflections on the commission's report, their views and experience of the council as a housing authority and housing provider, and their ideas for the future. To ensure a reasonable degree of candour in the views expressed, The Smith Institute undertook the interviews on an independent basis and the feedback has been recorded on an anonymous basis. The outcomes of this exercise are summarised in a later section of this report and the full reports produced by The Smith Institute are appended to it.

61. Any options for the future of housing would need to be supported by robust financial and technical analysis. Savills, a firm of specialist housing advisors, was commissioned to prepare a high level finance and housing stock options appraisal for the council. The aim of this appraisal was to establish the viability of different future options for housing management and investment and so both inform the council's response to the outcomes of the community engagement and support future business planning, in consultation with residents. The executive summary of the appraisal is included as a later section of this report and Savills' full report is appended to it.
62. A review of the council's lettings policy was already underway when the Independent Housing Commission reported. A cross-party councillor group chaired by the cabinet member for housing reviewed the council's lettings scheme and made a number of recommendations around who council housing should be for. This key question chimed with the commission's report and it was decided to make the planned consultation on the outcomes of the lettings policy review part of the wider community engagement on the commission's report. This aspect of the engagement is fully referenced within this report and the relevant appendix. The final proposals of the lettings review are contained in a report elsewhere on the Cabinet's agenda.

Summary of Community Engagement

63. This section summarises the results of a very wide reaching community engagement process that discussed the implications of the Independent Housing Commission's report and gathered residents' views on it. The engagement process reflected the council's inclusive and ambitious approach to community engagement, the principles of which were agreed by the cabinet in October 2012. It provided the first opportunity to test the new approach.
64. Underpinning the wide ranging community engagement programme were five key community engagement aims. These were that it should be:
 - Universal
 - Impartial
 - Comprehensive
 - Timely
 - Cost effective
65. The engagement process was also designed to adhere to the government Code of Practice on Consultation.
66. Because the future of council housing over the next 30 years impacts on all residents in the borough, the council set out to gather the views of as many residents as possible, regardless of their housing tenure.

67. The engagement did not ignore the existing formal mechanisms of resident engagement but was characterised by a drive to use additional, new and innovative ways to consult in an attempt to broaden participation and encourage those who do not normally engage with the council to give us their views.
68. The process included a varied range of engagement exercises that included:
- Housing based formal meetings, such as Area Housing Forums, Tenant Council, and Homeowners' Council to gather the views of representatives of council tenants and leaseholders
 - Community councils
 - Community forums
 - Events targeted at young people including work with a local youth radio station that engaged over 120 young people
 - Events targeted at housing needs of older people
 - Social media and on-line surveys
69. To engage as wide a range of residents as possible the Community Conversations method was used. Community conversations are led by cabinet members and ward councillors and take place in locations where people are already going about their day to day business. They can include having conversations in busy shopping streets across the borough or in parks where people are enjoying leisure activities. This was one of the centrepieces of our engagement and attracted people who were not likely to express their views through other more conventional routes. The Community Conversations included working with local community volunteers and an interactive video booth for people to say what they thought.
70. Libraries were also a focal point for the engagement, again capturing people's views where they just happen to be rather than creating a new environment for engagement. In addition neighbourhood based focus groups ensured we worked with a sample of people in different localities.
71. In an effort to include as representative a sample as possible of the borough's diverse populations, we engaged people who experience barriers to having their views heard. This included those who have English as a second language and those who are part of newer migrant communities.
72. In total there were over 80 different key events, activities or ways of engaging that gathered several thousand views, ideas and suggestions. We are grateful to all those residents who contributed to it.
73. The majority of the data collected was via an open qualitative survey methodology. Residents completed 643 such surveys. Surveys were completed and submitted in person at one of the community conversations, by post or online. The survey consisted of 4 broad open questions:
- Who should council housing be for and for how long?
 - How much council housing should there be and to what quality?
 - How should council housing be managed?
 - Any other comments?

74. Each question was accompanied by brief background information ranging from data on Southwark's current council stock to summaries of the Independent Housing Commission's conclusions.
75. This approach made the engagement a more open conversation with our residents and provided an assurance that the engagement was impartial and comprehensive, in that there were no pre-selected options to choose from.
76. In addition to the wider conversations in February 2013 the council set up a representative group of council tenants and homeowners, known as the Futures Steering Board (FSB). Its membership was made up of people nominated by Tenant Council and Homeowners' Council respectively. This group had access to advice and support from an independent housing expert from Solon Community Network. Its initial remit was to act as a quality assurance mechanism for the engagement process. However, it decided instead to submit its own conclusions and recommendations to the council.
77. The council also received a separate submission from Homeowners' Council that focused on the issues for leaseholders and homeowners that in their view were most significant in considering the future approach to housing in the borough.

Open surveys and Community Conversations

78. Open surveys, largely submitted through the Community Conversations brought in the largest volume of responses.
79. In response to who should council housing be for and for how long, people were more likely to say that council housing should be for households on low incomes. This was followed by views on the need to maintain lifetime tenancies, the importance of having a local connection, those with disabilities and those for whom the private rented sector is unaffordable.
80. In response to how much council housing there should be and to what standard of quality, respondents were more likely to say that the council should have more council housing to meet the need, that this should be of better quality and that there should be more investment in the current stock.
81. In response to how council housing should be managed, respondents were more likely to say that the council housing stock should be council managed but that there should be more resident involvement, that the council should encourage Tenant Management Organisations and that the council should work more in partnership with others.

Area housing forums

82. The responses given on who council housing should be for varied, however the most common responses were in favour of those with a strong local connection and those on low incomes.
83. All area housing forums were in favour of an increase in the council's stock of council homes.
84. A range of responses were given to how council housing should be managed. The most common responses were that it should be council managed, with some

of the forums favouring a more local approach and more tenant and leaseholder input and scrutiny.

Communities of identity forums

85. These groups had no clear consensus on who should be given priority for council housing but were more likely to say that tenancies should be for life and the length of local connection should stay as it is now (i.e. 6 months).
86. On how much council housing there should be, these groups were more likely to favour no reduction in the number of council homes and that it should all be of decent quality.
87. With regard to how council housing should be managed, participants were more likely to be in favour of more resident involvement, a more local approach to management and increasing the number of Tenant Management Organisations.

The Futures Steering Board

88. The board was set up in February 2013. The tenants and homeowners that were nominated to the board met twelve times and had an initial remit to act as a quality assurance panel for the council's wider engagement. The board decided to change this after four meetings, instead focusing on its own conclusions and making its own recommendations to the council.
89. The board was supported throughout the process by Solon Community Network.
90. Members of the board agreed with the council's current plans to build 1,000 homes in the borough, although they were concerned that the proposed timeframe of completion by 2020 could result in a net loss of homes for social rent, as combined disposals and right to buy sales could outstrip the number of new homes created. The board therefore urges the council to complete the new homes as quickly as possible. The board also believed that the council can completely self-finance the new homes, using a range of income sources.
91. The modelling undertaken by the board assumed that homes built for rent would be let at social – not affordable – rent levels. Members of the board felt strongly that, given the low level of median incomes in the borough for both council tenants and residents in general, and the high average market rents, affordable rents set at 65% or 80% of market rates would be too high for those on the housing waiting list.
92. The board also considered options for the council to supplement its income in order to allow it to kick-start a major house building programme.
93. On the question of who council housing should be for and for how long, the views included: maintaining lifetime tenancies; not introducing income or savings thresholds; considering carefully but not automatically penalising those with poor tenancy records; and some priority for ex-servicemen and women.
94. On the question of how council housing should be managed, the board felt that the main issue in terms of housing management is recruiting and retaining the right staff to run a professional and personal service for residents. In particular, the group suggested a specialist team within the council to oversee a new building programme.

95. The group felt that the most important issues were self-financing the build of new homes while ensuring that the overall level of rented stock is at least maintained. They acknowledged the scale of the challenge, and were keen to continue working with the council to explore how this ambition can be realised.

The Community Councils

96. On the question of who should council housing be for, participants were most likely to say those most in need.
97. When asked about how much council housing there should be and to what standard, most participants did not think compromising on quality was acceptable at all and that there should be as much housing as the council can possibly provide. When presented with a stark choice of more units at lower quality or fewer units at higher quality, the majority of respondents preferred the “middle” option of 30,000 good quality units rather than 20,000 top quality or 39,000 of less good quality. However, this was not consistent across all localities. A majority of those attending both Dulwich and Borough, Bankside & Walworth Community Councils favoured the retention of 39,000 rental units and a significant majority of those attending all Community Councils were unhappy with the premise that the provision of more housing might imply lower quality.
98. Participants were also likely to support more resident involvement and a more local approach to management.

Homeowners’ Council

99. Homeowners’ Council, which represents the council’s 14,500 leaseholders and freeholders prepared their own submission in response to the consultation. The key points from the submission are set out below.
100. Strategic decisions on the long-term future of social renting will inevitably have a major impact on homeowners. In particular investment decisions have the potential to increase the costs charged to leaseholders significantly.
101. Homeowners’ Council believes Southwark Council should provide as many social rented homes as possible over the next thirty years. These homes should be let on social rents on full secure tenancies to ensure affordable homes for local families and key workers.
102. But this option may mean that more homeowners face large major works bills if their rundown blocks and estates are renovated rather than demolished.
103. Alternatively, the options that reduce the amount of rented housing are likely to increase the level of annual service charges. The higher level of demolition under these scenarios will displace more homeowners, who will be unable to afford replacement homes without some support from the Council.
104. Many homeowners are on low incomes and would like to see a wider range of options to help struggling owners, including optional individualised reserve funds and discretionary caps for homeowners in exceptional hardship.

105. As the council's financial position improves, Homeowners' Council would also like to see greater use of buy-backs from households that can no longer afford home ownership.
106. There is general support among homeowners for devolved management to improve efficiency and responsiveness, although Homeowners' Council recognise the Tenant Management option will not appeal to tenants in all parts of the borough.
107. Regardless of the management option chosen, homeowners need more cost-effective management of both repairs and major works.
108. Disruptive sub-letting is a serious issue and there is support for action against homeowners that permit anti-social behaviour. However, there is opposition to the council acting as the sole letting agent for new homeowners as this will restrict choice and flexibility.
109. Homeowners' representatives would like to be fully involved in the implementation of policies and procedures that are developed as a result of the strategic review of housing.

Young people

110. The council particularly sought the views of young people. With a 30 year strategy, it was recognised that many young people would be the council tenants and homeowners of the future.
111. On the question of who council housing should be for and for how long, the young people were more likely to say that this should be for those in need of financial help and people on low incomes. Families with children and single parents were among the most mentioned groups although young people also referred to others they saw as vulnerable, such as homeless people, unemployed people, those with disabilities and older people. Young people were also most likely to say that people on low incomes and children should be given priority.
112. The young people who were engaged through the work with Represent radio were also keen to talk about building communities, not just houses, and the importance of community pride and involvement. They wanted to create places that made people proud of where they lived and where they were involved in managing and keeping their neighbourhoods clean.

Summary of External Stakeholder Views

113. From the outset, cabinet was clear that while the primary focus of the housing commission was to inform a strategy for the future of Southwark's council housing stock, the discussion should resonate more widely with all social housing landlords, in London, and nationally. Although the scale of Southwark's housing stock means that the need for a future strategy may be more pressing for the council than for other housing providers, Southwark's council housing does not exist in a geographical and social vacuum and therefore the views of others are vital in establishing a strategy that will deliver positive outcomes for the whole community – current residents and the residents of the future.

114. The Smith Institute was therefore commissioned to carry out a series of interviews with key housing stakeholders including local authorities, national and regional government and housing associations. This peer review exercise captured key stakeholders' reflections on the commission's report, their views and experience of the council as a housing authority and housing provider, and their ideas for the future. To ensure a reasonable degree of candour in the views expressed, The Smith Institute undertook the interviews on an independent basis and the feedback has been recorded on an anonymous basis. They produced three reports grouped by stakeholder type, which are appended to this report.
115. The diversity of opinion expressed through this research reflects the complexity and wide-ranging interest in housing policy and delivery both now and, even more so, in the future. Although that diversity cannot be captured into a single set of messages, a number of themes did emerge, which have been summarised below. The detail of external stakeholder opinion is set out in the relevant appendices.

Perspectives from local authorities

116. Local authorities in the main, in addition to noting the difficulties of lack of housing supply, poor quality homes, and the impact of welfare reform, mentioned that housing had to support wider strategic objectives of supporting economic wellbeing.
117. Most local authorities thought the council was doing a good job in difficult circumstances, with one respondent quoted as saying "what I have heard is that they are interested and involved and trying their best. They seem to be rolling up their sleeves." Overall, there was a general sense that local authorities like Southwark were displaying a "can-do attitude", with positive scope to work together.
118. Local authorities identified a number of opportunities for Southwark, some of which were based on areas of their own good practice. These opportunities included working across borough boundaries, devolving powers locally and looking at estate based regeneration. Rent levels and tenure mix were cited as more sensitive areas for all local authorities. Having strong relationships with tenants and leaseholders was important.
119. They also felt it was important that the council was clear about what it wanted to get out of partnership working. Ideas for working together included sharing information for the purposes of fraud prevention and tackling unlawful subletting, as well as looking at other areas of partnership work (rather than council housing services), for example provision of temporary accommodation and dealing with rogue landlords.

Perspectives from housing associations

120. The key message from housing associations was that there was an appetite for working in partnership with the borough on innovative models of delivery, although this might require mixed tenure developments or some properties let at higher affordable rents, in order to subsidise a proportion of properties for social rent.
121. It was mentioned that "Southwark was in the unenviable position of having to maintain poor quality, system built housing. A significant proportion of the stock

would require regenerating, which demands high levels of investment”. High demand for property in the borough was also mentioned as a challenge, alongside recognition that council resources were not “limitless”. A long term strategy backed by stakeholder consensus would help the council get more from its stock.

122. Welfare reform was identified as a specific current challenge for all, alongside getting people back into work, with one housing association quoted as saying “Southwark has a lead housing role to play in serving London’s economy”.
123. Most housing associations thought Southwark was heading in the right direction and welcomed the initiative of setting up an Independent Housing Commission, agreeing that it was a good sign. The council was seen as open to new ideas, realistic and most respondents thought things were improving.
124. A “sticking point” cited was planning policy and the affordable rent product, with some housing associations thinking there could be more flexibility from the council in these areas.
125. Housing associations mentioned a number of opportunities for working in partnership with the council, from straightforward two way partnership discussions on site developments to more innovative ‘mutual models’ to the benefit of tenants, the council and the housing association. It was noted that Southwark had land assets and Section 106 monies, and housing associations had greater borrowing freedoms and development expertise which could be brought together to maximise benefits. It was also felt that Southwark could do more to utilise the “latent value” in its own housing stock.
126. One interviewee mentioned the opportunity to invest in regeneration of existing council estates. They thought it was not about transfer but about leaseback agreements. This could involve allowing the association to rent some properties at market levels, for say five years, to cover the cost of the initial investment in improving the standard of homes and then returning those homes to lower rents over the life time of the agreement.
127. Another interviewee thought it possible for a single housing association to take a stake in an estate. Southwark could place a value on the stock, the housing association could take a percentage stake (less than half) and the money could be used for regeneration. The housing association could then provide and improve the management and maintenance and, as an equity partner, the council would get a share of the cost savings. After five or ten years tenants could choose to stay with the council or transfer to the housing association.
128. Another suggested partnership approach was a joint common ownership model, which would hold the freehold of a number of homes in trust, sitting outside the HRA. Residents could become members of the trust, which would contain a mixture of assets from the council and housing association.
129. Some housing associations also saw opportunities to consider partnerships in a wider policy context and consider the role of housing in job creation, health and wider areas. For example, it was suggested that Southwark and housing associations could look to focus on housing options in response to an ageing society as an alternative to residential and nursing care.

Perspectives from the GLA, DCLG and London Councils

130. Taken as a group, the GLA, DCLG and London Councils felt that the main challenges for Southwark were high demand for housing, quality and impact of welfare reform. Also, it was felt that the council needing to decide what it wanted to do with its housing stock, and who council housing was for.
131. There were opportunities for Southwark to be more open and up its game on housing, in particular that “Southwark could pick up the pace and seek to be the best landlord in London. It could punch much more above its weight”.
132. Comments were made that the council had improved in recent years and if this trajectory continued the council could be a leader in the sector. The council was cited as open and responsive on partnership working.
133. There were mixed views about the numbers of homes the council should retain. Some interviewees said that the council should rationalise its stock, for example through trickle transferring the worst quality stock, another thought that the council needed to maximise the number of council homes – “there would be a trade off against investment in existing stock but the waiting list in the borough demanded it”.
134. Opinions were mixed about how many new homes Southwark could deliver. Some thought the current stock too large, expensive to maintain and that it would be cheaper to build new homes at higher densities. A question raised was “what were the guiding principles for stock retention?”.
135. Interviewees felt that Southwark could make more of its borrowing capacity (‘headroom’) and land availability. Greater flexibility over rental policy, particularly the affordable rent product was also mentioned.

Summary of Finance and Housing Stock Options Appraisal

136. Savills were commissioned to carry out a high-level, expert review of the potential options for the future of the council’s housing stock, including financial modelling, stock options and management arrangements. Their own summary of their findings is reproduced in its entirety below.

Introduction

137. The council has ambitions to improve its services and the quality of its homes beyond current levels. It faces significant challenges with a legacy of housing which is reaching the end of its life and is expensive to repair and costly to maintain and replace.
138. Following the Housing Commission report in 2012 the council is conducting an extensive programme of resident consultation to consider the future of council housing in Southwark. At the same time it has commissioned Savills to carry out a finance and housing options appraisal. The scope of Savills work has included a review of the base line position of the housing business plan, and an analysis of options to improve investment in homes and services.
139. It should be stressed that the findings in this report present an initial view, following a relatively high level assessment. Further work is needed to refine the position and this is set out in the conclusion to the report.

Developing a robust information base for decisions

140. A critical element of the housing business plan is the information available on the future investment needs of the stock. Savills has reviewed the information available to the council held in its asset management data base, alongside information from other sources within the council in order to prepare a comprehensive assessment of future investment need. This indicates a requirement for an estimated £58k per tenanted property over the next 30 years – a total of some £2.1bn.
141. More work is required to refine these estimates to ensure that a deliverable programme is established which represents a value for money approach to maintaining existing assets and Savills' review makes recommendations about the steps required to develop this.
142. Savills has also reviewed the revenue costs in the current business plan. Day to day management and maintenance costs compare favourably with the Department for Communities and Local Government (CLG)'s previous assessment of reasonable costs for Southwark. They reflect significant savings already delivered to prepare for Housing Revenue Account (HRA) self financing.
143. The review indicates areas where the revenue position could be refined over time, including increases in income from a self funded garage improvement plan as well as potential savings from local management. Additional allowances are included in the plan to manage the impact of welfare reform and these will also need to be refined over time as the impact of these changes materialises.

Baseline HRA business plan

144. All income and expenditure and key assumptions that drive the council's housing landlord business have been brought together into a single comprehensive financial model that can be used to project the future resources, investment and borrowing requirement over time, and to test different scenarios and future options.
145. The baseline plan includes the capital expenditure in the current business plan to deliver Warm, Dry, Safe. Under this scenario the plan indicates significant financial capacity, with additional borrowing capacity of £126m before reaching the cap on borrowing allowed by Communities and Local Government (CLG) as well as significant revenue resources building up in the longer term.
146. The position changes once the full investment needs of the stock are considered, as well as revised estimates for the impact of welfare reform. Under this scenario, borrowing is increased as necessary to meet investment needs. While an increase in borrowing would be required, this is still affordable within the long term plan.
147. This demonstrates that an increased programme of investment is possible within resources available to the council subject to:
- Sensitivity analysis to test the impact of risks
 - Demonstration of the value for money of investment at this level at a local level
 - Deliverability of larger capital programme

148. In order to test the strength of the plan to withstand future risk the report has explored the impact of reduced income and increased costs that could materialise for a range of different reasons. While the business plan can withstand a level of risk, for example where future capital receipts are less than anticipated, there is a point at which reduced income and increased expenditure mean that the plan is no longer deliverable within the debt cap, and ultimately not affordable in the long term.
149. This demonstrates the need for the council to make choices between the level of investment delivered and the amount of income generated from rents and capital receipts. The council will also need to understand the impact on leaseholders of any increased capital programme and explore options to manage the affordability of service charge bills.
150. The housing stock is not uniform and in reality the business plan cashflows will vary across the borough, with some assets creating surpluses and others making losses. Given the legacy of housing in Southwark that is now reaching the end of its life, it is important for the borough to understand the cashflows associated with different assets in order to provide an objective basis for future decision making.
151. The Housing Commission made the point that in Southwark “good money is being wasted on treating the symptoms of building failure, rather than tackling the root causes”. The development of an active policy of managing housing assets which challenges the value for money of each investment decision, based on an analysis of both the value of future cashflows, and the extent to which investment meets the council's social housing objectives could improve long term business plan capacity and resident satisfaction.
152. The analysis of the social return on investment needs to include more than a purely financial analysis. The financial results need to be considered alongside an assessment of other sustainability factors linked to the council's social housing objectives. There will be different strategies for business improvement depending on whether an asset group exhibits weak values, weak sustainability or both.
153. A high level analysis of rental income and capital expenditure associated with assets across the borough shows that 27% of long term stock has a combination of higher than average capital expenditure and lower than average rents. Medium and high rise flats are over represented in this group. Geographical concentrations of these properties are found in Borough and Bankside, Camberwell and Walworth. This is based on information currently available to the council, which represents surveys of close to 30% of the stock. A more detailed analysis to model cashflows at a very local level would identify pockets of poorly performing properties that will exist in these areas and elsewhere and local options appraisals, in consultation with residents, may identify better outcomes for these properties, and for their residents, that could be delivered through alternative strategies.

Future options

154. The modelling of the baseline HRA position shows that retention of the existing housing stock is a viable option for the council to consider, subject to the

management of future risks, and effective asset management to tackle the legacy of housing that may require regeneration and renewal.

155. This report also looks at alternative options for the stock including

- Exploring the Housing Commission scenarios for stock reduction to 20,000 units and stock increase to maintain 39,000 over the life of the plan.
- Whole and partial stock transfer
- Whole scale PFI

156. Finally this section explores options for maximising opportunities under retention including exploring local management arrangements, for example tenant management organisations, arm's length management organisations and partnerships with external providers.

Stock reduction

157. The impact of stock reduction is difficult to test with any certainty due to the inability to predict with accuracy the rate at which the council would be able to reduce costs as stock numbers reduce. In reality it is likely to be a significant challenge to reduce all costs pro rata in line with stock reductions. Therefore any benefits of stock reduction (e.g. from capital receipts) would be needed to manage the financial impact of stock loss, delivering limited additional value, if any, to the overall financial position. In addition a net loss in social housing would leave many in the borough without the affordable home they need, and have financial implications for the council in terms of the increased cost of homelessness.

158. These assumptions can only be illustrative at this stage, and in any event, the case for stock reduction on any scale is not evident. In reality the initial view is that the HRA business plan is robust enough to allow for an increased investment programme under retention. Community led initiatives may lead to small scale transfers in future, where there is a clear rationale for the disposal, and where the impact on both the HRA and the General Fund can be managed more effectively. There is no obvious financial case to drive larger scale stock reduction and the financial benefits of this to the HRA business plan are unclear in the short term and may be negative longer term.

159. Stock reduction will happen, as a result of Right to Buy sales. A strategic approach to managing any further stock reductions based on community led decisions using effective asset management could generate opportunities for additional benefit by replacing stock with new mixed tenure redevelopment which adds value to the business plan.

Stock increase

160. The alternative scenario explored in the Housing Commission report is that the council's rented stock is maintained at current levels with a programme of new build which replenishes stock lost from Right to Buy, void disposals and regeneration.

161. New build at social rent requires a subsidy and without this, HRA borrowing would quickly rise above the debt cap and social rent income would be insufficient to avoid debt escalating each year. In reality the Council would need to construct new build development either on a smaller scale, at a level that

could be funded from HRA surpluses, or by providing additional cross subsidy, either from the affordable housing fund, recycled Right to buy receipts, grant and/or mixed tenure.

162. Delivery and funding of new or replacement housing, conventionally funded in the HRA, would lead to an increase in HRA debt and (depending on the scale) potentially a breach of the HRA debt cap. As the HRA debt cap is primarily in place to prevent increased borrowing on a council's existing HRA housing, rather than to restrict additional borrowing to fund new housing delivery, there are a number of alternative delivery and funding options that other councils are exploring, that do not impact on the debt cap. These options are typically either:
- Funding and delivery within the HRA in a way that does not impact on debt cap
 - Funding and delivery outside the HRA
163. The important point to note is that the debt cap need not be a constraint to the council engaging in a programme of new development. Constraints still exist however, in particular the availability and cost of funding, the affordability of the development and the council's own capacity to deliver.

Stock transfer

164. The implementation of HRA self financing has introduced new issues to be considered as part of a stock options review and in particular relating to the option of stock transfer. Following the introduction of HRA self financing the council needs to ensure that HRA debt (£451m) can be repaid from the proceeds of transfer or written off by government. CLG's starting point for consent to transfer is that transfer cash flows reflect the assumptions in the HRA self financing debt calculation, which also valued the future anticipated cash flow. Any relative increases in costs or reductions in income assumed in the transfer cash flows, which will reduce the valuation, must be explained and justified through additional outputs, in return for debt write off.
165. This presents a barrier to stock transfer in that typically councils would want to promise tenants an improved standard under transfer compared with retention, and this would mean a departure from the HRA self financing valuation assumptions which would trigger a requirement for debt write off. While a limited budget may exist in the current spending round to fund debt write off for stock transfer, this would need to be matched by broader economic benefits to HM Treasury which may be difficult to demonstrate based purely on an enhanced programme of investment.
166. Stock transfer brings additional costs in terms of VAT liability, set up costs and the costs of external funding.
167. An indicative business plan for a landlord taking transfer of Southwark's stock, based on assumption that the new landlord would pay a purchase price sufficient to cover the council's existing housing debt, shows a position that is very unlikely to support the ability to raise private finance at the level required to finance the plan.
168. Residents have consistently stated that they would not support stock transfer in Southwark. Stock transfer can only proceed if the majority of tenants voting in a

ballot confirm their support for the proposals and there is no pressing financial case for stock transfer.

169. Stock transfer introduces additional costs, and critical risks in terms of ballot and funding availability. Without evidence of tenant support for change, and without financial support from government, it is unrealistic to consider whole stock transfer, or large scale partial transfers as a viable option for Southwark.

Private Finance Initiative

170. There are currently no rounds of funding for PFI credits available and in reality housing PFI was only ever deliverable on an estate based level, due to the limits in both the availability of credits, and the market for the contracts. PFI is therefore not considered further as a route to fund improvements to business plan capacity in Southwark.

Maximising benefits under retention – alternative models for housing management

171. This initial review indicates that retention could be a viable option for Southwark with the potential to increase investment beyond the current Warm, Dry, Safe programme.

172. There is potential for the council to improve its business plan under retention, through effective asset management. This would mean identifying those assets which are a net liability in the plan, and exploring alternative options for those properties, in consultation with residents. While this approach can address the issues associated with assets which are currently a financial liability within the plan, and failing to meet the council's social housing objectives, there remains a desire to fundamentally improve the management and day to day maintenance service, as well as the quality of homes.

173. There are several options for alternative models of housing management which the council may wish to explore in order to provide the step change in performance improvement which both the council and its residents are seeking. Examples of these are set out in the report.

174. These models include

- Tenant led management initiatives through a tenant management organisation or community led mutual
- The establishment of a public/private or public/public cost sharing or shared services vehicle
- Local delivery vehicles
- The establishment of one or more Arm's Length Management Organisations
- Outsourced management

175. It is clear from resident feedback captured in the Housing Commission report, and from discussions with council officers, that the council is keen to deliver a step change in performance improvement and the catalyst for this change needs to be established. In the past councils have used whole stock transfer, PFI or Arm's Length Management as this catalyst for change, linked to the potential for additional funding. Additional funding is no longer available through these routes, and this has created barriers, at least in the case of PFI and whole stock

transfer, where the level and cost of change cannot be justified by benefits delivered.

176. Arm's length management continues to be an option that is explored to provide a local focus for improvement in landlord services, and some councils have explored joint ventures with private sector providers to provide either housing management or development services. With the introduction of self financing, and the freedoms and flexibilities available for councils to engage in new development again, many are looking at arm's length arrangements through council owned companies, or partnerships with the private sector, to provide a locally focussed business approach to improve services and provide new homes, with residents at the heart, at board level, driving improvement in line with their priorities.
177. At Southwark it has been identified that the size of the housing stock in itself presents barriers to performance improvement and there is a clearly expressed desire for the development of locally focussed service delivery structures. These may be through small scale local management structures wholly owned by the council, local partnerships with other providers, or tenant led management organisations. This would create the internal market of competition through comparisons, in order to drive service improvement. There is no immediate financial crisis in the HRA and therefore the council has time to enable these proposals to develop at a pace which residents are comfortable with but which could deliver significant long term benefits once in place.
178. Key next steps to develop local delivery structures would include:
- The establishment of an overarching framework of governance to ensure the development of local decisions while managing the impact on the overall HRA.
 - A policy framework for decisions on how a local management area is defined. These areas must make sense to residents on the ground, and must be of a scale and with a balance of properties which enable viable proposals to develop. The area based asset analysis work identified above may be one way of ensuring that viable property portfolios are established, alongside appropriate levels of debt and funding to sustain long term improvement. This needs to sit alongside resident engagement to ensure these areas reflect existing communities and will enable the establishment of a clear local focus which balances the views of tenants and leaseholders..
 - Resident engagement which allows each area to explore options for the management model that suits their appetite for involvement and partnership, drawing up local service standards to inform any contractual arrangements required.
 - A programme of soft market testing, visits to other providers, and in the case of external partners, procurement, with resident involvement .
 - The establishment of a service structure, with local delivery alongside shared support services, enabling the financial strength of the HRA to be maintained, while devolving delivery to a local level.

Conclusions and next steps

179. HRA self financing introduces new opportunities for a viable long term business plan with the potential to increase levels of investment beyond Warm, Dry, Safe.

Initial modelling indicates that additional investment is affordable with significant long term surpluses forecast. Choices may need to be made between timing and level of investment due to short term business plan pressures.

180. Local asset analysis is needed to determine value for money of investment and alternative options for redevelopment and renewal.
181. A reduction in stock to the 20,000 unit scenario explored in the Housing Commission would lead to a significant loss of future HRA revenue which could not be matched at the same time by a corresponding reduction in costs. This means that in revenue terms the HRA would be worse off as a result of stock reduction and capital receipts from disposals would need to be used to balance the revenue position, reducing the amount of capital available for any additional benefits.
182. There is no overriding financial case for whole scale stock transfer, or any significant stock reduction at estate level. Instead any stock reductions can be on an asset management basis, and community led.
183. Local management options may facilitate service improvement and locally focussed asset management to improve business plan capacity and resident satisfaction.
184. There are a range of funding options available to deliver council led estate renewal and new build where this makes strategic sense, allowing the council to access the funding required without impacting on the cap on borrowing currently in place in the HRA. This could provide opportunities for new mixed tenure redevelopment.
185. In order to develop the capacity of a retained HRA business plan to deliver council and resident objectives for the future the following next steps are recommended
 - A detailed evaluation of the financial performance of the council's housing assets, alongside an assessment of the extent to which assets meet the council's overall social housing objectives
 - Exploration of the council's appetite to lead regeneration and renewal and the development of funding strategies to deliver these within the existing HRA debt cap or through alternative financing arrangements
 - A programme of resident engagement to communicate the ambitions for the retained housing stock and to explore the appetite for local management arrangements and TMO development, balancing the objectives of both tenants and leaseholders.
 - The development of local management solutions needs to be planned alongside a detailed understanding of the HRA overhead recovery and its relationship with General Fund costs in order to ensure the council and residents continue to benefit from the financial strength of the HRA but have the freedom to determine local solutions to deliver performance improvements.
 - Investment planning and asset management strategy to deliver an enhanced capital programme to meet the full investment needs of the stock, where this represents value for money and developed in consultation with tenants and home owners.

Financial Implications

186. There are no financial implications arising directly from this report. All work undertaken to date to engage the community on and make further analysis of the report of the Independent Housing Commission has been contained within existing budgets. The further work recommended on proposals to increase resident involvement in managing council housing, proposals for the continued improvement of leaseholder management services, detailed assessment of the council's housing assets and review of the council's housing strategy will all be funded from existing resources.

Community impact statement

187. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.
188. The engagement plan was designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide all residents with the opportunity to engage. In particular, a dual approach was taken to ensure the community engagement process met its core aim of universality.
189. Firstly, a set of events were designed specifically to encourage participation by groups of residents either traditionally underrepresented, or for whom traditional engagement events are hard to access. These events were promoted via community engagement contacts. Where appropriate, interpreters also attended or consultation materials were translated by volunteers.
190. Secondly, to ensure that the community conversations and library conversations (where the majority of surveys were completed) were accessible to all residents, a sample of survey respondents were asked to provide information on their tenure, age, gender and ethnicity. This data was collected on 1 in 4 surveys. This sample was compared to the results of the 2011 census.
191. Council tenants constituted a majority of survey respondents, while comprising just under a third of households in the borough. Given the subject of the consultation it is neither surprising, nor of concern that this group is over represented. The same assumption is made regarding the under representation of private homeowners and private renters. Housing association tenants are broadly representative in numbers, while council leaseholders are under represented, though this may be a reflection of the number of leaseholders known not to live in their property and/or the borough. To address this disproportionality, the council also received a submission from the Homeowners' Council, which represents council leaseholders and homeowners.
192. In terms of the age of participants, while the 2011 census data release shows that under 16 year olds account for 17.5% of Southwark's population, they accounted for a negligible proportion of the general survey respondents. However the Represent Radio commissioned activity was targeted at this group, thereby countering this predicted underrepresentation.

193. Older people were represented at double the level among survey respondents than in the borough as a whole, while the 35-44 years old age group was a highly representative sample.
194. In terms of ethnicity, those who completed the housing commission survey were broadly representative of the borough – white British being the largest group, followed by Black or Black British, then Asian or British Asian and mixed/dual heritage, with white European and “other” being slightly underrepresented. It should be noted that the census 2011 did not contain “Latin American” as a specific ethnicity category and direct comparison is therefore not possible with this group.
195. The sample reflects the borough balance of female to males, that is a slight imbalance towards females.
196. The further work recommended on proposals to increase resident involvement in managing council housing, proposals for the continued improvement of leaseholder management services, detailed assessment of the council’s housing assets and review of the council’s housing strategy will require further equality analysis to be undertaken, as specific workstreams are developed and taken forward.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

197. The report details wide ranging consultation carried out with residents and other interested parties following the publication of the report of the Housing Commission in October 2012. The law requires members to conscientiously take into account the outcome of consultation when considering the recommendations in the report which include restating council policy in relation to council housing and instructing officers to carry out further work in developing proposals for future consideration.
198. When considering the recommendations, members must also have regard to the public sector equality duty (PSED) in section 149 of the Equality Act 2010. The duty requires the council to consider all individuals when carrying out its functions. Specifically, to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and foster good relations between people with protected characteristics and those who do not. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The PSED also applies to marriage and civil partnership, but only in relation to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct. Members are referred to the community impact statement in paragraphs 187 to 196 of this report.
199. Going forward with the development of proposals for future cabinet consideration, the council will need to keep consultation arrangements under review and continue to conscientiously consider the PSED.

Strategic Director of Finance & Corporate Services (FC13/050)

200. This report is requesting cabinet to note the results of the community engagement process undertaken, following the Independent Housing

Commission report that was presented to cabinet on 23 October 2012. Details of the findings are contained in the main body of the report and attached appendix 1.

201. The report is also requesting cabinet to recommend that a further detailed evaluation of the financial performance on the council's housing assets is undertaken following the high level assessment of the finance and housing options work carried out by Savills. Details of the financial modelling work carried out by Savills are contained within the main body of the report and attached appendix.
202. Grant Thornton was commissioned to review and challenge the work of Savills during the engagement, which provided the council with an additional level of assurance regarding the approach adopted and conclusions reached by Savills at this stage.
203. The current Housing Capital Investment Programme was approved by cabinet on 18 October 2011 up to the period 2015/16 which included £326m for the Warm, Dry and Safe programme for investment in the housing stock. It is noted that there are no immediate financial implications arising directly from this report. Any long term future plans for investment in housing will be subject to further cabinet reports and will need to be incorporated into the council's capital refresh process for the Housing Investment Programme, once approved by cabinet.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Report of the Independent Housing Commission. The report is available to view on this web site link (item 16): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4247&Ver=4	160 Tooley Street London SE1 2QH	Claire Linnane, 020 7525 0732
Community Engagement Plan. The report is available to view on this web site link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4549&Ver=4	160 Tooley Street London SE1 2QH	Stephen Douglass, 020 7525 0886
Equality Analysis of Community Conversations http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4247&Ver=4	160 Tooley Street London SE1 2QH	Stephen Douglass, 020 7525 0886

APPENDICES

No.	Title
All appendices circulated separately and available on the council's website	
Appendix 1	Report of Community Conversations
Appendix 2	Report of the Futures Steering Board of Tenants and Homeowners
Appendix 3	Submission by Homeowners' Council
Appendix 4	Smith Institute Stakeholder Views Report – other councils
Appendix 5	Smith Institute Stakeholder Views Report – housing associations
Appendix 6	Smith Institute Stakeholder Views Report – GLA and DCLG
Appendix 7	Savills' Finance and Stock Options Appraisal Report

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Graeme Gordon, Director of Corporate Strategy Stephen Douglass, Head of Community Engagement Paul Langford, Head of Housing Operations	
Version	Final	
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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	5 July 2013	

Item No. 9.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Lettings Policy Review	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

I have had the pleasure of chairing the cross party lettings review group which has reviewed the council's current lettings policy over the last year. This most recent review of the lettings policy has been prompted by a number of different factors including the Localism Act 2011 which gives local authorities the freedom to determine their own policy on local priorities and allows additional preference to be awarded. It also allows councils to determine who should qualify to join the housing register. Southwark has an enormous housing register with some 21,000 applicants registered for housing. For many of these applicants, being on the housing register will do nothing to alleviate their housing need.

The review has also been carried out against the background of central government's package of welfare reforms. Although it is early days, we anticipate that welfare reform will have an impact on housing in Southwark, and elsewhere, and may result in an increase in the number of local residents presenting as homeless.

In addition to the powers provided under the Localism Act, we have the considerable insight of the housing commission on what should be the future of council housing in Southwark. Whilst the commission's primary focus was on options for funding the council's stock going forward it did have quite a lot to say about lettings. In particular it considered who council housing should be for, now and in the future.

Council housing residents in the borough were invited to contribute to the evidence gathering parts of the commission and commented on who they thought council homes should be for. The report notes that the majority of council housing residents "believed that homes should be available to those most in need, such as those with a disability, those with children and victims of abuse". However it was also thought that those with a local connection should continue to have some priority.

In relation to the lettings review, the commission report also notes:

- Population growth will increase demand for council homes and an ageing population will quicken the need to adapt properties.
- There is likely to be a continued increase in the number of private homes for sale or rent, most of which will be unaffordable to those on low incomes.
- The gap between social rents and private rents is set to widen as demands on the private sector increase.
- Welfare Reforms will hit the poorest hardest and Southwark will need to focus on how it manages its future rental income. The reforms may force some prospective

tenants out of the borough and could effectively require the council to provide more one bed properties and fewer family sized homes.

The commission report concluded that, “whatever adjustments it makes to its allocations policy and procedures, Southwark will for the foreseeable future still need to prioritise who gets access to the borough’s council housing. The problem is compounded by the fact that Southwark has both relatively high levels of under occupation and relatively high levels of over-crowding (fifth highest in London).”

The Lettings Review and the recommendations arising from it contained in this report seek to address many of these issues, follow national best practice examples and provide a sensible response to the continuing demand for housing in Southwark today and in the future.

RECOMMENDATIONS

1. To consider the results of the Lettings Policy Review consultation.
2. To agree the final recommendations of the Lettings Policy Review with a view to implementing the amendments to the housing allocations policy as outlined in sections 20 to 123 of the report and with the timescale for implementation noted alongside each recommendation. To note that the amended housing allocations policy will be brought back to the Deputy leader of the council and cabinet member for housing management for approval in October 2013.
3. To note that the amended housing allocations policy will be brought back to the Deputy leader of the council and cabinet member for housing management under individual decision making in October 2013.

BACKGROUND INFORMATION

4. A fundamental review of the council’s housing lettings policy was completed in 2005 which concluded in the introduction of “choice based lettings” and a simplified, more transparent system of prioritising housing applicants, known as banding. The council’s housing lettings policy was last reviewed in 2007 which did not result in any major changes.
5. A further review of the lettings policy commenced last year. This review was to take into consideration the greater freedoms available to local authorities to determine their lettings policies as set out in the Localism Act, and the statutory guidance on lettings as set out in the previous government’s 2012 code of guidance, ‘Fair and Flexible’. Both enable local authorities to allow flexibility for priority status (alongside the existing ‘reasonable preference’ categories of applicants to whom local authorities must give a degree of priority under their lettings schemes) to local circumstances, such as people with strong local or family connections.
6. The Localism Act also gives local authorities more freedom to determine who is eligible to join their housing registers.
7. It was agreed that the review would take into consideration the following:
 - Additional re-housing priority for community contributions
 - Enhanced priority for ex-service personnel (e.g. as part of community contributions or for separate consideration)

- Additional re-housing priority for employment
 - Review of local connection requirements
 - Tenancies for nominations to housing association properties
 - Consistency in the treatment of tenants being re-housed as part of regeneration schemes ('decants')
 - Applicants without priority (i.e. those currently in Band 4) to no longer be considered part of the housing register
 - 'Housekeeping' issues (e.g. pan-London and national mobility, and updates to the technical nature of the housing allocations scheme following legislative changes, the introduction of the new code of guidance and following best practice in this area)
 - Other relevant issues that arise in the course of the review
8. It was agreed to constitute a lettings review group which would include two tenant representatives, one voluntary organisation representative, one housing association representative and officers from housing and community services and children's and adult services. It would have cross party councillor membership and be chaired by Councillor Wingfield, Deputy Leader and Cabinet Member for Housing.
 9. The group met monthly throughout 2012 and agreed on 9 recommendations relating to the housing allocations scheme which went out to consultation to applicants, residents, partner agencies and stakeholders. These 9 recommendations are covered within this report below alongside the additional elements that have been considered during the consultation framework.
 10. There are also a small number of other issues and challenges arising from the existing policy, some of these require minor word changes (taken from statute) which would make them less open to argument and differing interpretation. The opportunity to make these changes has been taken as part of this review and is detailed below.
 11. 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. The report of the independent commission was presented to cabinet in October 2012.
 12. In December 2012 cabinet agreed a wide ranging community engagement plan on the key issues raised in the commission's report. This encompassed 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 register.
 13. 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 was of primary importance that the engagement plan was broader than just those living in or near council homes.
 14. The core questions the plan of engagement covered were:
 - 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?

15. Engagement was through existing engagement structures such as area housing forums, Tenant and Home Owner Councils, and community councils, but it also reached out more widely. A number of different methods of engagement were used, some of them new and innovative, in order to generate the widest possible response on these important issues. The detail of the feedback from residents is contained in an appendix to this report entitled *"Let's Talk About ... Lettings Review 2013, consultation, questions and results"*.
16. Because one of the fundamental questions that residents were asked to consider as part of this wide ranging engagement exercise on the housing commission work was 'Who should council housing be for?' the lettings review consultation formed part of the wider housing commission consultation that took place from January to June 2013.
17. In addition to the wider consultation and the work of the Lettings Review Group that are set out above, officers also considered the views of other housing associations in Southwark to whom the council has nominating rights. Housing associations were all contacted directly with the findings of the lettings review group in full alongside information on the wider consultation questions and were invited to respond with their views.
18. Officers also carried out a benchmarking and research exercise that looked at what other authorities were planning and recent or forthcoming changes in government policy and legislation that impacted on lettings.
19. The recommendations set out in this report are therefore informed by:
 - A comprehensive borough wide consultation exercise with residents
 - The findings of the Lettings Review Group
 - Consultation with housing associations
 - Changes in government policy or legislation impacting on lettings
 - Approaches being taken in other London boroughs
 - Following national best practice examples

KEY ISSUES FOR CONSIDERATION

Removal of Band 4

20. All applicants on the housing register are assessed according to their housing needs, with applicants in Band 4 categorised as a non-priority group. This means that they have no housing need according to the council's lettings policy, and historically have not been re-housed by Southwark Council.
21. There are currently 10,154 applicants registered in Band 4. Unfortunately, none of these are expected to make a successful bid for alternative accommodation. This raises false expectations, with some Band 4 applicants wasting their time continuing to bid when they have no realistic prospect of being housed, as well as being costly to administer.
22. It is important to note that the council is in the process of being able to hold data on all residents approaching the council for housing assistance whether they are included on to the housing register or not. New work has commenced that will allow the council to record all housing needs from all approaches to the council,

and this data collection and analysis will be a more reliable and accurate reflection of housing need in the future. Written consent will be obtained from the applicant and resident for this area of our work to ensure that the council is not in breach of the Data Protection Act.

23. It should also be noted that Bands 1-3 are currently used to measure the true level of housing need in the Borough and will continue to do so in the future.
24. Reducing the number of bands is typical of the actions being taken by many local authorities for example London boroughs of Newham, and Ealing and also councils outside of London for example Northampton and Slough.
25. However, due to the implementation of welfare reforms, some of which have already been implemented and some of which will follow later in the year, it is recommended that the council does not remove non-priority Band 4 applicants from the housing register at the current time but instead waits to assess the impact of the reforms once universal credit is fully operational and the impact on residents will be known locally.
26. This would also allow the council to undertake a review after the current housing allocation scheme revisions are implemented to ensure the housing allocations scheme remains effective and meets the housing needs of the local community.
27. In response to the consultation on this issue, 5 of the area housing forums did not support the removal of Band 4 applicants, 3 supported the removal of Band 4 applicants as this group has historically not been re-housed, and 2 Area Housing Forums were split equally to support the removal or to retain Band 4 of the Housing Allocations scheme. Where the numbers do not add up to 12 this is for two reasons 1 Forum made no response and one did not respond to all of the questions.
28. 58% of residents who completed the survey did not support the removal of Band 4 from the Housing Allocations scheme with 34% in favour of the removal of Band 4 as this provided false expectation to applicants. 8% had no view on this matter.
29. 37% of residents attending the workshop sessions did not support the removal of Band 4 applicants from the housing allocations scheme and 37% supported the removal of Band 4 from the housing allocations scheme with 26% having no views on this matter.
30. It can be seen from the results of the consultation exercise that there is a balanced viewpoint expressed, however there is a marginal majority of residents who support the retention of Band 4 within the housing allocations scheme, and by observing the resident and community engagement results the council will be following the outcome of the consultation exercise.
31. **It is recommended that Band 4 applicants are not removed from the Housing Allocations scheme at the current time but that this is subject to a further review.**

Local Residence criteria for new housing applicants

32. Under the Localism Act 2011 the residential qualifying period may now be set by the local authority. Current policy states that applicants are required to live in

Southwark for six months prior to registration.

33. It is recommended that the residential period is extended to two years for new applicants to qualify for registration on the housing register. This two years residency qualification means continuous residence. This would also follow similar approaches of other London boroughs for example Ealing and Newham and councils outside of London for example Northampton and Slough.
34. By extending the local connection period this will ensure that more homes will go to local Southwark residents.
35. As any existing applicant on the housing register will have been accepted under the current policy, it is recommended that this recommendation applies to future applicants who apply to join the housing register with no local connection of two years.
36. Seven of the Area Housing Forums supported the increase in the local connection criteria, 1 Area Housing Forum opposed the increase, and 3 asked for additional information.
37. The completed resident surveys produced the following results: 37% supported a six month residency qualification, 22% supported a one year residency qualifications, 17% supported a two year residency qualification, 10% supported a five year residency qualification and 14% did not know.
38. The workshop sessions produced the following results: 49% supported a six month residency qualification, 11% supported a one year residency qualification, 9% supported a two year residency qualification, 11% supported a five year residency qualification and 19% of residents attending the workshops did not know.
39. The outcome of the consultation shows that most people from both the Area Housing Forums and the survey respondents favoured an increase from the current 6 month criterion. The workshop sessions that were held as part of the consultation (60 residents) showed a preference for retaining the existing 6 month residency qualification. The general; consensus from this and the wider housing commission engagement exercise was that local connection is important. The futures steering board made up of tenant and leaseholder representatives also favoured an increase to 2 years.
40. The lettings review working group consisting elected members, housing association partners, tenant representatives, and officers from across the council recommended a two year residency qualification criteria to ensure local homes were allocated to local people.
41. **It is recommended that the local residency qualification is increased to two years and is implemented from the 1 November 2013 for existing and new residents.**

Re-housing residents on regeneration schemes

42. It is recommended that the housing allocations scheme includes the provision to:
 - Choose to move under Homesearch or move straight to new-build if available at time of decant

- If a new-build property is not available at time of decant, the tenant is given the option to return to a new build replacement property.
 - Be prioritised for available lettings within the estate over applicants from outside the estate if this is the tenant's preferred option
 - Option to choose extra bedroom only to be available to under-occupying tenants over the qualifying age for state Pension Credit, which over the next few years is increasing to 65. This will prevent tenants' inability to pay their rent being affected by changes in employment status in their new home given the government's changes regarding housing benefit reduction for under-occupiers from April 2013. It also helps to maximise effective use of council stock.
 - That 50% of all allocations for the 1,000 properties initiative are allocated to existing tenants local to the redevelopment/new build scheme.
 - That existing regeneration scheme are not affected by these changes were local agreements have previously been agreed by the council.
43. 9 Area Housing Forums supported the current approach to re-housing residents on regeneration schemes, 1 was equally split on the matter and 1 Area Housing Forum required more information.
44. The completed surveys on this matter by residents supported the approach to re-housing residents on regeneration schemes.
45. The majority of the Area Housing Forums, and residents completing the surveys supported the proposed policy.
46. **It is recommended that the above is implemented on the 1 November 2013.**

Defining overcrowding and awarding priority for statutory overcrowding.

47. It is recommended that the council adopts the government's bedroom standard and Welfare Reform bedroom standard in assessing whether a household is lacking one or more bedrooms, as set out below.

Household Make-Up	Bedroom Assessment
Single person	Bedsit/studio flat 1 bedroom flat
Couple and applicant who is pregnant	1 bedroom flat
Single pensioner or applicant who requires ground floor accommodation	1 bedroom flat or bungalow
Pensioners above the Pension Credit Age who require ground floor accommodation due to supported and proven medical reasons	1/2 bedroom flat or bungalow
1 child family	2 bedroom flat, maisonette or house
2 child family of same sex or opposite sex if child under 10 years of age	2 bedroom flat, maisonette or house
Family with 2 Children of same sex under 16	2 Bedroom flat, maisonette or house
2 child family with children of opposite sex and over the age of 10	3 bedroom flat, maisonette or house
3 child family	3 bedroom flat, maisonette or house
4 child family depending on family make up	3 bedroom flat, maisonette or house 4 bedroom house
5 child family	4, 5 or 6 bedroom house
6+ child family	4, 5 or 6 bedroom house

48. On statutory overcrowding, the recommendation is to amend the wording in the current policy to offer further clarification to ensure that households will not be treated as occupying overcrowded accommodation unless the overcrowding has come about by natural increases due to birth/adoption of a child or the addition of other persons to the household with the written consent of the authority.
49. 7 Area Housing Forums supported the retention of the ability for two children of the same sex to share until they reach the age of sixteen, 1 Area Housing Forum supported the age limit increasing to twenty one and 3 Area Housing Forums either divided equally or required additional information.
50. 59% of residents supported the retention of the ability for two children of the same sex to share until they reach the age of sixteen, 15% supported the age limit increasing to eighteen years of age, 12% supporting the age limit increasing to twenty one years of age, 9% did not know and 5% supported a different age limit.
51. The majority of all Area Housing Forums, and residents completing the surveys supported the retention of the sixteen year old limit and this complies with the government's Welfare Reform's criteria. Given this feedback, it is recommended that the council does not increase the age limit from 16 to 21years of age and will follow the criteria established in section 45 of this report.

52. **It is recommended that all future lettings comply with the above standard and no under-occupation is permitted with the only exception being applicants above the qualifying age for state Pension Credit downsizing to smaller accommodation being allowed to have a spare bedroom. It is recommended that this should take effect from 1 November 2013.**

Community Contribution and Employment

53. The Lettings Review Group gave consideration to community contribution as a way of enhancing priority on the housing register. For example awarding additional priority to volunteering. The recommendation is to provide additional priority for households making a voluntary contribution to the Southwark community.
54. The group also gave consideration to employment as a way of enhancing priority on the housing register. The recommendation is to provide additional priority for working households on the housing register.
55. By providing additional priority to working households and households who undertake a community contribution this will help to create communities that are mixed, balanced and sustainable in the future and follow best practice examples of Manchester City Council and Northampton.
56. The additional priority would be awarded that would ensure the applicant who is in employment and/or undertaking voluntary community contribution work would remain within the existing housing priority band but would be awarded additional priority within that priority band above other applicants of identical housing need.
57. 4 Area Housing Forums supported the enhanced priority for community contribution within the housing allocations scheme, 3 did not support this approach, and 3 required additional information.
58. 58% of residents completing the survey agree or strongly agree with the proposal to enhance priority for community contribution 27% of residents disagree or strongly disagree with enhancing priority for applicants who make a community contribution and 15% neither agreeing nor disagreeing.
59. 37% of people attending the workshops agree with the proposal to enhance priority for community contribution, with 37% disagreeing and 26% neither agreeing nor disagreeing.
60. From these results there is a majority of residents in favour of additional priority to those who make a community contribution. When asked what that contribution could be – working was generally least popular, with carers the most popular, then key workers and foster carers, closely followed by ex-Armed Service, with low income households being the most popular of who should live in Southwark council accommodation.
61. **It is recommended that applicants undertaking voluntary contributions and/or employment are awarded additional priority. This recommendation will require alterations to the Housing Register IT system and it is recommended that this is implemented on the 1 January 2014, in order to allow this IT upgrade to be completed.**

Eligibility Criteria for Sheltered Housing

62. The Lettings Review group recommends increasing the age of eligibility for sheltered accommodation to 65 years.
63. The group also recommended that any applicant, who is over 55 and has significant medical or mental health needs, should be considered for sheltered accommodation.
64. There was no consensus within the Area Housing Forums or from the residents who completed the surveys or from residents attending the workshops on this matter, with very few views expressed however of those who did express a preference, age 65 and over for those without a disability was the most popular response.
65. However, considering the introduction of the Welfare Reforms and changes to the pensionable credit age, it is recommended that the age for eligibility for sheltered accommodation is not 65 years of age but the relevant pensionable credit age, which will be subject to annual change in the future. This reflects changes to the national pensionable credit age and the fact that many people now work for longer.
66. **It is recommended that these changes to operate the age of eligibility for sheltered housing being the relevant pensionable credit age are implemented on the 1 November 2013.**

Property Ownership

67. It is recommended that the current wording in the Lettings Policy is amended for the purposes of clarification and interpretation. Therefore, applicants who own their own property will not be allowed to join the Housing Register. This recommendation also follows best practice examples in the London Boroughs of Ealing and Newham and Council's outside of London for example Northampton.
68. Unless exceptional circumstances apply, any applicants who own their homes, or own residential accommodation elsewhere, will not be considered for a housing allocation, these applicants will not be eligible to register. The applicant will be notified of this in writing and a copy retained on the file.
69. Where an owner-occupier requests permanent housing from the Council, they will be referred to the Homelessness and Housing Options service for advice about how to resolve their housing need. They will also be referred to Southwark's online advice and assessment tool where they can obtain information on a range of options to help resolve their particular housing need.
70. Applicants who have sold a property in the last 7 years will be required to provide the completion statement and proof of capital receipts to determine their priority.
71. Applicants who are owner-occupiers in need of temporary decanting whilst renovation for grant-aided works are being carried out, will be considered for assistance where they are able to demonstrate that they are unable to find their own temporary accommodation.

72. **It is recommended at that this change is implemented on the 1 November 2013.**

Local Lettings

73. It is recommended that local lettings policies may be drawn up centrally in consultation with tenants, residents and approved by cabinet as appropriate.
74. This recommendation relates to all property including the 1,000 new homes to be provided. 50% of all allocations for the 1,000 properties initiative will be allocated to existing tenants local to the redevelopment/new build scheme.
75. This will help strengthen the influence of residents in their local communities.
76. **It is recommended at that this change is implemented on the 1 November 2013.**

Sanctions for Refusing Offers

77. It is recommended that applicants through the bidding process be limited to refusing three property offers. Currently, applicants are allowed ten refusals under the current Southwark Homesearch scheme.
78. It is recommended that an applicant, who makes applications for housing and then refuses more than three offers within a period of one year, will be demoted to Band 4 of the Housing Register for twelve months. The applicant may then re-apply to join the housing register and a new priority needs assessment will be undertaken with the current/new housing needs being assessed and a new priority date and priority Band being awarded. This approach will follow similar examples adopted by the London boroughs of Ealing and Newham, and councils outside of London for example Manchester and Northampton.
79. Continuous refusals are holding up the lettings process which in turn affects void turnaround time and lost revenue. It is also administratively time consuming and costly.
80. It is also recommended that the removal of applicants from the Housing Register who have not submitted a bid for accommodation in the previous 12 months will take place to ensure the Housing Register records true and current housing needs.
81. **It is recommended at that this change is implemented on the 1 November 2013.**

Care Leavers

82. Southwark care leavers are presently granted Band 2 priority and permitted to bid for a one bedroom property. Due to the high demand for all property types in Southwark, it is recommended that the council restricts bidding in future to studio flats only.
83. This will apply unless the care leaver has either a medical recommendation for larger accommodation or they have a child residing with them.
84. **It is recommended at that this change is implemented on the 1 November**

2013.

Bedroom Size

85. As a result of the implication of numbers of bedrooms contained in the Government's Welfare Reform framework, it is recommended that references to bedroom sizes within the Housing Allocations scheme adopts the bedroom criteria contained within the Welfare Reform framework.
86. This will result in applicants only being allowed to be allocated properties that meet their housing need in accordance with the bedroom size criteria adopted by the Welfare Reforms. This will help to reduce under-occupation of affordable housing in the future
87. It is recommended that the Housing Allocations scheme adopts the framework contained within the 1985 Housing Act Part 10 to determine the size of bedrooms. This will result in all bedrooms below 50 square feet not being counted as a bedroom.
88. **It is recommended that this change is implemented on the 1 November 2013.**

Wider policy issues raised during the consultation process

89. The consultation process for the existing Lettings Policy allowed the council an opportunity to review its existing policy and consider national best practice examples, also to update the policy to reflect legislative changes or case law and in addition to this to consider additional policy issues that was raised during the consultation process by residents, stakeholders and partner agencies. The outcomes of this further review are as follows:

Armed Forces

90. It is recommended that additional priority will be awarded to people leaving the Armed Forces in housing need and these applicants will be placed in Band 1 if suffering serious injury and are therefore discharged from the Armed Forces. Band 2 priority status will be awarded for people leaving the Armed Forces and in housing need and this will comply with the Armed Forces Covenant. This being in accordance with the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012, the local connection criteria do not apply to the following applicants:
 - (a) anyone serving in the regular forces or who has served in the regular forces within five years of the date of their application;
 - (b) anyone who has recently ceased, or will cease to be entitled, to reside in accommodation provided by the Ministry of Defence following the death of that person's spouse or civil partner where—
 - (i) the spouse or civil partner has served in the regular forces; and
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 - (ii) their death was attributable (wholly or partly) to that service; or
 - (c) anyone serving or has served in the reserve forces and who is suffering from a serious injury, illness or disability which is attributable (wholly or partly) to that service.

91. This approach also follows similar schemes in Manchester and Northampton that are viewed to be best practice examples and was popular with respondents during the consultation exercise.
92. In addition to this Southwark council has offered two properties a year to re-house Veterans through the Veterans' Nomination Scheme. The VNS is a successful, high-profile scheme providing independent accommodation for Veterans of the UK Armed Forces.
93. The VNS is run by Stoll Housing Association in partnership with The Royal British Legion, and has been set up to provide more secure accommodation for Veterans who are currently vulnerably housed in temporary or unsuitable accommodation.
94. **It is recognised that this recommendation will require alterations to the Housing Register IT system and it is recommended that this is implemented on the 1 January 2014, in order to allow this IT upgrade to be completed.**

Fostering and Adoption

95. It is recommended that additional priority will be provided for families undertaking Fostering and Adoption where a spare bedroom is required as per the Welfare Reform bedroom standard before the Fostering or Adoption can take place. These families will be placed in Band 1 of the Housing Allocations scheme.
96. This recommendation will assist the council with its corporate work and help to provide stability for children in the future.
97. **It is recommended that this change is implemented on the 1 November 2013.**

Localism Act sections 148 and 149

98. It is recommended that homeless people may be re-housed into the Private Rented Sector rather than a Social Housing tenancy to allow the council to discharge its homeless duty. The operation of this section of the Housing Allocations scheme will comply with the Homelessness (Suitability of Accommodation) (England) order 2012 SI No 2601.
99. **It is recommended at that this change is implemented on the 1 November 2013.**

Tenants who may become homeless due to fire, flood or through violence or threats of violence

100. It is recommended all tenants who become homeless due to fire, flood or through violence or threats of violence will be considered through Part 7 of the Housing Act 1996 and not Part 6. This will result in the council considering the tenant through the homelessness framework and not through the transfer of tenancy/housing register framework. This recommendation will ensure the council addresses the findings of the recent Ombudsman report published on the 18th June 2013, to allow council tenants to make a homeless application and to

ensure a more robust internal communication framework is in place between the different sections within the Housing and Community Services directorate.

101. **It is recommended at that this change is implemented on the 1 November 2013.**

Photographs of applicants joining the housing register

102. It is recommended that photographs of the applicants will be needed at the point of the housing application to join the housing register to help reduce housing fraud in the future. This currently takes place at the tenancy sign up stage, but the proposal is to introduce this as the application stage to eliminate tenancy fraud from the first point of contact with the service.

103. **It is recommended at that this change is implemented on the 1 November 2013.**

False statements

104. It is recommended that the council adopts the following sections of the Housing Act 1996:

Section 171(1) of the Housing Act 1996 makes it an offence for anyone, in connection with the exercise by a local housing authority of their functions under Part VI of the Housing Act 1996 to:

- Knowingly or recklessly make material false statements or
- Knowingly withhold information which the authority has reasonably required him/her to give in connection with the exercise of those functions
- A person guilty of this offence is liable on summary conviction to a fine of up to £5,000

105. **It is recommended at that this change is implemented on the 1 November 2013.**

Deliberately worsening the housing circumstances

106. It is recommended that where there is clear evidence and a conclusion can properly be drawn that an applicant has deliberately worsened their circumstances in order to qualify to join the housing register, then the applicant will not qualify to join the housing register.

107. **It is recommended at that this change is implemented on the 1 November 2013.**

Online Housing Application

108. It is recommended that in line with the council's channel shift approach and in order to reduce administrative burden of administering the housing register, the council formally approves this approach and all applicants will be required to complete the on line housing application to join the housing register. If applicants are not in a position to complete an on-line application themselves then the council will provide support to the applicant to enable this to take place.

109. **It is recommended at that this change is implemented on the 1 November 2013.**

Removal of suspension

110. It is recommended that the council removes the suspension when the applicant is on the Housing Register under Part VI and at the same time and applies under Part VII of the Housing Act 1996 as homeless to the council. This will allow the council to operate within the Housing Act and case law, and reduce unnecessary legal challenges and associated additional legal costs. This will allow a Part 6 application to remain on the housing register when a homelessness application is also being considered simultaneously.
111. It is recommended to remove the suspension of applicants who are 16/17 years of age from the housing register until they reach the age of 18. The applicant who may be 16/17 will be allowed to join the housing register if they had a legal guardian/guarantor to allow a tenancy to be granted to the applicant.

112. **It is recommended that this change is implemented on the 1 November 2013.**

Under-occupation

113. It is recommended that all allocations are made in accordance with the Welfare Reform bedroom criteria. This will result in housing allocations being made on the basis of bedroom need, and the previous Housing Allocations scheme of allowing residents to transfer to a property with an extra bedroom surplus to the assessed housing need will be terminated. This will assist the resident and the council to protect the resident's financial interests due to the Welfare Reform under-occupation penalties introduced by central Government in April 2013. Residents who have reached the qualifying age for state Pension Credit will still be allowed to transfer to a property with one additional bedroom through the SMART move scheme.
114. It is also recommended that residents who are under-occupying and are below the qualifying age for state Pension Credit are awarded higher/additional priority than all other applicants in Band 1. This will help to ensure they are re-housed before other applicants in Band 1 through the Choice Based Lettings bidding scheme. This follows a recent best practice example of Manchester City Council.
115. **It is recommended at that this change is implemented on the 1 November 2013.**

Tenancy Successions

116. Section 160 of the Localism Act 2011 introduced new statutory succession rights to secure tenancies that apply to tenancies entered into after 1 April 2012. These new statutory succession rights are less generous than those previously provided under the law. Consequently, in relation to such tenancies a person is only qualified to succeed if;
- (a) the person occupies the dwelling-house as his/her only or principal home at the time of the tenant's death, and

- (b) the person is the tenant's spouse or civil partner or was living with the tenant as if they were a spouse or civil partner and
 - (c) there has been no previous succession in relation to the tenancy.
117. Statutory succession rights in relation to tenancies entered into before the 1 April 2012 are unchanged.
118. The council may however use its discretion to allocate a new tenancy to a person who had been living with a deceased tenant but who does not have a legal right to succeed. There may be situations where the council considers it appropriate to exercise this discretion. It is recommended that the Lettings Policy be updated to deal with the exercise of this discretion. It is also recommended that responsibility for approving the use of this discretion in individual cases be exercised by the Group Service Manager of the Homelessness and Housing Options Service.
119. **It is recommended at that this change is implemented on the 1 November 2013.**

Annual Lettings Plan

120. It is recommended that the council will produce an Annual Lettings Plan; this will set annual targets for property types across all priority needs bands, and ensure applicants in the highest priority needs groups are re-housed as soon as possible through active support from the council.
121. **It is recommended at that this change is implemented on the 1 November 2013.**

Reduced priority due to failure of pre Transfer Inspection (for transfer applicants)

122. It is recommended that every council home must have a Pre-Transfer Inspection carried out before the tenant is allowed to join the housing register. The property must meet the void property lettable standard so that the property can be re-let within five days. If the tenant's home does not meet the current void/lettable standard the tenant will be placed in to Band 4 on the housing register. Once the tenant has improved or repaired the property to meet the void/lettable standard a new housing needs assessment will be completed and the tenant placed in to the appropriate housing priority group. This follows best practices examples of Manchester City Council and Northampton Council.
123. **It is recommended at that this change is implemented on the 1 November 2013.**

Policy implications

124. Most of the recommendations are providing further definition and clarification to existing policy.
125. The recommendations are in line with the council's "Fairer Future Principles" and in particular seek to ensure that we are open, honest and accountable.
126. The drivers for these changes are the Localism Act 2011 and the Welfare Reform Act 2012. Regard has also been had to the statutory guidance,

Allocation of Accommodation Guidance for Local Housing Authorities in England which was published in June 2012.

127. In preparing the revisions to the Housing Allocations scheme regard has been had to the Housing Strategy, Homelessness Strategy, the London Housing Plan, and the council's Tenancy Strategy. In addition to this, equalities impacts have been borne in mind throughout the process. The equality analysis is attached as Appendix 3 to this report.
128. The council by adopting this new Housing Allocations scheme will be adopting national best practices.

Policy Changes

129. The recommendation to extend the residential qualification period from six months to two years will ensure that more homes will go to local people and contribute to sustainable communities. Also the council currently operates an open register allowing anyone to apply for housing. The new approach will assist the council to adopt a managed approach to its Housing Register for the benefit of local communities.
130. Further defining overcrowding in the recommendations seeks to make better use of a scarce resource whilst still providing a relatively generous provision compared to other London authorities.
131. The recommendation to introduce sanctions following the refusal of three offers is in order to improve void turnaround, avoid potential loss of revenue and make it fairer to all applicants. Research has shown this again is more generous than other London authorities who apply much more rigid sanctions after only two refusals.
132. The recommendations will assist the council to manage the Housing Register at a time in the contraction in new affordable housing supply combined with a reduction in the availability of council and Housing Association accommodation that is increasing the pressure on the council who faces difficult choices and need to help those in the most need.
133. The Localism Act enables the council to better manage its housing register by giving the council the power to determine which applicants qualify for an allocation of social housing. The council will be able to operate a more transparent system which better reflects local circumstances and can be understood more readily by local people.
134. The Localism Act also gives the council the power to end the main homelessness duty with an offer of private rented accommodation, without requiring the applicant's consent.
135. By providing additional priority to working households and households who undertake a community contribution this will help to create communities that are mixed, balanced and sustainable in the future.
136. This also contributes to the implementation of the fourth strand of the council's economic wellbeing strategy, which aims to make Southwark a place where our residents are financially resilient and independent.

137. The removal of applicants from the Housing Register with substantial rent arrears will provide an incentive for these tenants to reduce their rent arrears before being re-housed.
138. We will monitor the number of lettings on a monthly basis and keep these new policy changes under review and if any further amendments are required to be made to the council's Housing Allocations scheme we will report back following a twelve month review.

Community impact statement

139. As well as being In line with the council's Fairer Future Principles, the new Housing Allocations scheme further contributes to the Council Plan.
140. The recommendations contained in this report, if adopted, will result in a more equitable, customer-focused and transparent system for all applicants, irrespective of their landlord, registering for housing in Southwark. Although the recommendations will not result in any overall increase in housing supply in the borough, they will enable this scarce resource to be managed more effectively, strategically, and allocated to those local residents with the highest priority.
141. Extending the qualification period from six months to two years should enable Southwark to focus its resources on local people in need however this needs to be closely monitored to ensure that no group is disadvantaged.
142. The Housing Options & Homelessness Service regularly carries out equality monitoring of Lettings and the Housing Register in general.
143. In order to ensure that no group is disproportionately disadvantaged a review will take place twelve months after implementation to make sure that there has been no detrimental impact on all protected characteristics that are outlined in legislation.
144. The council through its lettings review continues to prioritise housing need. However this report recognises that council housing is a scarce resource and it has to be used both to respond to a range of housing needs, and to help to support the council's wider strategic objectives of delivering mixed and sustainable communities, and in contributing to improving the economic wellbeing of the borough. This is why the council has chosen to award a degree of additional priority to those in work or making a community contribution in order to incentivise these activities.
145. Southwark Council's Homelessness and Housing Options Service provides advice and potential housing solutions to all residents in housing need and those residents that could be affected by the new residence qualification of two years and other potential qualification criteria exclusions would be provided with a customer focused housing advice/money advice service to offer potential housing solutions to address the residents housing needs.

Resource implications

146. Central and local government policy has driven Choice Based Lettings schemes nationally as a means of increasing consumer choice and empowering housing applicants by moving responsibility for choice of an individual allocation from the council to the individual. This initiative has been a policy driven decision, with the

benefits being in increased transparency of systems, improved access and higher levels of resident satisfaction.

147. No direct staffing implications are anticipated as a result of the report, however it is anticipated that the policy review could bring about some process efficiency through reduction in legal costs, and reduction of void loss over disputed allocations.
148. If the decision to move new lets straight to target rent were to be approved it would accelerate council rent convergence which it is anticipated could generate additional rent income of between £300 -£400k per annum, not currently assumed in the HRA but which will need to be included as part of the Housing budget setting process so that recommendations are implemented in the context of the budget framework.
149. The impact of formula rent planned for all lettings to new applicants and new build properties will assist in the alignment of rents for the council as a whole.
150. Cabinet approved the 2013/14 budget in January 2013 and the overall resources to administer this scheme and cost fall to the HRA. Future budget provision for administration in financial year 2014/5 and beyond will form part of the Housing budget setting process.

Consultation

151. Following on from the meetings of the Lettings Review Group the group's recommendations as detailed within this report were circulated for consultation. This took place between January and March 2013, the consultation process consisted of a number of tailored approaches in order to maximize the opportunities for engagement.
152. The consultation followed the new approach to Community Engagement that the cabinet agreed in December 2012 and took place as the initial phase of the Housing Commission engagement plan that was agreed at the same meeting. The key principle was that it attempted to be inclusive of all the borough's communities, using a range of methods to provide as many residents as possible with the opportunity to engage.
153. The consultation used a mix of traditional methodologies (such as attending area housing forums) and newer methods such as the community conversations to allow a wider range of residents to participate.
154. Consultation with external stakeholders – a presentation outlining the council's recommended changes, as well as specific questions were sent to external partners including registered social landlords and representatives from the voluntary and community sector.
155. Consultation with internal stakeholders – a similar presentation, explaining the recommendations, plus specific questions for consideration, were circulated internally to business units with an interest in allocations, for example area housing management.
156. Consultation via formal consultative bodies - presentations were delivered to area housing forums, the tenant management organisation liaison committee and the housing, environment, transport and safety scrutiny sub committee.

157. Consultation via formal consultative bodies - presentations were delivered to area housing forums, as well as tenants' council, homeowner's council, the tenant management organisation liaison committee and the housing, environment, transport and safety scrutiny sub committee.
158. Consultation via open public events –‘community conversations’ were held during the period of the lettings review consultation across the borough. As well as the more open conversations that took place at these events and informed the feedback residents also completed surveys, giving their views on the specific recommended changes. A summary of the feedback received from external and internal stakeholder consultation, as well as that gained from the formal consultations are located in Appendix 1 of this report.
159. In tandem with this lettings review specific consultation, the council has been consulting residents on broader housing related issues including – who council housing should be for and for how long?, how much council housing should we have and how should we manage our council housing?, the finding from this wider consultation will be report to Cabinet in July 2013. By the end of this process the council will have engaged over a thousand residents in the conversation.
160. Area housing forums have been consulted with over 100 tenants and leaseholders attending these meetings, 120 residents completed surveys on the streets of Southwark, 60 residents attended workshops on the new housing allocations scheme, 5 stakeholders provided detailed written comments, and 600 residents completed on line or written questionnaires.
161. In total over 80 consultation event have been conducted across the Borough of Southwark, the services also liaised with the Tenant Council, and many of the community conversations took place on Saturdays in busy high street locations across the borough to attract a bigger response and reach those who are not our tenants as well as those who are tenants. In addition to this the council conducted consultation events with Community of Interest Forums - older people, younger people, and black and ethnic minority groupings.
162. All Registered Social Landlords operating in the borough received a letter seeking views on the proposed changes to the Housing Allocations scheme, with these consultation comments considered as part of the design of the new Housing Allocations scheme.
163. All Registered Social Landlords operating in the borough received an e-mail seeking views on sections 20 to 118 of this report, and the outcome of this consultation will be reported to the Cabinet meeting on the 16th July.2013.

Implementation

164. Following cabinet approval officers will need to undertake a number of administrative and procedural changes in order to implement the review changes.
165. For these reasons, it is recommended that the new changes are formally adopted for approval in accordance with the timescale suggested for each recommendation. This gives officers sufficient time to:

- Review all the cases of applicants on the Housing Register to ensure that they satisfy the eligibility criteria of the revised Housing Allocations scheme
- Re-register those that are eligible following the new Housing Allocations scheme
- Write to those who are not eligible and inform them that they have been removed from the Housing Register
- Re-assess applications including those who will fall into revised bedroom criteria, employment and voluntary contribution.
- Make changes to the Councils ICT system including the Novalet bidding system.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

166. The law requires the council to have a scheme for determining priorities and as to the procedure to be followed in allocating housing accommodation. For this purpose 'procedure' includes all aspects of the allocation process including the persons or description of persons by whom decisions are taken. The law also sets out other requirements and powers as to the framing of the scheme and provides that a local housing authority shall not allocate housing accommodation except in accordance with its allocation scheme. As indicated in the report the council operates a lettings policy by way of compliance with statutory requirements.
167. This report contains a number of proposed changes to the current lettings policy many of which constitute significant policy changes. The law requires a local housing authority to send a copy of proposed alterations of a scheme that reflect major policy changes, before taking a decision on the proposals, to every private registered provider of social housing and registered social landlord with which it has nomination rights and afford those persons a reasonable opportunity to comment on the proposals. Members are referred to paragraphs 17, 19, 149, 157, and 158 that refers to consultation with registered social landlords that has taken place.
168. The law also requires consultation with those potentially affected by the changes. The housing register includes applicants who are existing council tenants as well as prospective new council tenants. Arguably broader consultation with wider Southwark residents may be required to include an opportunity for current residents who may apply for council housing/transfer in the future to comment on the proposals. The report indicates that extensive consultation has been carried out with tenants, other Southwark residents and interested groups. To meet legal requirements consultation must be undertaken when proposals are still at a formative stage; it must include sufficient reasons for the proposals to allow interested parties the opportunity to consider the proposal and formulate a response; it must allow adequate time for interested parties to consider proposals and formulate their response and the outcome of consultation must be conscientiously taken into account when the ultimate decision is taken. As significant policy changes are proposed members should be mindful of the potential for legal challenge and are advised to satisfy themselves from the information in this report that there has been proper consultation carried out in accordance with legal requirements.

169. Due regard must also be given the public sector equality duty in section 149 of the Equality Act 2010 that requires the council to consider all individuals when carrying out their functions; this includes changes to policy. The duty requires that due regard be given when taking decisions, to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people. Specifically, the following protected characteristics must be given due regard - age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The PSED also applies to marriage and civil partnership, but only in relation to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct. On considering the recommendations in this report, members should turn their mind to this duty and give regard to the information set out in the community impact statement and the equality assessment that is appended to this report.
170. The law further requires the council to have regard to its homelessness strategy, tenancy strategy and London Housing strategy. These strategies are referred to in paragraph 122 in the report.
171. If the recommendations are agreed a new policy document will be required and will need to be approved in line with the decision taking rules in the council's constitution before implementation of the recommendations.
172. As to the drafting of the proposed new policy document, the housing department will work closely with the council's legal department to prepare for implementation.

Strategic Director of Finance and Corporate Services (FC13/025)

173. The strategic director of finance and corporate services notes the final recommendations of the Lettings Policy Review Group and the financial implications outlined in paragraphs 37 to 41.
174. There are no direct staffing implications anticipated as a result of this report. Any increases to rent income will need to be included in the 2014/15 budget setting process.

BACKGROUND DOCUMENTS.

Background Papers	Held At	Contact
Housing Allocations scheme. http://www.southwark.gov.uk/downloads/download/3175/southwark_council_lettings_policy	Housing Options & Homelessness 25 Bournemouth Road, SE15	Ian Swift 020 7525 4089

APPENDICES

No.	Title
Appendix 1	Consultation Feedback
Appendix 2	Consultation slides
Appendix 3	Equality Analysis

AUDIT TRAIL

Cabinet Member	Councillor Wingfield, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	Ian Swift, Service Group Manager Housing Options & Homelessness	
Version	Final	
Dated	4 July 2013	
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	4 July 2013	

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Let's talk about.... Lettings Review 2013

Consultation questions and results

Let's talk about..... Southwark's lettings policy review

Reviewing Southwark's lettings policy

- The lettings review 2013 and the future of housing consultation were carried out in tandem and have a number of differences and similarities

Lettings Review 2013

- Should we include Band 4 in Housing Register?
- Should the local connection criteria be changed to 2 years?
- Should community contribution affect your position on the waiting list?
- Should we change rent levels for new tenants in line with government formula?
- Should all young people over 16 be entitled to their own bedroom?
- Should we change the age criteria for sheltered housing

Future of Housing Consultation

- Who should be entitled to council housing in the future?
- How long should residents be living in the borough to say they have a local connection?
- What is community contribution and should it affect your position on the waiting list?
- Should tenancies be for life?
- Should tenants that can afford to pay more rent do so?

**Let's talk about.....
Southwark's lettings policy review**

Feedback collected from...

- Area housing forums – 12 forums with an attendance of over 100 tenants and leaseholders
- Surveys – completed on the streets of the borough by 110 residents
- Workshop sessions – completed by 60 residents at events such as the Southwark Refugee and Asylum Forum and Southwark's Disability and Mobility Forum.
- 5 stakeholders
- Housing commission surveys – Question 1 – Who should housing be for? – completed by 600 residents online, in person and by post.

Let's talk about.....
Southwark's lettings policy review

Removal of band 4?

- 5 of the Area Housing Forums did not support the removal of Band 4 applicants, 3 supported the removal of Band 4 customers as this group has historically not been re-housed, and 2 Area Housing Forums were split equally to support the removal or to retain Band 4 of the Housing Allocations scheme.
- 58% of customers who completed the survey did not support the removal of Band 4 from the Housing Allocations scheme with 34% in favour of the removal of Band 4 as this provided false expectation to customers. 8% had no view on this matter.
- 37% of customers attending the workshop sessions did not support the removal of Band 4 customers from the Housing Allocations scheme and 37% supported the removal of Band 4 from the Housing Allocations scheme with 26% having no views on this matter.
- One stakeholder questioned the number of properties allocated to band 4 applicants in a year and who in the future would be allocated to these properties.
- One stakeholder requested that everyone be entitled to apply, and that all applicants are entitled to a reasoned decision letter and have a right to an internal review of any negative decision

Increase local connection period from current 6 months to 2 years?

- The majority of area housing forums supported this recommendation, though three were unsure or wanted more information.
- Of the 120 residents who completed the multiple choice survey, 37% felt that 6 months was the right time period, while 49% felt it should be 1 year or longer.
- The workshop sessions that were held as part of the consultation (60 residents) showed a preference for retaining the existing 6 month residency qualification
- Residents wanted to know what the criteria was in other Boroughs and if this would have an impact on Southwark.
- There were concerns if Southwark's criteria was less than other boroughs this might encourage people to apply for housing in Southwark.
- One stakeholder raised concerns as to the impact of this change on those fleeing in domestic violence from an area from which they are unsafe.

Re-housing residents on regeneration schemes?

- The majority of participants (including Area forums, Community conversations and focus groups) think that individuals who have to move due to regeneration should get top priority in terms of re-housing.
- Of the 110 resident who completed the lettings review survey, 72 responded to the question. The vast majority (63%) supported continued priority for those households affected by regeneration.

At what age should young people have their own room?

- The majority of Area Forum participants think that 16 is the right age. No one was in favour of increasing the age limit to 21.
- 59% of survey respondents felt that 16 years old was the right age for a young person to need their own bedroom.
- This question stimulated considerable discussion about the bedroom tax and the need for consistency across definitions of room need, with an RSL stakeholder confirming their policy is to allocate a bedroom for anyone over 16 years old.

Should applicants get enhanced priority if they make a 'community contribution'?

- Area housing forums were split on this question, where there was support it was suggested that ex members of the armed forces, key workers and volunteers could receive such enhanced priority.
- Of those 110 residents who completed the lettings review survey, 58% agreed or strongly agreed that applicants. When then asked what types of contribution should be considered – carers were most popular, followed by key workers and then foster carers.
- Of those 60 residents who took part in workshop sessions, respondents were evenly split. Again of those who did agree, carers then key workers were the most popular.
- In the wider housing commission surveys, around 10% of all respondents mentioned that people who work in Southwark should get some priority in the allocation of housing with a further 5% specifically mentioning key workers.
- Two stakeholders had concerns over the operational practicalities and the level of discretion involved in such a policy, with one going on to note the potential for discrimination.

Increasing rent levels for new tenants?

- The majority of area housing forums were against the idea of bringing new tenants up to target rent quicker than existing tenants. Generally it was felt that if tenants are living in the same block, receiving the same services, they should pay the same level of rent.
- Of the 110 respondents, 59% were against, 27% for & 14% said they didn't know.
- The Liberal Democrat group responded to this question and stated their opposition to any such rent increase for new tenants.

Age eligibility for sheltered housing ?

- Within the area housing forums there was no consensus.
- However of those who completed the lettings review survey, 45% felt the age minimum for sheltered housing should be 50 if the applicant had a disability, and 44% favouring 65 years old if the applicant did not have a disability.
- **For survey respondents over 60yrs old**, the preference for 50yrs for those with a disability and 65+ for those without a disability was even higher.

Let's talk about.....
Southwark's lettings policy review

Introductory tenancies and security of tenure

- Not all area housing forums specifically commented on the issue of security of tenure, of those that did, a majority supported the current position of 12 month introductory tenancies (for new tenants), followed by a life time secure tenancy.
- However a couple did suggest that introductory tenancies could be introduced and monitored more closely to ensure that ASB is dealt with appropriately. One noted that the questions was politically charged and another noted that loss of succession of tenancy rights had led to the breakdown of communities.
- Of the 110 survey respondents, 63% agreed or strongly agreed that a tenancy should be for life and 21% disagreed or strongly disagreed.
- Within the wider housing commission survey, the need for lifetime tenancies was the second most mentioned issue (after housing for those on low incomes), with 15% of all respondents mentioning it.
- 9% of respondents stated that they thought tenancies should be reviewed periodically to ensure the individual is still in need.

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Let's talk about.... The future of housing

Who should council housing be for and for
how long?

Let's talk about..... The future of housing

Housing in Southwark 2013

- Southwark council is one of the largest landlords in the country. 39,000 of the council's properties are rented and 14,500 are occupied by leaseholders or home owners who have bought their properties from the council. The number of homeowners is likely to increase as the government has brought in more generous discounts on right to buy sales.
- Being one of the largest landlords does not mean that everyone who wants housing can get it. There is very high housing demand in Southwark with over 20,000 people on the housing register (our waiting list of people applying to live in social housing). The highest demand among most of those on the waiting list is for one-bedroom properties.
- There are not enough of the right type of homes available each year for people who need them most. About 3,000 homes become available each year, we have about 1,200 people who are homeless or at risk of being homeless asking us to help them find housing and about 6,000 overcrowded households on our waiting list. There are shortages of larger homes and adapted properties for those with disabilities
- About half of the population of the borough live in a property owned by the council.

**Let's talk about.....
The future of housing**

Housing in Southwark 2013

- There is a high level of non-decent council housing (44% non-decent in April 2012). The council is investing over £320 million in improving housing but much more is needed. The costs of maintaining and replacing our stock are high. A lot of the housing stock is old and in need of repair or replacement.
- There are low average income levels, particularly in council housing where 70% of people have incomes less than £20,000 per year with over half below £10,000. If people on low incomes did not live in council housing they would probably have to live in poor quality private housing or leave the borough.
- Average rents in the private sector are more than double the average of about £96 a week in council housing.
- Two thirds of tenants in council housing are not in work however many of these are pensioners.

**Let's talk about.....
The future of housing**

Housing in Southwark 2013

- About a quarter of council homes are lived in by people in retirement.
- About 15% of council housing classified as overcrowded but about a third of households live in under-occupied properties.
- Private house building is increasing but prices are high and beyond the reach of most residents.
- A council house in Southwark is currently a home for life if you pay your rent and respect your neighbours.
- **We want to hear your views on who council housing should be for.**
- **We also want to hear your views on whether you think council housing should continue to be a home for life, or whether it should be a safety net for a shorter period.**

**Let's talk about.....
The future of housing**

What is the Housing Commission?

- A group of experts Independent of the council
- Set up in December 2011 to take an in depth look at the future of council housing in Southwark
- Looked at options for future financing, ownership and operation of Southwark's housing stock
- Commission reported in October 2012
- 3 key questions that we are consulting on arising from the report are:
 - **Who should council housing be for and for how long?**
 - **How much should there be and to what standard of quality?**
 - **How should it be managed?**
- Your views on these will feed into our long term plan for what we do about council housing 2015-2045

Let's talk about.....
The future of housing

Who Should Council Housing be for and for how long?

- The Housing Commission commented on lettings (who can live in social housing)
- The Commission said that we would carry on having less housing than the numbers of people wanting to live in it
- **Southwark will therefore need to work out who are the most important groups of people to get council housing**

Let's talk about.....
The future of housing

What is the Lettings Review?

- The Lettings Review was set up to look at changes to our lettings policy (rules on who can apply to live in social housing in Southwark)
- We have a lot of people on our waiting list for housing but are not able to find housing for many of them and this is likely to continue
- Central government brought in the Localism Act 2011 – it allows Local Authorities more freedom to set their own priorities for people looking for housing
- We set up what was called the Letting Review Group to look at this. The group had politicians of all political groups, council officers, members of residents groups and housing associations on it
- The group was asked to tell us what they think we should do so that we could go out and ask local people what they think
- **We now want your views**

**Let's talk about.....
The future of housing**

The Lettings Review Consultation

- This is the first part of our consultation on the Housing Commission
- We want to talk with residents groups including Tenants Councils, Home Owners Council and our Area Housing Forums. These are groups that were set up and elected by residents to represent their views.
- We will also talk to local housing associations and voluntary sector organisations
- We want to hear from anyone who has an interest in council housing in Southwark whether they live in our housing or not
- Consultation will take place throughout February
- **The closing date for this part of the consultation is 6th March 2013. the rest of the Housing Commission consultation will carry on till June 2013.**

Let's talk about..... The future of housing

Who gets priority to apply for housing now?

- There are more than 20,000 people on our housing register (our waiting list of people wanting to live in social housing)
- What are called “bands” are used to make sure those in most need are given housing first
- There are four bands, band one is the highest priority and band four is the lowest.
 - **Band One**
 - Underoccupiers - people exchanging bigger properties for smaller ones.
 - Council tenants who need to move so that new homes can be built or old ones repaired.
 - Council tenants affected by fire and flood.
 - Social services nominations (families)
 - Statutory obligation – those who we have to house by law
 - **Band Two**
 - Urgent Medical Priority - people with a severe illness or disability that is made significantly worse by their current housing.
 - People who need to move because of serious harassment.
 - Multiple Need - people with more than one reason to move, for example, overcrowding and medical priority.
 - Social services nominations (care leavers)
 - **Band Three**
 - Homeless families with children or vulnerable homeless people.
 - People living in overcrowded housing.
 - Medical Priority - people who need to move because of their illness.
 - Council tenants whose relationship has broken down.
 - People who have no inside toilet, kitchen or bathroom.
 - People with no electricity or hot water.
 - **Band Four**
 - Everyone else.

Let's talk about..... The future of housing

How long does it take?

- Even if you are in the highest priority group it can take up to 18 months to get housing
- In Band 4, the lowest priority you are unlikely to ever get housing
- In Band 3 it can take more than 5 years
- This table shows for each of bands 1-3 how long it can take to find a home:

	Bedsit	1 bed home	2 bed home	3 bed home	4 bed home
Band 1	1 month	6 – 14 months	6 – 18 months	5 – 11 months	6 – 12 months
Band 2	2 months	2 – 8 months	2 – 10 months	4 – 19 months	7 – 23 months
Band 3	14 months	21 – 24 months	34 – 37 months	40 – 55 months	37 – 69 months

Let's talk about..... The future of housing

Question 1

Did you know? . . .

- Half (over 10,000) of all the people on our waiting list for housing are in what is called Band four (the lowest priority) on the waiting list which really gives no priority and there is very little chance of getting a home
- Social housing in Southwark is allocated through what is called "Homesearch". This means that every week we advertise all the properties that are available (whether they are from the council, housing associations or even other boroughs) on our website and people on the waiting list can bid for them.
- This gives people the chance to choose where they want to live.
- Demand for social housing is much higher than the number of properties that become available and as a result only those in greatest need are likely to have a successful bid.

Question 1: What do you think about having a band which is very unlikely to result in the person applying getting a home?

Let's talk about.....
The future of housing

Question 2

Did you know? ...

- To be able to apply for housing in Southwark you need to have a “local connection” for at least 6 months
- The Lettings Review recommended increasing this to two years
- “Local Connection” normally means you live or work in Southwark or have another special connection

Question 2: How long do you think that applicants should have a “local connection” to be able to apply to live in social housing?

**Let's talk about.....
The future of housing**

Question 3

Did you know? . . .

- The council has a special policy of getting homes for residents in council housing who have to move so that regeneration or major works (rebuilding or major repairs) to take place
- These residents are given a priority on “Homesearch” or entitled to a new home if one is available
- Homesearch means that every week we advertise all the properties available (whether they are from the council, housing associations or even other boroughs) on our website and people on the waiting list bid for them.

Question 3: What do you think we should do for residents who have to move to allow regeneration?

Let's talk about.....
The future of housing

Question 4

Did you know? ...

- The government says that only children over 21 years of age should have their own bedroom. They call this the “bedroom standard” which categorises families as overcrowded if they have children over 21 who do not have their own bedroom
- The council’s lettings policy says that all children aged 16 or over should have their own bedroom

Question 4: Who do you think should be entitled to their own bedroom?

Let's talk about.....
The future of housing

Question 5

Did you know? ...

- The Localism Act lets council's give priority for housing to people who make a community contribution
- Community contribution can mean people who do voluntary work, foster carers, members of the armed forces etc.
- Community contribution can also mean people who are working

Question 5: Who do you think should be given priority for homes in Southwark because they make a community contribution?

Let's talk about..... The future of housing

Question 6

Did you know? . . .

- The money that we spend on looking after council housing mainly comes from the rents we collect from the people who live in it. However, about 60% of people get some housing benefit that is paid for from taxes.
- Central government has set what is called a 'formula' or 'target' rent for what it thinks our rents should be and wants all social housing providers to use this.
- Central government wants our rents to be the same as the 'formula' rent by 2015/2016. This is called 'convergence'. Our average rent is about £96 a week, the government's 'formula' rent is about £105 a week.
- Using what is called annual rent affordability limits (what people who live in our housing can afford to pay), Southwark won't 'converge' until 2021/22
- Reaching the target rent before 2021 could mean we have more money to do improvements to housing but this means higher rents that will affect low income households
- This could be speeded up if, for example, all new people getting housing went straight to formula rent (not existing tenants or transfers)

Question 6: What do you think we should do about rents? Do you think we should increase our rents more quickly to help to improve the standard of housing or should we keep to the current plan of increasing them more slowly to protect low income households?

Let's talk about..... The future of housing

Question 7

Did you know? . . .

- Sheltered housing is housing that has been specially adapted for older or disabled people to allow them to carry on living independently
- Sheltered housing is specially adapted or designed housing where residents can be comfortable have the companionship of other residents around them and has extra security
- The council lets people apply for sheltered housing if they are over the age of 60 or 55 if they have a disability
- People now live much longer and some older residents don't want younger people moving in to sheltered housing as they can have different lifestyles. Some people think it is better to have a mix of ages and abilities/disabilities because this can be better for community activities.
- Extra care housing is different to sheltered housing and designed for older or disabled people who can live independently in their own home, but need 24-hour support. We have two extra care housing schemes in Southwark, giving 24-hour support, practical and personal care, leisure and recreation facilities, and a safe environment for residents. To live in extra care housing a social worker carries out an assessment to see what people's needs are and if this sort of housing is right for them.

Question 7: Who do you think should be allowed to apply for sheltered housing? Should this be for a mix of ages and abilities/disabilities, just for those who need more support or only for those over retirement age?

Let's talk about..... The future of housing

Question 8

Did you know? . . .

- Most council tenants are called secure tenants this means that as long as a council home is their only and main home, we cannot make them leave without a court order. This means that unless they do something wrong they can keep their tenancy for life.
- From 2003 the council brought in what are called introductory tenancies for new tenants. These last for 12 months after which they automatically become secure tenancies unless the council has started legal action to reposses their home.
- No one under 18 can have a council tenancy. Instead, we give them a licence to live in the property until they are 18.

Question 8: The council is not proposing to change this. How long do you think people should be able to live in council housing? Do you think there are certain people who need a tenancy for life more than others, for example, older people or people with disabilities?

**Let's talk about.....
The future of housing**

Question 9

Is there anything else you want to say on who should be able to live in council housing?

**Let's talk about.....
The future of housing**

We want to hear from you:

Please let us know what you think by ...

- Contributing to the consultation taking place at meetings
- Telling council officers what your views are
- Putting your comments in an email to: housing.options@southwark.gov.uk
- Or, write to:
Housing Commission Consultation,
25 Bournemouth Road,
London, SE15 4UJ.
- Please let us know what you think before **6th March 2013**.



APPENDIX 3

Equality analysis template

March 2013

Guidance notes

Things to remember:

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

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

Best practice guidance from the Equality and Human Rights Commission recommends that public bodies:

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

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

The public will be able to view and scrutinise any equality analysis undertaken. Equality analysis should therefore be written in a clear and transparent way using plain English. Equality analysis may be published under the council's publishing of equality information, or be present with divisional/departamental/service business plans. These will be placed on the website for public view under the council's Publications Scheme.

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

Engagement with the community is recommended as part of the development of equality analysis. The council's Community Engagement Division and critical friend, the Forum for Equality and Human Rights in Southwark can assist with this (see section below on community engagement and www.southwarkadvice.org.uk).

Section 1: Equality analysis details

Proposed policy/decision/business plan to which this equality analysis relates		Housing Allocations Scheme			
Equality analysis author		Ian Swift			
Strategic Director:		Gerri Scott Director of Housing and Community Services			
Department		Housing and Community Services	Division		
Period analysis undertaken		May and June 2013.			
Date of review (if applicable)		1 st July 2013.			
Sign-off		Position		Date	

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

1.1 Brief description of policy/decision/business plan

Southwark Council is required under section 167 of the Housing Act 1996 to produce a Housing Allocation Scheme. The requirements of the policy are set out in Part VI Housing Act 1996 (as amended by the Homelessness Act 2002 and Localism Act 2011) giving reasonable preference to those applicants defined by the 1996 Act.

The demand for secure affordable housing in Southwark far outweighs the supply. In order to maximise the supply of affordable housing in the borough the Council works closely with a number of Registered Social Providers, they are also known as Housing Associations. The Registered Social Providers have joined a common housing register and Allocation Scheme where all void properties except those exempt within the Scheme are allocated. The council is committed to offering choice to all applicants seeking housing and has sought to achieve this by introducing a Choice Based Lettings Scheme during 2006.

The Department for Communities and Local Government has published a new code of guidance, 'Allocation of Accommodation: guidance for local housing authorities in England' which has been considered as part of this Equality Analysis.

The Guidance, which came into force on 29th June 2012, sets out the new freedoms in the Localism Act, which are intended to allow councils to better manage their housing registers, to promote mobility for existing social tenants, to encourage work and mobility, and to tailor their allocation priorities to meet local needs and local circumstances.

The Government expects that social homes should go to people who genuinely need them, such as hard working families and those who are looking to adopt or foster a child in need of a stable family; and to ensure that Armed Service families get the priority for social housing they deserve.

The objectives of the council's Allocation Scheme 2013 are to:

Offer as much choice as possible to customers.

Offer customers information and advice to enable them to make informed choices about their housing options.

Create an easy to understand, fair and transparent system.

House those in priority need as determined by the law.

Help prevent homelessness.

Make the most effective use of the local housing stock.

Respond to the circumstances of vulnerable individuals by joint working with other agencies.

Ensure equality of opportunity in accessing the housing register and in the allocation of properties.

Promote sustainable tenancies and communities by acknowledging the support needs where appropriate

Support the principles of social inclusion, community cohesion and aim to meet customer expectations.

Recognise residents who make a contribution to the local community

Encourage residents to access employment and training

The desired outcomes of the policy are -

To let vacant properties via the Choice Based Lettings Scheme, within target times, in accordance with the Allocations Scheme 2013.

To make all allocations fairly, equitably and without any discrimination based on race, gender, sexual orientation, ethnic origin, nationality, religion, age disability or illness.

To help develop community cohesion and employment

The Housing Allocations scheme proposes the criteria that will enable people to register on the Housing Register and be prioritised for social housing based on their individual circumstances and housing need. Consequently those registering for housing are likely to be the most economically disadvantaged and therefore contain an over representation of households in the protected groups including the elderly, families with children, single parent families, those with disabilities and households from ethnic minorities.

Identification of policy aims, objectives and purpose

The council has a large number of residents registered on its housing register and we need to make sure we're allocating social housing in a way that is fair.

Many residents are working in low-paid employment and would benefit greatly from the low cost rent in a social home.

The proposed changes to the allocations policy will recognise and reward those residents who are working hard – through paid employment or, for example, acting as full time careers.

The council aims to change the culture of the housing register to show that residents who are taking positive steps in their lives will be supported, rather than leading them further away from social housing.

By changing the allocations policy we hope to create mixed and stable communities.

A principal aim of this policy change is to rebalance communities and end the situation where public housing estates have a large proportion of households that are dependent on benefits. Southwark aims to create mixed and sustainable communities where people of different backgrounds and socio economic groups live side by side, as already happens in many streets of Southwark's Victorian terraced housing. In the council's view this fosters better community relations in the medium to long term.

Changes to the Southwark Allocations Policy

The council is introducing residency qualification which governs eligibility to join the Housing Register

The council is amending the local connection rules and they are also contained in the new Housing Allocations scheme

Those in the armed forces and in housing need will be prioritised in the allocation of housing.

Those in employment and in housing need will also be prioritised in the allocation of housing.

The rules on the level of rent arrears permissible to those bidding for properties are being made more flexible to allow a greater degree of flexibility in the management of the housing stock.

Rules are being introduced regarding the suspension of bidding rights for applicants/tenants who refuse 3 offers or who have failed to attend a viewing appointment.

Photographs of the applicants will need to be provided at the point of application in order to reduce the likelihood of fraudulent applications being made.

Additional priority to customers who adopt or foster care for children.

Additional priority for households making a contribution to the Southwark community.

Homeless customers may be re-housed into the Private Rented sector allowing the council to discharge its homeless duty.

Adoption of the bedroom size criteria for the allocation of accommodation which complies with the Welfare Reform bedroom standard and helps prevent under occupation.

Rules governing the allocation of social housing are in the main, set by the government through primary legislation. Prior to recent changes in legislation, the Southwark and other local authorities were restricted when it came to setting rules about who was eligible to join a housing register and how it prioritised between applicants once they were put on the register.

Government policy has developed since the Ahmad case and some of the housing provisions in the Localism Act 2011 reflect the outcome of the case. The Act allows

local authorities to allocate their housing in accordance with locally set qualification criteria and allows local priorities to be used alongside statutory preference criteria to determine priority for allocation.

The Localism Act 2011 allows the council to move from an open Housing Register to a closed Housing Register. This means Southwark will no longer accept applications from people who live outside the Borough except in very limited circumstances e.g. a member of HM armed forces; or somebody moving to the borough for employment reasons.

Southwark is also proposing an on line Housing Register from November 2013 to reduce the administrative burden of managing a large Housing Register. Special steps will be taken to support those without access to the Internet, and those who have difficulties using PCs.

These are outlined below in the mitigating measures. Our Choice-Based Lettings (CBL) system has been on line since 2006. Over 90% of customers bid on the web and the Council is very experienced in assisting disadvantaged groups in using the CBL system.

In the Council's view these policy changes could affect some groups differently but there are wider strategic issues that need to be addressed in relation to rebalancing communities, for example by reducing inequality and poverty over the long term by encouraging employment.

Relevant data, research and consultation

This Equality Analysis looks at the changes listed above and assesses their impact on those applicants/households within the protected characteristic groups listed in the table below.

Where the precise number of those households affected is known these figures are presented in report below.

It is anticipated that the employment change will have a significant impact on those in the protected characteristic group and this is dealt with in detail in the report. The equality analysis then assesses the impact of the other changes which the council is making to the new allocations scheme. The new Housing Allocations Scheme places considerable emphasis on the needs of people in the protected groups under the Equality Act.

The council has a wide range of data that is relevant:

(i) A complete breakdown by most protected characteristics of the Housing Register. The council does not have a comprehensive data on the number of people on the Register who are working. Southwark will be writing to everyone in August 2013 on the list asking them to declare if they are employed.

(ii) A complete breakdown by most protected characteristics of the Choice Based Lettings (CBL). This covers the bidding behaviour of people with the highest priority on the Housing Register who are currently bidding for property. The majority of lettings are made through CBL. From the data, we can see if bidding is proportional to key characteristics of the Housing Register. The council is aware of the need to ensure that allocation of social housing complies with relevant equalities legislation.

Prior to 2005 the council allocated properties to people on the waiting list. It was paramount then to ensure that officers did not indirectly discriminate against any particular groups and there was as such monitoring of the lettings outcomes in common with practices in other authorities. However following the introduction of Choice Based Lettings, the emphasis shifted to ensure that different groups (now described as sharing common protected characteristics) understand how to exercise choice and are assisted, when required, to do so.

Wider changes in government policy

The changes in the council's Allocations Scheme have to be looked at in the context of the wider series of changes to the way councils generally manage the use of their limited housing resources. As well as the changes in the revised Allocations Scheme, other changes in the law are encouraging councils to move away from lifetime secure tenancies in council built homes.

In the wider context, the government has re-launched the Right to Buy (RTB) scheme for council owned homes. Discounts of up to 70% of market value are available after 5 years residence subject to a ceiling of £100k. This again means that working households may choose not to bid for affordable rent properties built and managed by a registered provider (an RSL or housing association) where there is no RTB, but prefer to wait for a council owned home. Bidding behaviour in this new housing regime of flexible rents and tenancies may be very different from what we have seen since CBL started in Southwark in 2005.

The council will carefully monitor the changes in bidding patterns and collect the data it needs to ensure that it complies with its equalities duties.

A note on the proportion of households/applicants to be awarded additional priority because of employment in the new scheme

Government Guidance under the Equality Act was published in January 2011 and focuses on proportionality which is a key principle. The following sections consider the issue of how conferring additional priority to people who have been in employment is proportionate to the aim of the policy set out above.

It is not anticipated that the numbers of households to be re-housed as a result of priority for employment will dominate the allocation of housing in Southwark. It is accepted that a proportion of non- working households will wait longer as a result of this policy but the council will undertake regular monitoring to ensure that the new Allocations Scheme is a proportionate response to the new freedoms and flexibilities enshrined in the Localism Act 2011. Outcome of bids will be regularly monitored to ensure that the allocations scheme complies with the requirement of section 166 Housing Act 1996.

This assessment is intended to inform members about the impacts the proposed changes to the Allocations Scheme will have on those in the protected characteristic groups. It has been drawn up using a broad range of data and research available to officers about those on the Housing Register and those presently living in council accommodation. In addition to the legislation and case law governing allocations, consideration has been given to the government guidance on the allocation of housing, the Equality Act 2010 and recent case law on the operation of Section 149 of that act.

Overall, the Southwark Allocations Scheme has many provisions in place to meet the needs of particular households in the protected groups (disabled people; the elderly; people with support needs), and we have provisions to exercise discretion in exceptional circumstances. Officers will monitor the effects of the changes to the Allocations Scheme to assess the impacts of these changes on an on-going basis.

In determining the rules within this Allocation Scheme, the council needs to comply with The Housing Act 1996, as amended by The Homelessness Act 2002, the Localism Act 2011, and the published Tenancy Strategy and the Homelessness Strategy, and the London Housing Strategy. Additionally, the council will have regard to case law, relevant legislation (including any amendments) relevant codes of practice, Statutory Instruments and local policies.

When anyone applies for an allocation of affordable housing or to join the Housing Register, the customer must be informed by the council of their relevant statutory rights,(Housing Act 1996 section 166(2) and 167(4A)) as follows:

The right to request such general information as will enable the applicant to assess their application is likely to be treated under the allocations scheme to include whether the customer is likely to fall within any of the groups entitled to a reasonable preference;

The right to request such general information as will enable the customer to assess whether accommodation appropriate to their needs is likely to be made available and if so, how long it is likely to be before an offer is made;

The right to be notified in writing of any decision that the customer is **not** to be given any reasonable preference and of the reasons for that decision;

The right to ask the council to inform the customer of any decision about the facts of the customer's case which has been, or is likely to be, taken into account when considering whether to allocate accommodation;

The right to request a review of any decision that the customer is **not** to be given reasonable preference, any decision as to the facts of the customers case, or any decision that the customer is not eligible for an allocation under section 160A(9) and the right to be informed of the review decision and the grounds of it.

The Department of Communities and Local Government on the Allocation of Accommodation Guidance 2012, sets out the expectation upon the authority for providing support and assistance when adopting an Allocation Scheme which requires the active participation of housing applicants in choosing their accommodation.

Section 166(1) (b) of the 1996 Housing Act requires a housing authority to secure that any necessary assistance is made free of charge to persons in its district who are likely to have difficulty in making an application without assistance. Paragraph 6 of the Allocations Code provides that where authorities adopt an Allocation Scheme which requires the active participation of housing applicants in choosing their accommodation the level of assistance needed by those who are likely to have difficulty in making an application will normally be greater and housing authorities will need to provide for this. In providing for this, authorities are advised to consider:

which individuals or groups of applicants are likely to have difficulty in making an application without assistance;

how to identify individuals who require assistance;

the type and level of assistance are they likely to require; and whether that assistance is currently available and from what organisation.

Working families and those making a community contribution are the key groups intended to benefit from the changes to the Allocation Scheme as proposed in the light of the Localism Act 2011.

The shift to giving priority for allocations towards those in work or making a community contribution is a justifiable policy change designed to deliver the council's strategic aim of bolstering sustainable communities.

These changes are self-evidently likely to have an adverse impact on people having protected characteristics, in particular the disabled but also some ethnic minorities.

The population of Southwark is projected to increase like the rest of the country.

The allocations scheme gives preference to older people and proposes increasing the options for mobility in sheltered housing.

The Housing Register is broken down as follows in comparison with the borough population. As at the 31st March 2013 the number of households on the housing register was 21,114 as compared with 134,000 households in the borough as a whole, equating to 15.76%.

Relevance to Equality and Diversity Duties

An initial assessment of the Allocation Scheme and Choice Based Lettings Scheme has shown that it has a high degree of relevance to the general duty as it relates to two of the requirements eliminating discrimination and promoting equal opportunities.

The Equality Analysis was carried out along with a full review of the allocation system.

This was widely consulted on, with the result of the new Housing Allocations scheme.

The Review concluded that the monitoring arrangements thereto in place for allocations in terms of equality were not sufficiently robust and that there would be an on-going need to closely monitor the Impact of the new Allocation Scheme and Choice Based Letting schemes.

A main feature of this Equality Analysis has been to consider in particular the changes being driven by the Localism Act and the extent to which the system has become more transparent as well as fair for all of its customers.

The Hills Report (Hills J (2007)) Ends and Means: The Future Roles of Social Housing in England, (CLG), sets out the rationale for reform of social housing allocations. The report highlights that 'employment rates of those living in social housing with particular disadvantage or with multi disadvantage are substantially lower than those of people with a similar disadvantage but living in other tenures'. The effect of this is that

allocation policies create concentrations of poverty with a detrimental impact on both community cohesion and sustainability. The choice based lettings scheme and the Allocation Scheme 2013 adopts measures to address these issues.

The Allocation of Accommodation Guidance, which came into force on 18 June 2012, sets out the new freedoms in the Localism Act, which are intended to allow councils to better manage their Housing Registers, to promote mobility for existing social tenants, to encourage work and mobility, and to tailor their allocation priorities to meet local needs and local circumstances. Government expects that social homes should go to people who genuinely need them, such as hard working families and those who are looking to adopt or foster a child in need of a stable family; and to ensure that Armed Service families get the priority for social housing they deserve. The guidance encourages councils to adopt a modern measure of overcrowding and encourages them to give appropriate priority to tenants who want to downsize, helping them move to smaller, more manageable properties and freeing up precious social housing for crowded families.

The shift to giving priority in allocations towards those in work or making a community contribution is a policy change designed to help deliver the council's strategic aim of bolstering sustainable communities.

These changes are likely to have an adverse impact on the likelihood of people having protected characteristics, in particular the disabled but also some ethnic minorities, in accessing the limited supply of social housing.

It remains critical that the revised Allocations and Choice Based Lettings Scheme aims to ensure that all residents are fairly and equally treated irrespective of race, gender, disability, sexual orientation, age, religion or belief or any other characteristic, including pregnancy and maternity, gender reassignment and socio- economic factors.

The code of practice on racial equality in housing specifically sets out the following areas of potential discrimination and disadvantage in the lettings and choice based lettings process. Most of these could apply equally to the other groups with protected characteristics:

Information about services.

Access.

Elimination of discriminatory practices in Lettings and quality of offers.

Nomination arrangements.

Assessment of housing applicants.

Type of property.

Advice services.

The Code of Practice also sets out the following **key outcomes for any allocation process**:

Applicants from all racial groups are offered lettings in proportion to each group's representation among all applicants, taking into account different preferences and needs

The housing organisation communicates effectively with all groups. Information about housing services is available, on request, in the languages used in the housing organization's catchment area

The housing organisation has good links with local people from all racial groups and uses these to improve its services

The housing organisation can show that its housing systems work fairly and equitably for people from all racial groups

The housing organisation's staff have received training on racial equality generally, as well as on the duty to promote race equality and other responsibilities under the RRA

The housing organisation's monitoring systems work well, providing reliable information about local housing needs, and how these are met

People from all racial groups are treated fairly, and to high standards, at all stages of the housing and re-housing process

Ethnic minority households are proportionately represented on housing lists, based on census and other data. If they are not, and there are significant disparities, the housing provider can explain the reasons for this

Feedback shows that people are equally satisfied with the services they receive, regardless of racial group.

The council recognises that it does not currently hold comprehensive details of which applicants are working, seeking work or training or actively engaged in voluntary work. Clearly the Council will need to collect this data along with our Registered Provider partners. Consideration also needs to be given on how jointly we can support training with the Voluntary and Community sector

This Equality Analysis has highlighted the need to maintain improved monitoring systems and to make use of them to refine allocation policies and practice. The council will need to enhance its monitoring systems to provide a comprehensive framework capable of monitoring the specific outcomes of the Allocation Scheme 2013.

Changes to the Authority's scheme are likely to have differential impacts on those with protected characteristics, in particular the introduction of the preference being given to working households and those demonstrating a community contribution.

These are likely to have an adverse impact on people having protected characteristics, in particular the disabled but also some ethnic minorities.

We recognise the potential adverse impact on all applicants and the steps we have taken to mitigate these or to monitor actual trends in allocations are set out below.

The introduction of the iworld computer system for the Housing Allocations scheme has provided the opportunity to set up a series of reports that monitor the outcome of the new scheme by all the relevant equalities categories and to see how it was working in the following areas:

Nomination and referral systems;

Decisions about allocating housing between different types of applicant, for example applicants for transfer, homeless applicants, and applicants bidding or properties under 'choice-based' letting systems

Lettings (including 'choice-based' lettings), analysed by time spent waiting for an offer, number of offers made, acceptances, refusals, preferences (for location and type of accommodation), and quality

Local Letting Schemes.

In addition, there is the need to encourage all applicants to provide ethnic monitoring data to allow the council to be better informed about the residents for whom it is providing services. This monitoring system was in place when the new allocation scheme and Choice Based Lettings became operational in 2005 and has been instrumental in producing regular information since then.

The system has been developed to collect record and maintain performance information within the various protected characteristics and systems are in place to analyse and publish these findings.

The following evidence sources have been used to make the assessment (i.e. the *known evidence*):

Web information

Equality monitoring

1st May to the 1st July 2013 Housing Allocations review

Customer satisfaction survey

The existing nomination SLA with Social Housing landlords

Meetings with the Registered Providers

Potentially any of the following identified groups could be adversely affected by this Allocation Scheme, which still requires a human element in the allocation process. However, significant work has been put in place in introducing the system to monitor the activities of the service in order to deal with the potential negative impacts.

There is little or no evidence and little suspicion that there is any detrimental impact in respect of applicants and should complaints be made, these would be investigated through the complaints procedure and action taken as appropriate.

General issues

Failure to regularly review the outcomes, especially for those applicants in priority need who are not engaging with the bidding process, could lead to certain applicants being disadvantaged. However, there are good support networks in place in Southwark to ensure that those who may be disadvantaged are supported to compete equally with all other applicants.

Potentially any of the identified groups could be adversely affected by the Choice Based Lettings scheme which still requires a human element in the allocation process. However, significant effort has been made to avert this by putting in place a system to monitor the activities of the service and to deal with potential negative impacts on all protected characteristic groups.

The housing options service is important to the council as it seeks to tackle housing need for some of the most vulnerable and marginalised sections of the community. It also sees the working household and community contribution award as central to delivering its community development and social cohesion objectives.

The council has balanced the needs of the various categories of applicants within the statutory guidelines and needs of Southwark.

There is little or no evidence and little supporting information or suspicion, that there will be any detrimental impact as a result the changes. However, the new Housing Allocations scheme will be monitored on a quarterly basis to assess the changes further . The Housing Allocations scheme will also be reviewed after a 12 month period to ensure it continues to meet best practice examples and ensure there are no unintended outcomes from the implementation of the new Housing Allocations scheme.

As noted in the report, the basic monitoring information and data either does not exist or is not consistently collected. We do not have current knowledge of the participation rates of potential social housing tenants in community activities nor do we have sufficient data about employment rates amongst the different sub groups of people with protected characteristics.

It is recognized that Southwark has an insufficient supply of larger suitable homes. This may impact negatively on larger families, which can often include those from some minority groups as well as those with members who have a disability.

The consultation framework for the new Housing Allocations scheme can be found at as appendix one to the Housing Allocations scheme report presented to Cabinet on the 16th July 2013.

The role of the Equality Analysis is to assess the likely impact of the revised preferences proposed under the new Housing Allocations scheme and to identify the evidence that Southwark must collect in order to satisfy itself that the new Housing Allocations scheme is working as intended.

The council is satisfied that in establishing the new Housing Allocations scheme, much has been done to address equality issues. The scheme has been arrived at after full consultation with the key stakeholders and their views influenced the final scheme. Procedures are in place to ensure that the service is compliant with the necessary legislation and codes of guidance.

The conclusion is that we have to proceed with the sensitive implementation of the new Housing Allocations scheme and review its impact having allowed at least 12 months operation. All reasonable steps and procedures to mitigate or avoid adverse impacts have been identified.

Southwark will commit to conducting a review of the full Equality Assessment after one year of full operation of the new Housing Allocations scheme.

Inherent prejudice amongst staff could lead to inequality in the treatment of customers. In order to mitigate against this risk customers are encouraged to feedback comments through satisfaction surveys and open questioning about the service provided. However, the satisfaction surveys need to be more sophisticated in terms of monitoring by the respective equalities characteristics which is not done at present. It is however, a requirement that all staff have to attend mandatory equality training.

Section 3: Overview of service users and key stakeholders consulted

2. Service users and stakeholders	
Key users of the department or service	As at the 31 st March 2013, 21,114 households were registered on the Housing Register. The service also works in partnership with community organisation, and customer representative support agencies.
Key stakeholders were/are involved in this policy/decision/business plan	All Housing Association partners, Citizens Advice Bureau, community organisations, local residents, Area Tenant Forums, Adult and Children's Services, and Southwark Legal Advice Network.

Section 4: Pre-implementation equality analysis

This section considers the potential impacts (positive and negative) on groups with 'protected characteristics', the equality information on which this analysis is based and any mitigating actions to be taken.

Age - Where this is referred to, it refers to a person belonging to a particular age (e.g. 32 year olds) or range of ages (e.g. 18 - 30 year olds).

Potential impacts (positive and negative) of proposed policy/decision/business plan

There appear to be no specific issues relating to age.

Some older people are less likely to satisfy the Working Household criteria. Economic participation rates nationally vary amongst older people, falling significantly post 50. However, increasingly many older people are now working beyond traditional retirement age. This will also be mitigated by the community contribution award.

There is evidence that younger people find it easier to engage with the Choice Based Lettings process.

Internet accessibility for online advice in 2006 was 28% for people above the age of 65 has home internet access compared to UK average of 70%. It is estimated that 70% of households living in council or Housing Association properties have internet access.

There is evidence of upward trend in youth unemployment and the proposals of additional priority for working households may be a negative impact on young people aged 16 to 25.

Equality information on which above analysis is based

The Housing Register consists 21,114 households and the information relating to the age of all 21,114 households has been considered during the Equality Analysis. Consequently there are 250 households who have applied for alternative accommodation in to sheltered accommodation and this represents 1.18% of all customers on the Housing Register. Consequently, 98.82% of the households on the Housing Register are below the pension credit age.

Mitigating actions to be taken

There is clearly the potential for the elderly to be disadvantaged in a choice based lettings system. The Homelessness and Housing Options service and support agencies such as Age UK provide significant support to ensure this does not happen.

Close monitoring of this sector will enable specific issues for different segments of the older population to be identified and addressed appropriately.

Older people are generally less economically active, but the allocation of accommodation to people above the Pension Credit age will positively affect this section of society through the Sheltered Housing Scheme allocations.

Southwark employs officers in the Homelessness and Housing Options service to assist older and vulnerable customers to bid for example those with limited access to bid through the internet or limited IT skills. People can use the internet to bid for accommodation free of charge at council's buildings including, libraries and the One Stop Shops.

The Homelessness and Housing Options service employs officers to support customers through the bidding process, and free internet access is available at libraries and the One Stop Shops.

The Homelessness and Housing Options services employs an officer to identify housing and employment, education and training options for group to improve housing and employment opportunities.

Disability - A person has a disability if s/he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

Possible impacts (positive and negative) of proposed policy/decision/business plan

There is potential for people with disabilities to be disadvantaged within the process, particularly those with mental illness.

Records indicate that that as the 31st March 2013, 158 or 0.75% of customers on the Housing Register needed properties that have had adaptations to allow them to improve the quality of life.

It must be recognised however, that specially adapted properties are in short supply. Details of all those which have been adapted are recorded on the iworld database and properties that have had major adaptations are advertised as available for applicants who have a need.

Information is not currently available on the number of applicants with a disabled member who will qualify under the working household policy or the community contribution award policy and clearly this is something that must be closely monitored when the scheme goes live.

There is evidence that employment rates for disabled people are lower than those who are not and the proposals around additional priority for employment may be a negative impact on this equality strand of customers.

Equality information on which above analysis is based

Records indicate that that as the 31st March 2013, 158 or 0.75% of customers on the Housing Register needed properties that have had adaptations to allow them to improve the quality of life

<p>Mitigating actions to be taken</p>
<p>Significant steps are taken both to support applicants in making their initial application and subsequently in making their bids so as to ensure they suffer no disadvantage.</p> <p>The Homelessness and Housing Options service have also obtained the Chartered Institute of Housing Charter for Equality and Diversity during June 2013.</p> <p>Nationally, 53% of working age disabled people are in work compared to 70% of none-disabled people. Employment rates vary greatly according to the type of impairment a person has, for example people with severe or enduring mental health conditions have the lowest employment rate of any of the main groups of disabled people. According to the Office for Disability this is 16% for people with mental health issues compared to 43% for all disabled people of working age.</p> <p>Southwark's new Housing Allocations scheme actively promotes the needs of disabled groups by being designed to ensure that applicants with mobility needs are prioritised for accommodation that is suitable for their needs</p>

<p>Gender reassignment - The process of transitioning from one gender to another.</p>
<p>Possible impacts (positive and negative) of proposed policy/decision/business plan</p>
<p>Transgender customers may be particularly at risk of housing crisis and homelessness arising from transphobic reaction by family, neighbours and members of the local community. This may make it difficult to obtain work or undertake formal voluntary work.</p>
<p>Equality information on which above analysis is based.</p>
<p>Unfortunately there is no equality data in this area collected by the service to analyse.</p>
<p>Mitigating actions to be taken</p>
<p>Applicants made homeless through a hate crime would be placed in to the reasonable preference groups for re-housing and therefore achieve the provision of alternative accommodation.</p> <p>However, gender re-assignment alone would not have any bearing on the ability to access social housing.</p> <p>Southwark will shortly collect this data from customers when the new housing application is launched on line in November 2013, but we have insufficient data at present.</p>

<p>Marriage and civil partnership - Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters. (Only to be considered in respect to the need to eliminate discrimination.)</p>
<p>Possible impacts (positive and negative) of proposed policy/decision/business plan</p>
<p>There are no specific issues which are felt could discriminate or disadvantage married couples or those in civil partnerships other than general matters detailed elsewhere in this report.</p>
<p>Equality information on which above analysis is based</p>
<p>Analysis of the 21,114 households on the housing register.</p>
<p>Mitigating actions to be taken</p>
<p>This area will be monitored on a quarterly basis to ensure there are no un-intended consequences from the introduction of the new Housing Allocations scheme</p>

<p>Pregnancy and maternity - Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.</p>
<p>Possible impacts (positive and negative) of proposed policy/decision/business plan</p>
<p>There appear to be no specific issues relating to pregnancy and maternity within the provision of service or from the new Housing Allocations scheme.</p>
<p>Equality information on which above analysis is based</p>
<p>Analysis of the 21,114 households on the housing register.</p>
<p>Mitigating actions to be taken</p>

It is of course a disappointment to pregnant applicants that their case can only be awarded priority after the birth of a child but the position taken by the Council to award priority after birth is reasonable given the demand on family sized accommodation and this will also comply with the Welfare Reform Act 2012.

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

Possible impacts (positive and negative) of proposed policy/decision/business plan

Nationally there is widespread concern about the allocation of scarce public housing resources across many ethnic groups. This can be damaging to community perceptions of unfairness relating to the allocation of social housing.

Local Lettings policies have the potential to impact the housing options of disadvantage groups and much has been written nationally on this. Ethnic minority communities often choose to live in close proximity. Reasons include being close to family and other cultural spaces such as religious and retail facilities. Local Lettings schemes will therefore benefit those members of ethnic minority communities who are working and who wish to exercise their choice to remain within their communities. This also supports the local economy.

Larger properties with three, four, five or six bedrooms are often a requirement of some racial groups and lack of availability could disadvantage some families.

The inclusion of the working household policy will offer increased priority to a small number of applicants already on the housing register. Therefore, the lower levels of economic activity amongst some ethnic minority communities are well documented. This is the case both nationally and locally. The Housing Allocations scheme mitigates this by recognising the tendency for too few working households to be re-housed.

Residents who do not qualify under the working household policy may be awarded Community Contributions awards. However, there are concerns that insufficient voluntary work and support exists in Southwark to allow some ethnic minority groups to engage in meaningful participation with organisations they feel are welcoming and inclusive to be able to effectively mitigate for this impact.

Poor quality information or language problems could impact negatively.

The introduction of a two year residential qualification criteria will have a positive impact for local people meeting the criteria, but will mean new resident arrivals to Southwark and or the UK will not be able to access the Housing Register.

Geographical distribution of different racial groups across the stock is now monitored in an attempt to ensure that choice does not lead to segregation. However as the system is based on choice this can be a difficult area to confront.

Equality information on which above analysis is based

Analysis of the 21,114 households on the housing register

Mitigating actions to be taken

The Housing Allocations scheme contains specific rules about eligibility that are enforced for all applicants. The scheme incentivises voluntary work and employment that can both help to build community cohesion. It is also more transparent which in itself will help to communicate fairness.

The inclusion of the access to social housing to people contributing to their communities positively through voluntary work and employment will encourage applicants to play a more active role in their communities to increase their opportunities for being re-housed. Despite initial findings that there are no areas of serious concern this can only be tested once the scheme has been running for a period. On-going monitoring and review is therefore essential.

Alongside this however, is the continuing need to encourage all applicants to complete the ethnic monitoring data to allow the Council to be better informed about the applicants it is providing services for. This will be made a compulsory field on the new on line housing application that customers will have to complete this information to register on the housing register.

Customers made homeless through a hate crime would be placed within a reasonable preference priority band therefore achieve re-housing through the Housing Allocations scheme.

Southwark is fully aware that it will need to closely monitor the situation when the new Housing Allocations scheme goes live to assess the impact upon different racial groups.

The new Housing Allocations scheme will help to reduce inequality over the long term by encouraging such people to seek employment and thus starting to tackle areas of worklessness. This will have a positive impact on the majority of households across Southwark.

The policy recognises those employed as well as those seeking work and those recently employed for 16 hours or more out of 9 of the last 12 months and therefore will not unduly penalise those affected by the recession.

The Community Contribution award gives similar level of priority to working households so will help those who do not work to also gain priority,

As far as can be determined all applicants, regardless of racial group are given access to the same information about lettings with translations being made available on request.

Religion and belief - Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.

Possible impacts (positive and negative) of proposed policy/decision/business plan

Whilst the detailed recording of allocations by people of different faith groups can pin point adverse trends in relation to individual faith groups, the information should be treated only as an issue for further investigation since much will depend on the respective priorities of applicants and the particular areas they are aspiring to. Therefore, close monitoring of how the working household and community contribution award impacts in this area is essential to identify any

patterns that may arise
Equality information on which above analysis is based
Unfortunately there is no equality data in this area collected by the service to analyse
Mitigating actions to be taken
Please note that religion or belief alone would not have any bearing on the ability to access social housing.

Sex - A man or a woman.
Possible impacts (positive and negative) of proposed policy/decision/business plan
Gender is an issue in relation to economic status with women being adversely impacted. Research nationally suggests that women experience lower levels of economic activity than men.
Equality information on which above analysis is based
Analysis of the 21,114 households on the housing register
Mitigating actions to be taken
Applicants who do not qualify under the working household policy may receive additional preference under the community contributions award scheme. This is an area which will need to be closely monitored once the Housing Allocations scheme goes live from November 2013.
Please note Gender alone would not have any bearing on the ability to access social housing.

Sexual orientation - Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes
Possible impacts (positive and negative) of proposed policy/decision/business plan
<p>While many people identify as heterosexual, many people do not in the wider community. The Government estimates that approximately 6% of the population are gay men, lesbians or bisexuals.</p> <p>It is acknowledged that data on residents sexual orientation is unlikely to be accurate and on-going efforts should be made to encourage such information being given at the point of application</p>
Equality information on which above analysis is based
Unfortunately there is no equality data in this area collected by the service to analyse
Mitigating actions to be taken
<p>The Homelessness and Housing Options service has achieved the Albert Kennedy Trust Accreditation. Therefore, the service should be well placed to identify and deal with potential discrimination. Specific training has been given to 100% of staff in the service on sexuality issues in June 2013.</p> <p>Please note sexual orientation alone would not have any bearing on the ability to access social housing.</p>

Human Rights
There are 16 rights in the Human Rights Act. Each one is called an Article. They are all taken from the European Convention on Human Rights. The Articles are The right to life, Freedom from torture, inhuman and degrading treatment, Freedom from forced labour , Right to Liberty, Fair trial, Retrospective penalties, Privacy, Freedom of conscience, Freedom of expression, Freedom of assembly, Marriage and family, Freedom from discrimination and the First Protocol
Possible impacts (positive and negative) of proposed policy/decision/business plan
There is always the possibility in a personal service that people's freedom and opportunities are limited and hindered by prejudice, discrimination or arbitrary restraint.

Information on which above analysis is based
Analyses of the 21,114 households on the Housing Register
Mitigating actions to be taken
<p>Human Rights considerations are now mainstreamed within the service, and there is no evidence that individuals are being disadvantaged in terms of their human rights.</p> <p>The service is designed to give support to all applicants in registering and making bids and it is an important aspect of the service that whilst protecting privacy, residents should not feel isolated or excluded from the process. They should be involved as much as possible in the way the service is delivered and have full opportunity to express any views through satisfaction surveys and user panels etc. As the elderly and vulnerable are traditionally population groups missed from routine statistical monitoring surveys etc, it is important that support is given where appropriate to understand and complete documentation.</p> <p>The proposals do not impact on the Human Rights as defined by the Human Rights Act 1998.</p> <p>The proposals do not impact on the rights of children as defined by the UN Convention on the Rights of the Child.</p>

Section 5: Further actions and objectives

5. Further actions			
Based on the initial analysis above, please detail the key mitigating actions or the areas identified as requiring more detailed analysis.			
Number	Description of issue	Action	Timeframe
1	Non collection of data on customers religion and or belief	To ensure the Housing Application contains this information	From the 1 st November 2013
2	Non Collection of data on the customers sexuality	To ensure the Housing Application contains this information	From the 1 st November 2013
3	Non collection of data on gender reassignment for customers	To ensure the Housing Application contains this information	From the 1 st November 2013
4	Undertake a detailed evaluation of the impact of the 2013, Housing Allocations scheme in late 2014 allowing 12 months of operation to monitor outcomes	Undertake a detailed evaluation of the impact of the 2013, Housing Allocations scheme in late 2014 allowing 12 months of operation to monitor outcomes	From 1 st July 2014.

5	Non collection of equality data generally	Improve consistency of the collection of equality data and ensure equality questions on the housing application are mandatory fields that have to be collected.	From the 1 st November 2013.
6	No equality monitoring reports on all protected characteristic groups	Design and implement the quarterly equality monitoring reports that will be produced	From the 1 st November 2013.
7	No public information on the nature of the customers we re-house	Produce a quarterly information bulleting covering all lettings and the customers housed	From January 2014.

5. Equality objectives (for business plans)				
Based on the initial analysis above, please detail any equality objectives that you will set for your division/department/service. Under the objective and measure column please state whether this objective is an existing objective or a suggested addition to the Council Plan.				
Objective and measure	Lead officer	Current performance (baseline)	Targets	
			2013/14	2014/15

Item No. 10.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Report into Major Works at Draper House (Housing, Environment, Transport & Community Safety Scrutiny Sub-Committee)	
Ward(s) or groups affected:		Newington	
From:		Overview & Scrutiny Committee	

RECOMMENDATIONS

1. That the cabinet notes the recommendations of the review of Major Works at Draper House, and that the relevant cabinet members bring back a report to cabinet, in order to respond to the overview and scrutiny committee, within eight weeks.
2. That, in addition, the cabinet be invited to review decision-making for the letting of contracts for housing works under the partnering arrangements and generally review the effectiveness of those arrangements.

BACKGROUND INFORMATION

3. Attached is the final report arising from the scrutiny review of Major Works at Draper House.
4. The Housing, Environment, Transport & Community Safety Scrutiny Sub-Committee undertook to carry out this review after the issue came before the Overview & Scrutiny Committee on 4 February 2013. The primary reasons for the scrutiny arose from the extremely poor quality of the work carried out by the contractor (Breyer) and poor contract management by the council. These factors led to significant distress and inconvenience for residents and long delays in getting the works completed. In addition, the failures led to additional costs being incurred by the council and the Housing Revenue Account. At the end of November 2012, a serious and life-threatening incident occurred as a result of works being carried out by the contractor.
5. The Overview & Scrutiny Committee considered the report at its meeting on 10 June 2013. The committee welcomed the report and the valuable work of the sub-committee. It also agreed a further recommendation to cabinet in respect of the letting of contracts for housing works under the partnering arrangements (paragraph 2 above).

HOUSING, ENVIRONMENT, TRANSPORT & COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE RECOMMENDATIONS

6. The sub-committee's recommendations are listed below.
 1. **Termination at will clauses:** All major works contracts issued by Southwark council should contain termination at will clauses.

2. **Default notices:** Default notices should be considered a primary tool for escalating poor performance at the earliest opportunity. Project managers should be encouraged to use them as a matter of course as soon as sub-standard performance becomes apparent.
3. **Payment of sub-contractors:** In all future contracts the council should stipulate an acceptable period within which the primary contractor must pay sub-contractors for completed work.
4. **Breyer:** The sub-committee is aware that, due to EU Procurement law, the council must consider all future bids from Breyer Group Plc for work in Southwark. However, the sub-committee recommends that the conclusions of this scrutiny report be kept at the forefront of officers' minds in considering these future bids. We hope that the implications of this recommendation are clear.
5. **Complaints logs:** During all major works projects, detailed complaints logs should be kept and reviewed on a regular basis to prioritise issues which need to be resolved for the benefit of residents.
6. **Leaseholder charges:** No leaseholder in Draper House should be forced to pay for more than the value of the original notices on which they were consulted. It is understood that this is already the intention of council officers, but the sub-committee felt it was important to underline this approach in our recommendations.
7. **Sharing information:** Southwark procurement team should investigate setting up a formal network with other London Councils to share information regarding the performance of construction contractors.
8. **Appointing project management teams:** Officers should review how the original project management team for Draper House was appointed. Project management teams should not be appointed to complex projects unless senior managers are absolutely certain that the individuals have the training, qualifications and skills required to deal with the project. Measures should be put in place by senior officers to ensure this is the case in future.
9. **Communications with residents:** The scrutiny sub-committee did hear evidence from officers that new procedures for ensuring residents are communicated with during major works have been put in place. These procedures should be strictly followed and failure to do so should be treated as a serious matter by senior managers.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Overview & Scrutiny Committee Agenda 10 June 2013 http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=308&MId=4588&Ver=4	Scrutiny Team 160 Tooley Street London SE1 2QH	Peter Roberts 020 7525 4350

APPENDICES

No.	Title
Appendix A	Report of the Housing, Environment, Transport & Community Safety Scrutiny Sub-committee

AUDIT TRAIL

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Peter Roberts, Scrutiny Project Manager	
Version	Final	
Dated	19 June 2013	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	N/a	N/a
Strategic Director of Finance and Corporate Services	N/a	N/a
Chief Officers	N/a	N/a
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team	19 June 2013	

APPENDIX A

Major Works at Draper House

Report of the Housing, Environment, Transport &
Community Safety Scrutiny Sub-committee

June 2013



Introduction

1. The Chair of the Housing, Environment, Transport and Community Safety Scrutiny Sub-Committee undertook to carry out a scrutiny of recent major works at Draper House after the issue came before the Overview and Scrutiny Committee (OSC) on 4 February 2013. The Chair of OSC specifically requested that the report be as swift as possible and focus on the most important aspects of the major works.
2. The primary reasons for the scrutiny arise from the extremely poor quality of the work carried out by the contractor (Breyer) and poor contract management by Southwark Council. These factors have led to significant distress and inconvenience for residents of Draper House and long delays in getting the works completed. In addition, the failures have led to additional costs being incurred by the council and the Housing Revenue Account (HRA). At the end of November 2012, a serious and life-threatening incident occurred as a result of works being carried out by the contractor.
3. The aim of this scrutiny report is to demonstrate how this situation was allowed to develop and to make recommendations which, if implemented, will ensure this kind of thing never happens again. It is the very strong view of the scrutiny sub-committee, reflected in this report, that a line must now be drawn between the failures of some major works projects in the past, and their future management and implementation. The Draper House works have been complicated by numerous factors, but the council must not let that complexity blind it to the fact that entirely avoidable failures have occurred.
4. The sub-committee would like it to be noted from the outset that it finds it to be completely unacceptable that Breyer, the contractor at the heart of so many of these failures, refused to fully engage in the scrutiny process, despite engagement with the scrutiny functions of the council being specifically stipulated in the original contract. Their only contribution has been a single written report. Senior managers at Breyer refused to attend a session of the scrutiny sub-committee to explain their behaviour. By contrast, the sub-committee appreciates the open and honest engagement with the scrutiny process demonstrated by residents of Draper House, senior officers at Southwark Council and the Cabinet Member for Housing.
5. Draper House is situated at the Elephant and Castle. It is a twenty-four storey block consisting of one hundred and forty homes and three commercial retail units. The property was built in approximately 1965 and transferred to the London Borough of Southwark following the demise of the GLC in 1986.
6. Over the years, residents of the block have been promised major works, but a series of delays has meant that Draper House had not had any major works carried out for several years. Draper House was identified for works through the

previous Decent Homes programme which was the forerunner to the current Warm, Dry and Safe programme. The project was one of the first schemes to be commissioned using the new partnering arrangements, which were set up in 2010 to deliver decent homes through a framework of five partnering contractors.

Methods used in this scrutiny review

7. In order to investigate this issue, the Housing, Environment, Transport and Community Safety Scrutiny Sub-Committee used the following sources of information:
 - Contributions to the sub-committee from residents of Draper House
 - Informal conversations between the Chair of the Sub-Committee and ward councillors (Councillors Neil Coyle, Patrick Diamond and Cathy Bowman)
 - Two separate sessions, including a closed session, taking contributions from senior officers and officers directly involved in the delivery of the project
 - Contributions to the sub-committee from the Cabinet Member for Housing
 - Two written reports from officers on the Draper House Major Works
 - Closed reports containing details of the contract signed between Breyer and Southwark Council
 - Contributions from legal officers regarding the details of the contracts
 - Copies of emails between Councillor Cathy Bowman and the Strategic Director for Housing & Community Services

Chronology

8. **2006 - 2010** - Draper House was identified for works through the Decent Homes programme which was the forerunner to the current Warm, Dry and Safe programme. The project was one of the first schemes to be commissioned using the new partnering arrangements, which were set up in early 2010 to deliver decent homes through a framework of five partnering contractors.
9. **March - June 2010** – A decision was made by the Council's Executive (now re-named the Cabinet) in March 2010 to devolve authority to award the partnering contracts to the then Strategic Director for Environment and Housing. The major works partnering contracts were awarded by the Strategic Director of Environment and Housing in June 2010. The Lot 1 contract was awarded to Breyer Group plc for a period of five years with an option to extend by a further

five years. Lot 1 encompasses the whole of Borough, Bankside and Walworth areas in the north west of the borough.

10. **July 2010 - July 2011** – There was a significant delay in works commencing on site as a result of a Leasehold Valuation Tribunal decision in 2010, which was successfully challenged by the council at the Lands Tribunal. As a result, there were limited opportunities for works to progress until early 2012. The delay was exacerbated by the development of the Strata Building on the adjoining site to Draper House. It is accepted by officers that communications with residents over these delays were poor in quality and irregular.
11. **July 2011** - Contract commencement by Breyer plc for “Contract Area 1” was eventually made on 4 July 2011 when temporary site accommodation and welfare facilities were established. The works programme included; concrete cleaning and repairs, new asphalt roofs, fire risk assessment works, asbestos removal, kitchen and window installation, new front entrance doors, upgrade of electrics, refurbishment of the main entrance to Draper House, decoration to the external of the building, timber repairs and glass replacement and internal decoration to communal areas. The Agreed Maximum Price of £5,186,769 covered the cost of the full programme of works.
12. **July - August 2011** – Pre-contract works are managed by the original project management team.
13. **1 September 2011** – Following a restructure, an entirely new project management team was appointed. The new structure established project teams responsible for specific contract areas and one individual partnering contractor. On handover the new project team identified a number of issues that had not been properly addressed at pre-contract works stage. These included:
 - No full appraisal of the legal ownership issues around and inside Draper House had been carried out
 - Negotiation of a licence agreement with the owners of the Strata building on land previously owned by the council had not been carried out
 - The scaffolding needed to be redesigned to accommodate the flying freeholds on the ground floor commercial units
 - There had been virtually no communication with residents about the reasons for delay and the complexity of the negotiations required to enable the major works to begin
14. **September 2011 – early October 2012** - During the stand down period, and at the start of the major works, the new project team identified potential issues

regarding Breyer's delivery of the programme and compliance with the spirit of the partnering agreement. Concerns included:

- Breyer's ability to properly resource the schemes on site
 - The adequacy of Breyer's management on site
 - Issues raised by Breyer's sub-contractors about delays receiving payment for work carried out beyond acceptable timescales
 - Breyer's approach to working in partnership and providing solutions to difficult problems encountered on schemes
 - Breyer's intransigence around taking instructions or looking for alternative solutions - this was especially relevant around the issue of netting that surrounded the scaffolding
15. Council officers held three meetings where the Managing Director of Breyer was asked to explain and justify the issues arising on the project. Officers specifically pointed out that a number of the issues arose from Breyer's policy of paying suppliers late and reducing payments to sub-contractors.
16. During this period there was an understandable groundswell of concern and discontent from residents. The day to day delivery of works and dissatisfaction with the quality and performance of the contractor had compounded an already difficult relationship. Complaints from leaseholders in particular, facing very large bills for the costs of the major works, were becoming a regular occurrence. Residents contacted local councillors and council officers on numerous occasions. On an ongoing basis, all three ward councillors (Councillors Coyle, Diamond and Bowman) raised these concerns with officers.
17. During this period onsite problems which caused huge inconvenience and distress included, but were not limited to:
- Serious problems with the lifts not working and being left in a filthy condition
 - Snagging problems with the newly installed fire doors (so serious as to result in sacking of staff by the contractor). Some fire doors were not securely fit into their frames
 - New windows not properly matching the dimensions of the original windows. This necessitated the addition of a large section of plastic to the edge of the new windows in order to fill the gap

- Long delays in making good damage caused by the removal of asbestos from each flat. A case by case compensation scheme operated which took approximately six weeks for residents to be reimbursed for damage caused
18. **8 October 2012** - Ward Councillor Cathy Bowman meets with council officers and representatives from Breyer to raise a number of residents' concerns. In subsequent emails to the Strategic Director for Housing & Community Services she explains that she experienced "the frankly surly attitude of some...staff". She went on:

"One of the Southwark officers was making a real effort last night - I don't know his name but he was the only one of the three present who stayed until the end of the meeting. One of his colleagues - the clerk of works - looked thunderous throughout & his only contribution was to mutter asides to the contractor. All told, not a fine performance."
 19. The Strategic Director of Housing & Community Services responded promptly and in detail, putting in place a number of actions to address concerns raised by Councillor Bowman.
 20. **October to November 2012** - The council added additional project management resources. This included the appointment of a new project manager. A door-to-door survey was carried out on the 15 November 2012. The results suggested that the residents surveyed felt the situation was improving.
 21. **26 November 2012** - A dangerous occurrence took place on 26 November 2012 when the window sub-contractor appointed by Breyer removed a flue when installing new windows and did not replace it. The resident suffered carbon monoxide poisoning. They have since fully recovered. Breyer became aware of this on the early afternoon of the 27 November but did not inform the council. Breyer put the resident in hotel accommodation, also without immediately advising the council.
 22. When the council became aware of the situation on 28 November, Breyer were told to stop work on site immediately except for any urgent works required to enable residents to live in their homes. Checks were made to all Breyer's work to ensure no similar incidents had occurred elsewhere. Some residents were left with windows installed in only half their flats and basic kitchen facilities.
 23. **December 2012** - An investigation by the council's gas and water compliance team was carried out and a full report was prepared for the Strategic Director of Housing & Community Services. In light of the findings of this report, Breyer were served with a material breach notice on 6 December 2012 and, as required by the contract, were given five working days to respond, which they did.

24. A meeting was held on 19 December 2012 with Breyer to discuss the response. Following consideration of Breyer's reply, the council made it clear it was not satisfied. There was an underlying issue of trust and confidence in Breyer's ability to deliver the remainder of the contract.
25. Legal advice was obtained from Sharpe Pritchard, one of the council's panel solicitors. In addition, the council also consulted counsel on the council's ability to terminate the contract in this instance.
26. According to council officers, they were concerned that by operating the material breach provisions to terminate:
- "... an immediate adversarial relationship would arise between the council and Breyer, which would cause difficulties for transition of the works to a new provider. Following this legal advice, officers therefore began discussions with Breyer to consider how a mutual conclusion of the contract might be achieved. This was felt to be in the council's and residents' best interest as it would enable works to restart quickly on Draper House and ensure contractors could be in place that both the council and residents trust."*
27. **February 2013** - The Strategic Director of Housing & Community Services approved the mutual conclusion of the contract with Breyer. The council was contractually committed to the payment of £1,731,619 to Breyer for programmed works and surveys already undertaken or in progress, and not directly consequent upon contract conclusion. In addition, the council also paid a sum towards loss of overhead and profit arising from an early conclusion.
28. Following negotiation with the contractor as part of the mutual settlement agreement, the council committed to pay £314,000. Officers considered this to be *"the most economically beneficial settlement achievable in the circumstances. This ensured the minimum disruption to the works programme for residents going forward."*
29. **March 2013** - Draper House residents voted for the use of the back-up contractor A&E Elkins with over 90% of those voting in favour of the use of the back-up contractor. In order to ensure the quality and health and safety of work on site a full time contract manager and clerk of works are being brought in specifically for Draper to support the current project management team.

Outstanding issues

Leaseholder costs

30. It is the council's intention to cap leaseholder costs for current works in the contract to those in their original notices, unless there are additional works above

those in the original contract, there will be no need for additional formal leaseholder consultation.

Compensation

31. Both the council and the contractor have complaints procedures in place. Complaints received regarding damage or missed appointments caused by the contractor whilst works are on site are the contractor's responsibility.
32. Under Southwark's Complaints Resolution Policy, those residents whose appointments had been cancelled the week the works were suspended have been awarded £50 for missed appointments.
33. All residents will be compensated for the delay and distress. The amounts are prescribed in Southwark's complaints resolution policy. Payments will be calculated from 4 December 2012 to 1 April 2013 (the estimated start date for the physical re-commencement of the works).
34. All residents will be awarded a payment for delay and those residents that have works which were suspended in their properties will also be awarded a payment for distress. These would normally have been assessed at a medium impact of distress.
35. Council officers also state "*...it is recognised that there may be some cases where the circumstances are such that additional considerations will need to be taken into account and these will be looked at on their individual merits.*"

What went wrong?

Investment programme

36. The absence of a coherent, planned and costed major works programme prior to the current Warm, Safe and Dry programme meant that residents of Draper house spent years in uncertainty about when works would be carried out on their homes. This built up a justifiable level of mistrust on behalf of residents regarding Southwark Council's ability to keep its promises.

Breyer

37. On numerous fronts Breyer repeatedly failed to meet the commitments given to Southwark Council and let down residents of Draper House with the low quality of their work. Their 'policy' of paying suppliers late and reducing payments to sub-contractors in relation to Draper House was highly irresponsible and led directly to many of the problems set out above. Breyer's abject failure to respond to concerns repeatedly raised directly with their senior management by

Southwark Council shows a level of contempt for partnership working which should make any potential future customers extremely cautious in engaging their services. Breyer's response to the serious health and safety incident on 6 December 2012 (not immediately informing the council of the incident and then accommodating the person who had been put at risk in a hotel) speaks for itself.

The original project management team:

38. It is clear and undisputed that the way in which the original project management team managed the project up to September 2011 was seriously flawed. It is incredible that there was no appraisal of ownership issues around Draper House, no negotiation of a licence agreement with the owners of the Strata building and no accommodation of the flying freeholds in the scaffolding design. The scrutiny sub-committee has been informed that none of the original project management team is any longer employed by Southwark Council, though clearly there are outstanding issues which need to be addressed over why they were appointed to work on this project in the first place.

Communications

39. The sub-committee has been informed that, particularly during these early stages of the major works, there was virtually no communication with residents about the reasons for delay and the complexity of the negotiations required to enable the major works to begin. This is totally unacceptable and was key in exacerbating the frustration and mistrust between residents and the council. Evidence given to the sub-committee by residents of Draper House makes it clear that communications were poor over long periods of the project.

The attitude and behaviour of some council officers in the meeting held on 8 October 2012 with Councillor Bowman

40. It is clear that the behaviour and attitude of some council officers in the meeting held with Breyer and Councillor Bowman on 8 October 2012 is unacceptable. This behaviour suggests to the sub-committee that one partial cause of the poor contract management was that some council officers working on the contract did not see it as their role to champion the interests of residents of Draper House, but instead saw themselves as an ally of the contractor. This is unacceptable and the sub-committee was pleased to hear evidence that a new, far more stringent attitude towards contract management is now encouraged within the Housing Department. It is also unacceptable for officers to behave in a rude or surly manner in such meetings.

The absence of a “termination at will” clause in the council’s partnering contract with Breyer

41. Some public authorities issuing large-scale contracts to construction companies include within them a clause which allows the public authority to cancel works at will and simply pay for work that has been carried out. No further compensation payments are required. The sub-committee received evidence that no such clause was included in the Breyer partnering contract. The reason given for this was that such clauses reduce the potential for a collaborative and constructive partnership between the council and the contractor. The sub-committee was also informed that such clauses are ‘priced in’ when contractors bid for work. (i.e. they are seen as higher risk contracts by the bidders and so they increase the amount they ask to be paid). There was some difference of opinion in the evidence given by officers over whether or not a termination at will clause is advisable.
42. The sub-committee was told that if such a clause had been present in the Breyer contract, the council could have simply cancelled further works when it became clear that Breyer were not working constructively with the council or certainly when Breyer’s work lead to a serious and life-threatening incident. The fact that the clause was not included meant that Breyer knew the council could not simply walk away without paying a price. It also meant that when Breyer’s work endangered the life of one of our residents they could not simply be sacked. Instead the contract meant that Breyer were required to submit a report explaining how they would improve and remedy the situation. Officers stated to the sub-committee that they knew that the commitments given in the report would not be delivered upon, but were powerless to cancel the contract because of the absence of a termination at will clause.
43. The final outcome of not having such a clause was that the council had to negotiate a further very significant payment to Breyer in order to ‘mutually conclude’ the contract and to get the works completed by other means. To say that this is an unsatisfactory state of affairs would be a huge understatement. It is as if the contractor is being rewarded for its poor work. It is also clear to the sub-committee that Breyer’s attitude to “partnership working” might have been somewhat more constructive if they had known that the council had an inexpensive way of sacking them.

A failure by the council to actively enforce default notices

44. Irrespective of the absence of a termination at will clause, the council did have at its disposal “default notices” which it can issue to the contractor to formally record breaches in its obligations under the contract. Council officers gave evidence that these default notices were not issued often or early enough. As a result issues were not escalated to senior management as quickly as they otherwise

would have been. Officers state that under new contract management arrangements the council is much more pro-active in issuing default notices.

Shorter payment periods for sub-contractors

45. One of the primary reasons for poor quality and delayed work carried out by sub-contractors on Draper House was that Breyer delayed payments to them. As a result sub-contractors sometimes simply walked away from works unfinished. The sub-committee believes it would be advisable for the council to insist (contractually if this is possible) on contractors paying sub-contractors within a shorter period of time. Officers also stated that the process of approving sub-contracting arrangements with Breyer was far from ideal during the major works.

The transmission of information within the 'free market' of public sector contracting

46. It occurs to the sub-committee that there is a fundamental problem with the way in which information about the poor (or excellent or mediocre) performance of contractors circulates to public sector authorities. In the case of Draper House, Breyer's behaviour has been nothing short of outrageous. Yet, because of a conservative interpretation of the law, the council is forced to place almost all critical information about their performance on confidential pink papers and say little or nothing in public about what has really happened. The end result is that companies such as Breyer are then free to move on to the next lucrative contract with their 'partner' aware only of a very partial view of their actual track-record. The sub-committee believes this is wrong and would like to see Southwark Council being more pro-active in co-operating with other councils, particularly those in London, to share information about the performance of contractors.

Logging complaints from residents

47. Residents made persistent and frequent complaints, often to different audiences. The use of issue logging to take on residents' feedback would have funnelled these complaints to the correct recipient and would have enabled more efficient use of officers' time. A regular review of the issues log may have resolved some issues.

Recommendations

1. **Termination at will clauses:** All major works contracts issued by Southwark council should contain termination at will clauses.
2. **Default notices:** Default notices should be considered a primary tool for escalating poor performance at the earliest opportunity. Project managers should be encouraged to use them as a matter of course as soon as sub-standard performance becomes apparent.

3. **Payment of sub-contractors:** In all future contracts the council should stipulate an acceptable period within which the primary contractor must pay sub-contractors for completed work.
4. **Breyer:** The sub-committee is aware that, due to EU Procurement law, the council must consider all future bids from Breyer Group Plc for work in Southwark. However, the sub-committee recommends that the conclusions of this scrutiny report be kept at the forefront of officers' minds in considering these future bids. We hope that the implications of this recommendation are clear.
5. **Complaints logs:** During all major works projects, detailed complaints logs should be kept and reviewed on a regular basis to prioritise issues which need to be resolved for the benefit of residents.
6. **Leaseholder charges:** No leaseholder in Draper House should be forced to pay for more than the value of the original notices on which they were consulted. It is understood that this is already the intention of council officers, but the sub-committee felt it was important to underline this approach in our recommendations.
7. **Sharing information:** Southwark procurement team should investigate setting up a formal network with other London Councils to share information regarding the performance of construction contractors.
8. **Appointing project management teams:** Officers should review how the original project management team for Draper House was appointed. Project management teams should not be appointed to complex projects unless senior managers are absolutely certain that the individuals have the training, qualifications and skills required to deal with the project. Measures should be put in place by senior officers to ensure this is the case in future.
9. **Communications with residents:** The scrutiny sub-committee did hear evidence from officers that new procedures for ensuring residents are communicated with during major works have been put in place. These procedures should be strictly followed and failure to do so should be treated as a serious matter by senior managers.

Item No. 12.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Cultural Strategy 2013 - 2018	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Veronica Ward, Culture, Leisure, Sport and Volunteering	

FOREWORD - COUNCILLOR VERONICA WARD CABINET MEMBER FOR CULTURE, LEISURE, SPORT AND VOLUNTEERING

There is a crucial sentence at the beginning of section 9 “The Strategy is intended as the Strategy for the Council and not solely for the Culture Service”. The Strategy clearly sets out the cultural dimension in all the ways it impacts on the borough and the central role of all the creative projects in the life of Southwark. Culture is key to the economy of Southwark as the figures show. It inspires and supports many of our young people and creates opportunities for them.

We have some of the major tourist and heritage attractions in the whole of the UK together with cutting edge artistic interventions that also draw thousands of visitors to Southwark each year. These include the degree shows of the various colleges and the innovative arts work that goes on across the borough. The cultural sector is integral to regeneration. Balancing the nurturing of this sector with development ambitions is critical. Festivals, pop up art, studios in old factory buildings in themselves contribute to the life, vibrancy, economy and footfall of an area. In the introduction to the strategy it states that we have taken an essentially “instrumentalist” view of culture because the economic case is so important. The cultural sector is also about health and well-being and this is now widely recognised. This is supported through poetry and reading groups in libraries, access to exciting art which you could not otherwise afford to see and our events and festivals are about quality of life, hope, community cohesion and inspiration for all. It is about meeting our Fairer Future principles – making Southwark a place to be proud of with good employment opportunities for all and support for residents to realise their full potential.

We have a small culture department so there can be no “grand scene” for the Council on the culture front by itself. We have an essential role in enabling the sector to access clear and transparent information about premises issues, collaborating about employment opportunities, ensuring a role for creative projects within all regeneration schemes. This strategy is about the role of the whole Council.

Thank you to all of the officers from across the Council in helping to put this strategy together. A very big thank you in particular to the many cultural and creative organisations, with representation from the large national bodies on the South Bank to the smaller organisations and individuals who contributed to the discussions that have informed the strategy. The conversations were focused and rigorous and have provided the framework for the action plan as well as highlighting the wide ranging issues set out here. Thank you to the Arts Council for their support in advising and bringing an outside perspective to this work. Finally, a big thank you to our very small culture department that had to work so hard to capture the material of the discussions

– thoughts and comments scrawled on the tablecloths, dots on charts, post-its and intense discussion.

Up and down the country the refrain from the lead members for culture is heard time and time again. Culture is not the playful and peripheral end of a council's work. It is at its core. The Council continues to be under acute financial pressure as further cuts to our finances through the Government Spending Review are now pending. I hope the cultural strategy will provide a guide and a focus for what we must do as a Council to sustain the rich cultural life of Southwark.

RECOMMENDATIONS

It is recommended that:

1. Cabinet approves the Culture Strategy and action plan for 2013-18 as set out in Appendix 1.
2. That officers bring a further report on progress with implementation within 18 months of the approval date of this report.

BACKGROUND INFORMATION

3. Culture is important to Southwark. The 2011 census showed that the cultural sector provides 7% of Southwark's population with employment. This compares favourably to the 3% employed in construction. Culture is also the registered trade of 10% of the borough's VAT and PAYE registered businesses. The Council currently invests £335,344 per annum in grants to arts organisations. This helps to lever in £4.9 million from the Arts Council for other cultural providers within the borough. This represents just one element of the economic benefit of culture and does not include additional spend generated in Southwark by the millions of people who visit attractions and events here each year.
4. Southwark is home to one of the country's most dynamic cultural landscapes. This includes institutions, organisations and individuals that have local, national and international impact. This cultural wealth is a major component in the regeneration of the borough as well as being key to Southwark's good record on community cohesion. It is this range and quality of cultural activity that consistently places us in the top five for Arts Council applications for funding across London.
5. We have long established arts organisations working with our diverse communities, providing high quality participatory arts activity for local people, including work in schools, with young people outside of formal education, older people and intergenerational work on housing estates. In addition to this, there are a number of Southwark based organisations addressing the health and well-being agenda including through work for and led by mental health service users and people with disabilities.
6. The Council plays a key role in enabling and ensuring this cultural economy in a number of ways. Most directly, this includes the provision of the Cuming Museum and the Local History Library to give access to the heritage of the borough and the Events programme. In addition to this, the Council provides grant funding for a small number of key local organisations delivering high quality cultural experiences to our residents. The expert advice that the small arts team provides to local organisations helps bring in more funding to the borough and

the Council. The team also advises on the potential for cultural activity and development to stimulate more regeneration, including brokering partnerships with the cultural sector.

7. The new strategy comes at a time of austerity when the Council's role is changing. In order to justify attention, support and resources from Southwark residents, we need to understand the ways in which culture has a positive impact on the borough and its people and specifically how it supports the Fairer Future commitments.
8. Within this context, this strategy sets out how the Council intends to best exploit this rich cultural offer in order to deliver its Fairer Future promises in particular making Southwark a place to be proud of and working for everyone to realise their potential.

Scope

9. The strategy is intended as a Strategy for the Council and not solely for the Culture service. The Strategy covers the following areas:
 - Arts
 - Heritage
 - Arts education and cultural youth provision
 - Creative and cultural Industries
 - Literature and arts development in libraries
 - Public art
 - Health and well being.
10. The strategy does not include sport, peripatetic music provided by the Music Service within Education or the wider library service which was subject to a detailed review in 2011.
11. It is intended that the new strategy will:
 - Ensure best use of our scarce resources
 - Communicate the Council's priorities to the cultural sector and key stakeholders
 - Strengthen the approach to culture across the Council
 - Provide a more informed basis for funding and partnership decisions
 - Guide our approach to economic and regeneration opportunities within the cultural sector.

KEY ISSUES FOR CONSIDERATION

12. A significant consultation programme has been completed in order to inform the production of the Strategy (see paragraphs 29 to 35 below). Detailed consideration of the consultation feedback has led to the identification of five key themes for the Strategy. These are explored in the following paragraphs whilst the action plan at appendix one identifies key actions to address each of these themes.

Theme: Communicating, connecting and navigating

13. This theme addresses the need to improve how the Council communicates internally across departments and externally with the cultural sector and partners. It will focus on improved internal communication to secure an improved overview of cultural provision. It will also support the cultural sector in navigating through the Council's systems.
14. This will also mean that the Council is better placed to signpost cultural organisations to appropriate information and opportunities, to facilitate and encourage networking and to broker partnerships between various organisations, artists and practitioners.
15. This theme also includes the need to better promote the borough's cultural offer and its economic benefits.

Theme: Platforms, places and spaces

16. This theme addresses access to suitable spaces for the production and presentation of work and the longer term role of cultural facilities in areas that are physically changing and being regenerated.
17. Cultural activity can transform local areas, making places more attractive and changing the way they are perceived. It can also support communities during periods of transition, bringing communities together when lives are disrupted by what is happening around them.
18. This theme will focus on the need for access to affordable space, including temporary, incubator and pop-up spaces as well as longer term opportunities. It will also consider the issues and challenges facing the cultural sector with regard to premises related matters.

Theme: Creativity, quality and innovation

19. This theme addresses support for the creation and production of new work, to promote innovation and quality. This involves providing opportunities for new and emerging artists, recent graduates and cultural producers to practice in the borough.
20. It will focus on working with partners to provide advice, guidance and support, including access to space, signposting to funding and opportunities to promote their practice. It also recognises the value of new, experimental and immersive cultural experiences and what the wider sector can learn from these new models of working.

Theme: Resilience and sustainability

21. This theme addresses the need to support the longer term viability of the cultural sector. It will focus on the practical support and advocacy that the Council and other partners can provide in terms of training, capacity building, professional development and links to business and enterprise.

22. It will review how the cultural sector currently accesses Council funding and will signpost individuals and organisations to other sources of funding. It will seek to retain existing long established organisations in the borough, alongside the new and emerging companies and practitioners. It also explores how we work with partners to enable organisations to harness the skills of the local community through volunteering.

Theme: People and audiences

23. This theme addresses the need to support the cultural sector to increase and diversify audiences, enabling the sector to reach local audiences and to be aware of the changing nature of the population as a result of the physical changes in the area. It includes recognizing the value of work that is rooted in local communities, encourages engagement and participation and is accessible to Southwark's diverse communities.

Financial implications

24. The actions identified in the action plan at appendix one will be contained within existing Council resources or where appropriate, through accessing external funding. The Council base budget earmarked for Arts and Heritage is £1,267k for 2013/14.
25. In order to deliver the strategy's themes and the action plan it may be necessary to re-align some elements of the budget, taking account of new and emerging priorities identified through the strategy consultation process.
26. There are no immediate financial implications arising from the adoption of the contents of this report. Cabinet is at this stage being asked to simply agree the proposed strategy. Any specific material financial implications arising from the implementation of the strategy that cannot be contained within the existing budgets or external funding will be subject to separate reports for consideration and approval.
27. Cabinet is reminded to consider the discharge of its obligations under the public sector equality duty found in s.149 Equality Act 2010.

Staffing issues

28. The cultural strategy action plan will be coordinated by the libraries, arts and heritage teams in partnership with other council services and key stakeholders and will be delivered within existing resources.

Consultation

Process

29. A significant consultation exercise was undertaken to inform the production of the new strategy. This included both internal consultation within the Council and engagement with the cultural sector and the wider community.
30. An officer steering group was established with representation from across the Council. It has monitored and informed the development of the strategy including the external communication programme and the feedback arising from it.

31. The external consultation ran from December 2012 until the end of May 2013 and consisted of the following.
- A pre-consultation exercise published on the Council's website and also mailed to cultural organisations and individuals to identify topics they would like to discuss and how they would like to be consulted. 55 responses were received. The following consultation programme was designed according to feedback from this exercise.
 - A series of sector specific consultation workshops were held during March and April 2013 with one session each for the following disciplines:
 - Visual arts
 - Theatre
 - Dance
 - Fashion
 - Media
 - Heritage
 - Literature
 - Music
 - Two geographically based meetings were held at venues in the north and south of the borough to explore the role of culture in the context of major regeneration programmes.
 - An online consultation on the Council's website from 27 March to 19 April 2013.
32. The meetings were interactive with much discussion, opportunities to debate a number of questions and comment and feedback boards and forms were available at all sessions.
33. Participants were not restricted to one geographical area or their own cultural discipline but were welcome to attend various meetings. Some organisations were represented at several of the events. In total, over 160 people attended the meetings.

Findings

34. The main findings of the consultation were that:
- There is a need to improve communication both internally between departments re cultural issues and also externally with the cultural sector
 - There is a need for better co-ordination of signposting, advice, guidance, networking and partnership opportunities in the cultural sector
 - There are strong demands for access to suitable space for the production and presentation of work including temporary, incubator, pop-up and permanent space. There is also clear demand for a more transparent method of managing opportunities for space when they arise
 - New and emerging artists need specific support if their creativity is to be retained within the borough
 - There was overwhelming support for the Council to focus resources on supporting locally based providers and on ensuring access to cultural

opportunities for local people, especially young people, children and families.

35. The strategy themes set out in sections 13 to 23 above, and the action plan at Appendix 1 are informed by this feedback and designed to address these issues over the five year period 2013-18.

Equalities impact assessment

36. As set out in the Equality Act 2010 and the specific Public Sector Equality duty (PSED) an equalities impact assessment has been carried out in relation to the proposed Cultural Strategy. The Cultural Strategy is extremely broad in nature, and applies to the whole of Southwark. Extensive consultation has been carried out in the development of this strategy and internal providers, external groups and residents have been consulted.
37. The action plan outlines broad areas of activity, but these are wide ranging and are largely set out to establish baselines in relation to cultural participation or carry out mapping exercises in terms of existing provision. As such they are neither targeted at or delivering a tangible activity to any specific group, but by their nature will foster good relations between people from different communities and advance equality of opportunity.
38. This strategy has no detrimental impact to any group or protected characteristic as outlined in the Equalities Act or the PSED, and the broad aims and actions proposed are likely to increase participation, representation and accessibility to cultural provision within the borough. Where specific activities may be planned as the outcome of this strategy, a separate equalities impact assessment should be carried out to ensure that any impact is minimised or mitigated, and the views of the Forum for Equalities and Human Rights in Southwark (FEHRS) should be sought at this stage.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

39. Cabinet is advised that it is enabled to agree the cultural strategy pursuant to the arrangements in Part 3B of the Council's Constitution.
40. Cabinet is advised that a consultation exercise has been conducted in accordance with the duties imposed by the Local Government and Public Involvement in Health Act 2007 and the principles set out in the budget report.
41. Cabinet is also advised of the need to consider the recommendations in light of the Council's role in public health and its promotion in the borough, Cabinet will note information was obtained in respect of this during the consultation.
42. Cabinet will note the reference to the Fairer Future for All promises and the delivery of the objectives for the strategy. Cabinet is reminded of the obligations set out in departmental plans such as the Children and Young People's, Plan.

Strategic Director of Finance and Corporate Services (FC13/046)

43. This report seeks approval of the Cultural Strategy and action plan. The strategic director of finance and corporate services notes that there are no new financial implications as a result of accepting the recommendations of this report.
44. Financial implications are detailed in paragraphs 24 to 27 and show that any material impact on budgets would be subject to further reporting if or when they arise. Officer time to implement this decision can be contained within existing resources.

BACKGROUND DOCUMENTS

	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Southwark Council Cultural Strategy 2013 to 2018 and Cultural Strategy Action Plan 2013 to 2018

AUDIT TRAIL

Cabinet Member	Councillor Veronica Ward, Cabinet Member for Culture, Leisure, Sport and Volunteering	
Lead Officer	Adrian Ward, Head of Culture, Libraries, Learning and Leisure	
Report Author	Coral Flood, Arts Manager	
Version	Final	
Dated	4 July 2013	
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 Team	4 July 2013

Southwark Council Cultural Strategy 2013 to 2018

Executive Summary

- The council consulted widely across the cultural sector in Southwark, across our own organisation and with partners and stakeholders during the first half of 2013.
- We understand the broad and powerful ways that culture affects key Council priorities such as employment, place making, cohesion, wellbeing and creative vibrancy.
- We have developed a strategy for 2013 to 2018 that uses our targeted support, partnership and leverage to enable the valuable cultural sector in Southwark to create, develop and grow and therefore generate opportunities, build local pride and deliver prosperity for the borough.
- The strategy, set out in this paper in summary, is articulated as a range of specific and measurable actions to take over the next 5 years.

1. Introduction

Overarching political framework

Culture in Southwark is key to enabling the council to achieve its Fairer Future commitment to its residents

While many people value culture for its own sake, at a time of austerity when the council's role has to be fine tuned and constantly refined, we have taken an essentially 'instrumentalist' view of culture in this strategy. In order for culture to justify attention, support and resources from Southwark residents, we need to understand the ways that it has a positive impact on our borough, its aspirations and goals; ways in which it supports our Fairer Future commitments.

The strategy will focus on ways that culture can help us to make Southwark a place to be proud of. It will explore and leverage opportunities for us to work for everyone to realise their potential, both directly in cultural production and employment and in secondary ways, reflecting the impact that culture can have on aspiration, attainment and education. The strategy will also have a very limited budget attached, since we are aware that we can't afford to fund, subsidise or invest widely, but that what we can do is enable, connect and support and this is a fundamental focus of this work.

Making Southwark a place to be proud of

The strategy supports the cultural sector's ability to shape positive messages about culture, continuing to raise the profile of Southwark as a great place to live, work and study.

For many years the London Borough of Southwark was known for being one of the most deprived areas in the country. In more recent years Southwark has become identified in much more positive ways, with culture being a key part of real, on the ground, development and change, that has created a new more positive identity and message. Through the breadth, richness and quality of Southwark's cultural offer, the council recognises the value of culture in making Southwark **a place to be proud of** for local residents, and in attracting visitors from across London as well as a **destination** for tourists from all over the world.

Southwark's reputation as a cultural destination brings new business, money and investment into the borough, creating **jobs and opportunities**. Culture also has a role to play in the **regeneration** of local areas. Cultural activities in regeneration areas engage and bring together local communities in periods of change, attract visitors to all areas of the borough, and increase footfall for local business, attracting more spend in these areas. The thriving creative businesses in Bermondsey, and the new library and culture space at Canada Water are examples of this. The scope for further engagement in Elephant and Castle, Peckham and Camberwell over the coming years will be significant.

Working for everyone to realise their potential

The strategy supports continued access to cultural opportunities, enabling all sections of the community to realise their potential.

Whatever their age, ethnicity or economic circumstance, our residents have access to a rich range of cultural provision including author talks led by our libraries, participatory and community arts programmes, cultural festivals and internationally recognised galleries, museums, theatres and performing arts organisations. Southwark Council believes that this not only has a leisure value for our residents, but also contributes to the quality of life of local people, ensuring our residents are **healthy active citizens** and belong to **cohesive communities**.

As well as cultural provision, **skills and employability** are also supported. Nationally the cultural industry in the UK accounted for 5.1% of employment in 2010 and is one of the fastest growth industries in the UK. Southwark's buoyant cultural economy is a key contributor to this overall picture. Within the borough arts, entertainment, recreation and other services (as categorised by the ONS Census 2011) are shown to

CULTURAL STRATEGY JUNE 2013

provide 7% of our population with employment and it is the registered trade of 10% of Southwark's VAT or PAYE registered businesses. To set this in context this is only 2% lower than the percentage of our population who are employed in finance and 3% above those who are employed in the construction industry.

The HE and FE institutions in the borough are producing increasing numbers of emerging artists with new skills and talents to develop and share. The creative and cultural industries provide employment and other opportunities for local people to grow and develop through training, apprenticeships, volunteering and work experience. The cultural provision for young people is outstanding and offers access to skills and experiences which can enhance and support their personal development and educational achievement.

Context in which we work

The strategy articulates a collaborative approach that will deliver the benefits that culture brings for residents, the cultural sector and commercial organisations within the borough.

Clearly this strategy sits within a time of austerity, with unprecedented central government cuts to local authorities, and also to Arts Council England, creating multiple impacts on the cultural sector. This strategy defines how and where the council should concentrate its support and resources in this environment with finite staffing and ever tighter budgets.

Current cultural offer and position

The strategy establishes ways that the council can support and enable Southwark's cultural offer to endure during difficult times and suggest ways that we can further leverage value across the borough.

Southwark's cultural offer is incomparable, with enormous cultural variety and potential in its places, people, institutions, heritage and diversity that have a local, regional and international impact. This cultural wealth is a driving element of the borough's dynamism, as an influential force within renewal, for tourism and the local economy, for community cohesion and engagement, and for creating vibrant local places. It is testament to the success and vibrancy of the borough that we are consistently in the top five for Arts Council applications for funding across London.

We have long established arts organisations that are working with Southwark's diverse grass roots communities and providing high quality participatory arts for our residents. This includes work with schools and young people outside of formal education, work with older people and

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inter-generational work with residents on local housing estates. There are also a number of organisations addressing the health and well-being agenda through work led by and for mental health service users, and people with disabilities.

The impact of national FE institutions in the borough (such as University of the Arts London), that are specialising in creative industries courses, means that we also have an increasing number of new and emerging artists and practitioners, as well as small creative businesses being set up. Retaining the talent and skills of recent graduates in the borough means that we are constantly renewing and refreshing the cultural offer ensuring that Southwark remains a culturally vibrant place to live and work, reinforcing Southwark's reputation as a cultural destination and a leading borough for culture in London.

The borough attracts and generates artistic innovation and creativity, so that we are becoming synonymous with non traditional arts experiences being host to pop up theatres and galleries, immersive and experimental arts experiences and new media works. Definitions of cultural spaces have become blurred in recent years due to an increase in the use of temporary and unusual/pop up spaces for culture, alongside the traditional cultural venues. The demand for space to produce and present new work is ever increasing.

This borough's profile is further reinforced by the high quality work and reputation of internationally renowned cultural institutions like Shakespeare's Globe, the Imperial War Museum, Siobhan Davies Dance, Tate Modern and alongside the broader South Bank and Bankside Cultural Quarter.

The regeneration of the physical landscape creates both opportunities and challenges for the cultural sector. They have a role to play in engaging residents, creating meaning for spaces and helping the council understand the creative resources that need to be embedded in our new developments to ensure that they create healthy positive environments. Culture, along with other services, is an integral part of the development of these areas.

The most effective role that the council can play in the development of this rich cultural ecology is often to enable and support, creating the conditions in which they can thrive. However, we sometimes have a more direct role to play, such as when we develop iconic and ground breaking resources like the Library and Culture Space at Canada Water, and make accessible our own unique archive, museum and art collections.

2. Scope of strategy

Southwark's cultural strategy is designed to shape and define the role that the council will play in supporting the cultural sector in Southwark and drive the direction, development and delivery of Southwark's cultural offer over the next five years.

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The cultural sector plays a critical role in regeneration, place making, engagement, employability, community cohesion and resident wellbeing, and it is essential that the council plays an empowering, positive role across the borough to maximise the benefits and ensure that the right conditions are created for the sector to thrive.

Whilst the culture portfolio sits within the Libraries, Arts & Heritage business unit of the Culture, Libraries, Learning and Leisure (CLLL) division, there are many departments and services across the council that support, influence or directly deliver cultural activity in the borough, and so this is designed to be a council wide strategy, cross-cutting department agendas and promoting joined up thinking and working. This will include cross-council working with CLLL, Communications, Regeneration, Planning, Public Realm, Community Engagement, Corporate Strategy, including Economic Development, Adult Social Care, Housing, Health & Wellbeing and Children's Services.

As a result of an extensive consultation process with internal council departments, the wider cultural sector and strategic partners such as the Arts Council, the strategy will direct how the council focuses its resources for culture over the next five years. It will enable us to have a more informed basis for funding and partnership decisions. It will strengthen the relationship between the culture service and the wider council and improve joint working, and will enable us to take advantage of economic opportunities that occur for the sector.

For Southwark's thriving cultural sector, the strategy will determine how we support and engage with them, what their needs and issues are, how the cultural landscape is changing and how regeneration affects local areas, and the implications of this for the sector.

The scope of the cultural strategy includes the following disciplines/areas:

Included	Excluded
Arts, the performing and visual arts, including music, theatre, dance, public art, applied arts, fashion and the creative industries, film, media and digital arts	Peripatetic music provided by the music service
Events / festivals with creative programming	
Literature development, creative writing and reader development.	Library opening hours and buildings (considered in 2011 as part of the libraries review)
Heritage, both our cultural and built heritage, including local history, heritage buildings, monuments, museums, collections and archives.	
Youth arts and arts education	Sport

3. Methodology / Approach to consultation

Internal oversight and ownership

We created a steering group made up of officers across the council who are engaged with culture and carried out an internal audit of cultural activity. We then engaged an external consultant to support the development of an engaging consultation approach and to facilitate the discussions with the sector across 10 events.

Involvement and collaboration across services

The council brought together teams from across the organisation from Arts, Heritage, Events, Libraries, Regeneration and Planning to ensure that we fully understood the issues we needed to understand and what questions we needed to ask of the sector. Staff from across all these teams worked together to create an approach that worked with everyone and a set of questions that generated insights and data.

Engagement with the sector

The council worked hard to engage the sector and over 160 people attended representing a cross section of cultural interests at the 10 consultation events that took place across the borough. The consultation sessions asked a series of questions in a conversational small table format, encouraging people to network, share views and explore ideas together.

Engagement with the community

We provided the community with the opportunity to comment on specific areas of cultural consumption, who culture should be for, and marketing, to feed into the strategy.

Critical Friends

Arts Council England feedback has been key to the development of this strategy. It has provided an objective perspective on the vision of the strategy and helped us to clarify and articulate the themes that have emerged from the consultation process.

4. Cultural Themes for 2013 to 2018

We have developed a set of themes for our cultural strategy; shaping and grouping the ways that we can support the cultural sector in response to the consultation.

1. Communicating, connecting and navigating

This theme addresses the need to improve how the council communicates both internally across departments and externally with the cultural sector and partners.

It will focus on improved internal connections across departments so that the council has a better overview of cultural provision and will be able to support the cultural sector in unlocking and navigating through council systems.

Through this the council will be in a better position to signpost the cultural sector to appropriate information and opportunities, to facilitate networking and collaboration and to broker partnerships between cultural sector organisations, artists and practitioners. Communicating, connecting and navigating also addresses the need to support the sector with marketing, and to raise the profile of culture, and promote the richness of Southwark's cultural offer and the economic benefits therein.

2. Platforms, places and spaces

This theme addresses the need to provide access to suitable spaces for the production and presentation of work, and the need to acknowledge the long term role of cultural facilities in areas that are physically changing, due to regeneration.

It will focus on exploring the sector's need for access to affordable space, including temporary and incubator spaces and pop-up spaces, as well as long term permanent spaces, and buildings.

Working cross-council it will consider the issues and challenges facing the sector, with regard to premises related matters. The council recognises the value of the cultural sector in transforming local areas, making places more attractive and changing the perception of a place. It also recognises that cultural activity helps with transition during periods of change, enriching and bringing communities together when lives are disrupted by what is happening around them. Culture has been described as the "glue" to local areas and the theme supports the need to both champion new opportunities for the sector as part of the regeneration process as well as make the case for existing cultural provision.

3. Creativity, quality and innovation

This theme addresses the need to support the creation and production of new work, to promote creativity, innovation and quality, enabling imaginative work to be created. This involves providing opportunities for new and emerging artists, recent graduates and cultural producers to practice in the borough. It will focus on working with partners to provide advice and guidance and support, including access to space, signposting to funding and opportunities for residencies and platforms to promote their practice. It also recognises the value of new, experimental and immersive cultural experiences and what the wider sector can learn from these new models of working.

4. Resilience and sustainability

This theme addresses the need to support the long term viability of the cultural sector. It will focus on the practical support and advocacy that the council and other partners can provide in terms of training, capacity building and professional development, links to business and enterprise. It will review how the cultural sector currently accesses council funding, and will signpost individuals and organisations to other sources of funding. The council recognises the value of retaining existing long established organisations in the borough, alongside the new and emerging companies and practitioners. It also explores how we work with partners to enable organisations to harness the skills of the local community through volunteering.

5. People and audiences

This theme addresses the need to support the cultural sector to increase and diversify audiences, enabling the sector to reach local audiences, be aware of the changing nature of the population as a result of the physical changes in the area. The council recognises the value of supporting work that is rooted in local communities, encourages engagement and participation, and is accessible to Southwark diverse communities.

Appendix 1 Action Plan

Compiled by
Coral Flood and Rachael Roe, June 2013

APPENDIX 1

INTRODUCTION

The following actions will be led by the arts, libraries and heritage services. These will be carried out within existing budgets and by gaining additional resources through external fundraising. The action plan will also be supported by other services across the council and in partnership with strategic external stakeholders.

THEME 1: COMMUNICATING, CONNECTING AND NAVIGATING

Supporting the cultural sector to work with the council and to improve communication and marketing.

Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
Digital marketing strategy	1.1	Set up a series of cultural sector focus groups to explore and agree key messages on culture, and identify the marketing/PR needs of individual disciplines/art form areas.	To ensure that through a shared voice the agreed messages around culture are reinforced	<ul style="list-style-type: none"> ▪ 3 focus groups ▪ Development of an underpinning agreement / strategy 	<ul style="list-style-type: none"> ▪ Corporate Communications ▪ Events ▪ Health & wellbeing 	2014
Digital marketing strategy	1.2	Establish a Communications Plan to raise the profile of the cultural sector in the borough by: <ul style="list-style-type: none"> ▪ Increased cultural sector presence in council publications and website ▪ Review of council branding for culture ▪ Regular features/statements on individual disciplines with 	To improve the profile of culture within the borough	<ul style="list-style-type: none"> ▪ 4 specific articles on culture in Southwark Life ▪ Monthly updates on the council's website about culture linked to specific stories and events ▪ Updates in Regeneration focused comms campaigns 	Corporate Communications	2014 onwards

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
		case studies/good practice examples <ul style="list-style-type: none"> ▪ E bulletin for arts, culture & events ▪ Creating a heritage digitisation plan 				
Area action plans Southwark plan Economic wellbeing strategy	1.3	Increase awareness of local cultural hubs and Southwark as a cultural destination by: <ul style="list-style-type: none"> ▪ Stakeholder discussion forums in local areas ▪ Area based initiatives (e.g. Bermondsey fashion, Peckham & Bermondsey visual art galleries) ▪ Exploring branding and visibility, in terms of tourist market ▪ Setting up a dialogue with street signage to improve access to those that are off the main routes and not visible 	To promote specific places as cultural destinations, increasing tourism and supporting local creative industries.	<ul style="list-style-type: none"> ▪ 5 stakeholder meetings ▪ 1 initial meeting with street signage ▪ Place marketing plan and key actions to implement 	<ul style="list-style-type: none"> ▪ Public Realm ▪ Regeneration ▪ Corporate Communications ▪ Business Improvement Districts ▪ Visit London ▪ GLA ▪ Events ▪ TFL ▪ South Bank and Bankside Cultural Quarter 	2014 onwards
Digital marketing strategy	1.4	Support the cultural sector with the use of digital media, through training, advice and support.	To support the sector through the use of digital media sector to grow its marketing capacity	<ul style="list-style-type: none"> ▪ 2 training courses per year 	<ul style="list-style-type: none"> ▪ Corporate Communications ▪ CAS 	2014 onwards
Children and young	1.5	Maintain current awareness of the sector in order to	To take a more proactive approach to maintaining	<ul style="list-style-type: none"> ▪ Review the existing cultural database 	<ul style="list-style-type: none"> ▪ Corporate Communications 	2013 onwards

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
people's plan		identify gaps in provision and respond to sector enquiries/signpost effectively, by: <ul style="list-style-type: none"> ▪ improving the existing cultural database, and developing a digital map for culture in the borough ▪ regular visits and attendance at cultural activity ▪ facilitating discussions between council services and cultural sector to explore and identify new ways of accessing/working with schools ▪ Ongoing dialogue with HLF and ACE 	awareness of what is happening in the cultural sector in Southwark	<ul style="list-style-type: none"> ▪ Creation of a digital cultural map ▪ Culture officers to attend 2 events per month (excluding advisory meetings) ▪ 1 initial meeting between stakeholders regarding schools ▪ 3 meetings per year with HLF and ACE 	<ul style="list-style-type: none"> ▪ Southwark Arts Forum ▪ South London Art Map ▪ Arts Council England (ACE) ▪ Heritage Lottery Fund (HLF) ▪ Music service ▪ STEP (Southwark Theatres' Education Partnership) ▪ SBBCQ 	
Children and young people's plan	1.6	Help the sector better navigate the council's internal systems through: <ul style="list-style-type: none"> ▪ a "red tape" guide about relevant council services for external use ▪ a who to contact and who does what guide 	To improve access to expertise and knowledge held within the council.	<ul style="list-style-type: none"> ▪ Production of an online red tape guide ▪ Annual networking meeting 	<ul style="list-style-type: none"> ▪ Events ▪ Corporate Communications ▪ Southwark Arts Forum 	2014 onwards

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
		<ul style="list-style-type: none"> ▪ an annual meeting to enable the cultural sector to meet the council and to network 				
Children and young people's plan	1.7	Set up regular meetings/discussion groups between officers involved in culture to share information and enable a joined up approach to projects	To improve communications within the council and to take a more strategic and joined up approach to new opportunities.	<ul style="list-style-type: none"> ▪ Quarterly meetings 	<ul style="list-style-type: none"> ▪ Regeneration ▪ Planning ▪ Events ▪ CGS ▪ Economic development 	2013 onwards
Children and young people's plan	1.8	Advocacy at a strategic level with key policy makers to address cultural sector needs	To ensure Southwark's cultural sector is understood and supported by national bodies and organisations.	<ul style="list-style-type: none"> ▪ Feeding into relevant policy documents when the opportunity arises ▪ Attendance/presence at national and pan-London forums ▪ Quarterly meetings with ACE London 	<ul style="list-style-type: none"> ▪ Arts Council England (ACE) ▪ Greater London Authority (GLA) ▪ A New Direction (AND) ▪ Museum of London ▪ London Museums Group ▪ National Archives ▪ IXIA ▪ London Events Forum 	2013 onwards
Children and young people's plan	1.9	Support cultural partners in delivery of a series of themed networking events for the sector	To encourage collaborative working and the sharing of resources.	<ul style="list-style-type: none"> ▪ 2 networking events per year 	<ul style="list-style-type: none"> ▪ Southwark Arts Forum ▪ STEP ▪ South London Art Map 	2014 onwards

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THEME 2: PLACES, SPACES, PLATFORMS

Access to platforms, places and spaces for both producing and presenting work, including temporary and incubator spaces, long term permanent spaces, buildings and pop-up spaces, challenges related to affordable rents, rates and other building issues.

Strategic Link		Action	Why are we doing this	Outputs	Partners	Time frame
Core Strategy Southwark Plan Area Action Plans	2.1	Develop a shared council resource register of requests for long and meanwhile use premises and develop a strategy for transparent allocation of such spaces.	To match requests with opportunities and to better inform regeneration projects.	<ul style="list-style-type: none"> ▪ A centralised register which is updated and reviewed on a monthly basis ▪ An agreement or strategy in place for use and allocation of vacant spaces 	<ul style="list-style-type: none"> ▪ Property ▪ Regeneration ▪ Developers 	2014 onwards
Core Strategy Southwark Plan Area Action Plans Economic wellbeing	2.2	Map existing cultural premises, occupiers and workspace providers.	To identify saturation and gaps in cultural premises in order to support planning and policy decisions.	<ul style="list-style-type: none"> ▪ A digital map of premises 	<ul style="list-style-type: none"> ▪ Planning ▪ Business Improvement Districts ▪ Economic Development 	2015 onwards
Economic wellbeing	2.3	Work with the Rates service to develop a consistent and transparent response to the issues raised by the cultural sector	To provide clear and consistent information and guidance to the sector on all issues relating to rates (e.g. discretionary rate relief)	<ul style="list-style-type: none"> ▪ 1 initial meeting set up with Rates service ▪ Published set of clear guidelines and FAQs on all issues relating to rates. 	<ul style="list-style-type: none"> ▪ Rates service 	2014 onwards

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time frame
Core Strategy Southwark plan Area action plans	2.4	Work with strategic partners to explore how the council can play a role in assisting the sector to make the case for the use of non council empty or underutilised space for cultural use.	To support the sector in brokering relationships with non-council bodies such as developers, local business and private landlords	<ul style="list-style-type: none"> ▪ 1 initial meeting with strategic partners to explore potential 	<ul style="list-style-type: none"> ▪ Regeneration ▪ Planning ▪ Developers ▪ Housing 	2013 onwards
Economic Wellbeing	2.5	Develop clear guidance and training support in relation to buildings and spaces for those looking to start up a building based cultural enterprise.	To assist in accessing premises for start up enterprises	<ul style="list-style-type: none"> ▪ Published set of clear guidelines and FAQs on all issues relating to buildings and spaces ▪ List of all relevant training provision 	<ul style="list-style-type: none"> ▪ Empty Shops Network ▪ Events ▪ Southwark Arts Forum ▪ Regeneration 	2014 onwards
Area Action Plans Elephant and Castle SPD affordable retail policy Economic wellbeing	2.6	Work with strategic partners and internal council departments to look at the opportunity for affordable space, start up and incubator spaces.	To assist in accessing premises for start up enterprises.	<ul style="list-style-type: none"> ▪ Initial meeting with partners to explore this and agree frequency of subsequent meetings e.g. bi-monthly. ▪ Agreement in place re council's policy on affordable space, start up and incubator spaces 	<ul style="list-style-type: none"> ▪ Planning ▪ Regeneration ▪ Studio providers ▪ Business improvement districts ▪ Developers 	2013 onwards
Area Action Plans	2.7	Work with the sector to explore business models which enable retention of cultural uses for B1 premises	To encourage the sector in taking a more business like approach for a more viable use	<ul style="list-style-type: none"> ▪ 2 seminar events with presentations by studio providers and other space 	<ul style="list-style-type: none"> ▪ Planning ▪ Regeneration ▪ Studio providers ▪ Business 	2014 onwards

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time frame
		in areas of regeneration.	and management of space	management models	improvement districts ▪ Developers	
Area Action Plans	2.8	Work with strategic partners to ensure that all cultural and community sectors have access to showcase opportunities.	To provide platforms for and access to performance and showcase opportunities for promoting and presenting work	▪ Regular (monthly) update via e-bulletin and networks on forthcoming opportunities	▪ SAF ▪ Events	2013 onwards
Area Action Plans	2.9	Practical guidance in providing access to performance space for non-venue based companies and practitioners.	To support collaborative working across the cultural sector and to maximise use of existing resources	▪ Collated list of host venues and associated support package available	▪ Funded organisations ▪ Cultural venues	2013 onwards
Core Strategy Southwark plan	2.10	Review council wide approach to cultural provision within regeneration consultation, including support for creative and cultural industries.	To agree and develop a coherent, clear approach to engagement, consultation and sustaining of culture within regeneration areas.	▪ Input into consultation process as required ▪ Quarterly meetings between officers	▪ Regeneration ▪ Planning	2014 onwards

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THEME 3: CREATIVITY, QUALITY AND INNOVATION

Promoting creativity, innovation and quality, supporting new and emerging artists, recent graduates and retaining young talent in the borough.

Strategic Links		Action	Why are we doing this	Outputs	Partners	Time Frame
Economic Wellbeing	3.1	Set up exploratory meeting with business development/support depts. of colleges to identify skills gaps and needs of new graduates in transition from college to business and work to develop an appropriate support package.	To provide support at the appropriate level for emerging cultural sector graduates to take their next step within the cultural industries, ensuring the retention of new artists/graduates in the borough.	<ul style="list-style-type: none"> ▪ Initial meeting with colleges ▪ Follow up meeting with colleges and cultural industry partners ▪ Support package (inc one to one advice sessions, information and signposting, opportunities to sell work) 	<ul style="list-style-type: none"> ▪ LCC, Camberwell, LSBU, Morley, Southwark College, Southwark Adult Education, Southwark Arts Forum, Ideas Tap, Newham College (Fashion and textiles museum), business improvement districts, current funded organisations. 	2014 onwards
Economic Wellbeing	3.2	Collate a list of individual practitioners, organisations and venues that are willing and able to offer support to artists, through advisory, residencies, apprenticeships and schemes for young entrepreneurs	To encourage collaborative working within the cultural sector and to maximise use of existing skills and resources	<ul style="list-style-type: none"> ▪ Collated list of individuals, organisations & venues and their associated support package available 	<ul style="list-style-type: none"> ▪ Studio providers ▪ Regeneration ▪ Property ▪ Cultural venues ▪ Southwark Arts Forum 	2014 onwards
Economic Wellbeing	3.3	For council services to work together to consider and find solutions for proposals that	To promote a positive organisational attitude and flexibility within	<ul style="list-style-type: none"> ▪ Published set of guidelines and FAQs ▪ Quarterly meetings 	<ul style="list-style-type: none"> ▪ Regeneration ▪ Property ▪ Events 	2014 onwards

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Strategic Links		Action	Why are we doing this	Outputs	Partners	Time Frame
		may not easily fit within existing processes such as access to unusual site specific spaces.	council processes towards quality work that is experimental, as this raises the profile of the borough and attracts visitors.	<ul style="list-style-type: none"> between officers ▪ A central register of enquiries ▪ 2 seminar events with presentations from best practice models 		
Economic Wellbeing	3.4	Promote training and skills sharing through best practice models to develop innovative creative practice.	To promote the skills and experiences of organisations that are producing experimental and cutting edge work, enabling other artists and practitioners to learn from this	<ul style="list-style-type: none"> ▪ 2 seminar events with presentations from best practice models 	<ul style="list-style-type: none"> ▪ Events 	2014 onwards
Southwark Plan	3.5	To develop a public art and monuments strategy which advocates for innovative, high quality commissioning processes and incorporates: <ul style="list-style-type: none"> ▪ Artists' involvement in the early stages of development. ▪ A broad definition of public art. ▪ Protocol for improving the implementation, management, care and safeguarding of public art and heritage. 	To have a clear policy for the commissioning of public art, ensuring a coherent, transparent and streamlined approach, which results in high quality work being delivered.	<ul style="list-style-type: none"> ▪ An agreed public art strategy 	<ul style="list-style-type: none"> ▪ Public realm ▪ Planning ▪ Regeneration ▪ Developers ▪ Ixia (public art think tank) ▪ Health & wellbeing 	2014 onwards

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Strategic Links		Action	Why are we doing this	Outputs	Partners	Time Frame
		<ul style="list-style-type: none"> Protocol for community engagement 				
Great Art for Everyone (ACE) Cultural Metropolis (GLA) Making Music Matter (GLA)	3.6	<p>Continuation of existing high quality engagement programmes which meet an identified need and where the council are best placed to lead delivery:</p> <ul style="list-style-type: none"> Big Dance biannual dance festival. All About the Band young people's music project. Supporting new cultural producers (e.g. creative writing workshops for adults). Canada Water Culture Space and libraries programming. 	To provide opportunities for local people to witness and participate in high quality cultural experiences.	<ul style="list-style-type: none"> Delivery of existing arts and libraries programmes 	<ul style="list-style-type: none"> Arts Council England Southwark music service Greater London Authority (GLA) London Events Forum The Albany 	2013 onwards
Southwark Plan	3.7	Developing a new high quality culture or heritage resource through a dialogue with the community, including re-providing the Cuming Museum and Newington Library.	Public support for a new facility and the need to rebuild an appropriate space for the collections and services which serve Southwark's heritage remit. Continued and strengthened commitment to showcasing and caring	<ul style="list-style-type: none"> Public consultation to explore ideas and proposals Engagement programme raising awareness of current services and new potential Dialogue with stakeholders on development of 	<ul style="list-style-type: none"> Regeneration Arts Council England (ACE) Greater London Authority (GLA) A New Direction (AND) Museum of London London Museums Group National Archives 	2015 onwards

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Strategic Links		Action	Why are we doing this	Outputs	Partners	Time Frame
			for the borough's physical archives and artefacts.	proposals	<ul style="list-style-type: none"> ▪ Heritage Lottery Fund (HLF) 	
	3.8	Review the culture commissioning plan and contracts with organisations in the borough.	To ensure the culture commissioning plan supports the delivery of the new cultural strategy.	<ul style="list-style-type: none"> ▪ New commissioning plan ▪ New contracts 	<ul style="list-style-type: none"> ▪ Arts Council England ▪ Current funded organisations ▪ All council departments involved in culture commissioning 	2015-2016

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THEME 4: RESILIENCE AND SUSTAINABILITY

Support for long term viability of cultural sector, through training, capacity building and professional development, links to business and enterprise, access to funding and synergy through consortia and partnership bids.

Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
Economic Wellbeing	4.1	Develop an income generation plan.	To increase capacity and inward investment	<ul style="list-style-type: none"> Income generation plan, including national funding bodies, philanthropy / individual giving, sponsorship and CSR. 	<ul style="list-style-type: none"> Economic development Arts Council England Business improvement districts 	2014 onwards
	4.2	Provide and distribute up to date information on a range of funding sources which cultural organisations can apply to and advise them of these.	To encourage applications to a range of funding sources.	<ul style="list-style-type: none"> List of council and non-council sources, including links to major funding sources Regular e- bulletin 	<ul style="list-style-type: none"> Communications Community engagement Southwark Arts Forum 	2014 onwards
Economic Wellbeing	4.3	Explore opportunities for connecting cultural organisations with corporate organisations through, corporate social responsibility (CSR), business support for culture, corporate funding and secondment opportunities.	To encourage the sector in diversifying their funding streams and explore other funding models	<ul style="list-style-type: none"> Initial exploratory meeting with corporate sector and other partners 2 seminar events for cultural sector and corporate organisations 	<ul style="list-style-type: none"> Arts and Business Business improvement districts 	2014-2015
Economic Wellbeing	4.4	Explore options for strategic consortia funding applications, identifying	To use the council's position to lever in strategic investment in	<ul style="list-style-type: none"> Initial exploratory meeting with council officers 	<ul style="list-style-type: none"> Arts Council England Regeneration Economic 	2016 - 2017

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
		involvement from other council services and potential cultural partners.	cultural provision, benefiting local communities and a range of cultural providers.	<ul style="list-style-type: none"> ▪ Research potential funding sources 	<ul style="list-style-type: none"> ▪ Development Health and Wellbeing 	
South London and Maudsley Art Strategy Guys and St Thomas Hospital Art Strategy	4.5	Explore with other council services how the cultural sector can access funds related to the personalisation agenda.	To identify how the cultural sector can best address the health and wellbeing agenda	<ul style="list-style-type: none"> ▪ Activities designed to meet the needs in this area. 	<ul style="list-style-type: none"> ▪ Health and Wellbeing ▪ Guys and St Thomas Hospital ▪ South London and Maudsley Hospital 	2015
Economic Wellbeing	4.6	Explore with partners alternative models of funding cultural enterprise and provide signposting for them.	To encourage the sector to diversify their funding streams and explore other funding models	<ul style="list-style-type: none"> ▪ Initial meeting with studio providers and space management agencies ▪ List of alternative funding models 	<ul style="list-style-type: none"> ▪ Studio providers ▪ Business improvement districts 	2015
Economic Wellbeing	4.7	Explore with colleagues across council services how we could make better use of existing council resources to support and help to save money for the sector.	To maximise the use of existing council resources (e.g. transport, IT, space)	<ul style="list-style-type: none"> ▪ List of alternative council resources for use by cultural sector 	<ul style="list-style-type: none"> ▪ All council departments 	2015
Economic wellbeing Great Art for	4.8	Explore the council's and Arts Council England current portfolio of funded organisations, the ways in	To ensure more effective use of resources across the borough.	<ul style="list-style-type: none"> ▪ 1 meeting per year with ACE portfolio organisations ▪ Quarterly meetings 	Arts Council England	2014

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Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
Everyone		which they can support other organisations and individual practitioners in the borough, helping them to save money through resource sharing.		<ul style="list-style-type: none"> with funded orgs ▪ Collate list of support package available 		
Economic Wellbeing	4.9	Explore within the council and with external partners the potential for the cultural sector to access start up funding towards their work.	To support the development of new companies, small creative businesses and cultural industries	<ul style="list-style-type: none"> ▪ Initial exploratory meeting with council officers and other partners ▪ Collate list of existing funds and initiatives available 	<ul style="list-style-type: none"> ▪ Ideas Tap ▪ Youth ▪ Corporate strategy Business improvement districts 	2014
Economic Wellbeing	4.10	To review and develop existing training and capacity building mechanisms in partnership with key providers	To ensure the sector has access to the best quality training and skills support available and to ensure a joined up approach	<ul style="list-style-type: none"> ▪ Review of current provision 	<ul style="list-style-type: none"> ▪ Southwark Arts Forum (SAF) ▪ South London Art Map (SLAM) ▪ Events ▪ CAS (Community Action Southwark) 	2014
Volunteer Strategy	4.11	To work with partners to enable people to use their skills within the community to build capacity for cultural provision.	To provide opportunities for local people to develop skills and become volunteers	<ul style="list-style-type: none"> ▪ Delivery of volunteer passport programme ▪ Collated list of volunteer opportunities 	<ul style="list-style-type: none"> ▪ Volunteer Centre Southwark ▪ Attitude is Everything ▪ Guys and St Thomas' hospital ▪ South London and Maudsley hospital 	2013

CULTURAL STRATEGY ACTION PLAN 2013 to 2018

THEME 5: PEOPLE AND AUDIENCES

Increasing and diversifying audiences, audience development and engagement enabling the sector to reach local audiences and be aware of the changing nature of the population as a result of the physical changes in the area.

Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
	5.1	Develop a community and culture profile for each community council area to help cultural practitioners and organisations tap into changing audiences and reach new communities.	To use the information and resources available to support cultural organisations to become more knowledgeable about their local community, their target audience and enable appropriate engagement.	<ul style="list-style-type: none"> ▪ Data analysis of current sources inc Census and health & wellbeing data ▪ Area based profiles developed 	<ul style="list-style-type: none"> ▪ Community engagement ▪ Audiences agency ▪ Corporate strategy ▪ Arts Council England 	2014 ongoing
Great Art for Everyone	5.2	Provide training in interpreting and using audience segmentation data and provide specific sector support for organisations who are new to this or have limited experience of this process.	To support the cultural sector to better understand local communities and how they engage with cultural provision	<ul style="list-style-type: none"> ▪ 2 seminar / training events for cultural sector led by Audiences agency and ACE 	<ul style="list-style-type: none"> ▪ Audiences agency ▪ Arts Council England (ACE) 	2014 ongoing
Great Art for Everyone	5.3	Work with local, borough wide and London wide heritage organisations and societies to promote, preserve and celebrate both existing heritage and culture and heritage of Southwark's newer communities.	To help tell the story of Southwark, past, present and future. To help people feel engaged with the borough's history and to explore their own contribution to local and wider culture.	<ul style="list-style-type: none"> ▪ Regular contact with heritage and diverse groups, including attendance at events ▪ Improved information and resources online and in physical formats 	<ul style="list-style-type: none"> ▪ Local history and heritage societies ▪ Arts Council England (ACE) ▪ Museum of London ▪ London Museums Group ▪ National Archives 	2014 onwards

CULTURAL STRATEGY ACTION PLAN 2013 to 2018

Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
			To listen to and work with people to tell their own story.	<ul style="list-style-type: none"> ▪ More opportunities for people to become involved 		
Great Art for Everyone	5.4	Helping people explore their own identity and cultural values through exhibitions, interpretation, events and activities both online and in appropriate sites and venues.	To fulfil our remit to reflect local and wider communities and cultures and to provide access to the collections we hold in trust for the people of Southwark and beyond.	<ul style="list-style-type: none"> ▪ Continued programme of regular exhibitions, education programme and events ▪ Improved web and other resources ▪ Continued and strengthened commitment to showcasing and caring for the borough's physical archives and artefacts. 	<ul style="list-style-type: none"> ▪ Local history and heritage societies ▪ Arts Council England (ACE) ▪ Museum of London ▪ London Museums Group ▪ National Archives 	2015 onwards
Great Art for Everyone	5.5	Support the development of the schools audience for cultural products, e.g. through the Arts Award, engagement with teachers, mapping of existing take up and provision.	To encourage greater co-operation and collaborative working between the cultural sector and others.	<ul style="list-style-type: none"> ▪ Map current provision in schools (through partner information) ▪ Series of open meetings for cultural sector with teachers / education reps ▪ Delivery of Arts Awards schemes (e.g. All about the 	<ul style="list-style-type: none"> ▪ Education service ▪ STEP ▪ A New Direction (AND) ▪ South Bank and Bankside Cultural Quarter ▪ Cultural partners working with schools 	2014 onwards

CULTURAL STRATEGY ACTION PLAN 2013 to 2018

Strategic Link		Action	Why are we doing this	Outputs	Partners	Time Frame
Guys and St Thomas Hospital art strategy South London and Maudsley Hospital art strategy Five ways to wellbeing Volunteer strategy	5.6	Work with cultural providers to ensure awareness of current legislation and best practice and a pro-active implementation of access and inclusion through targeted programming according to age, ethnicity and disability.	To ensure that Southwark's cultural provision is inclusive and accessible to all communities	Band) <ul style="list-style-type: none"> ▪ Equalities impact assessments ▪ Targeted programmes by age, ethnicity etc. ▪ Targeted health and wellbeing programmes e.g. Feel better with a book ▪ Published findings of Volunteer passport ▪ Revealed training ▪ Access to Mental Health First Aid training, delivered by SLAM 	<ul style="list-style-type: none"> ▪ Volunteer Centre Southwark ▪ Attitude is Everything ▪ Guys and St Thomas Hospital ▪ South London and Maudsley Hospital 	2014 onwards

Item No. 12.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Gateway 1: Procurement Strategy Approval - Supply of Electricity to Quarterly Billed Sites	
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

The Council has to buy electricity and gas for use in its offices, schools, housing stock and street lighting. We currently have six contracts in place, two for gas and four for electricity. Sites are assigned to one of these contracts depending upon the amount of energy consumed and this ensures the best available prices are obtained.

Five of these contracts are already with Laser buying consortium, managed by a team within Kent County Council.

The quarterly billed electricity contract is due to expire on 31 March 2014 and this report recommends that Laser are chosen to be the new provider as it is believed that this will be the most advantageous approach for both the Council and the residents within the Borough.

After some extensive work across the Council, gathering the required data associated with the 3500 sites contained within this portfolio, we are now in a position to be able to let the contract in line with the best practise route taken with the other five.

The five portfolios previously secured on this type of contract arrangement are already realising large savings of around £6m across the Council when compared to the prices available for gas and electricity in the retail market. These savings benefit Housing estates, schools, offices and depots and support our fairer future principle of 'spending money as if it were coming from our own pocket'.

The outlined procurement strategy will also enable us to measure progress against the Council's Energy and Carbon Reduction Strategy, agreed by Cabinet in September 2011, by providing key data and information about energy usage across the Council, helping us monitor and subsequently reduce our carbon footprint.

RECOMMENDATIONS

1. That the Cabinet approves the use of the Laser consortium arrangement for the purpose of purchasing the supply of electricity to quarterly billed sites for a period of two years and six months from 1 April 2014 to 30 September 2016, at an estimated cost of £4.37m per annum, totalling an estimated cost of £10.9m.

2. That the cabinet delegates authority to the strategic director of environment and leisure to award the contract and agree the purchasing options to be outlined in the gateway 2 report.

BACKGROUND INFORMATION

3. The council has six portfolios for electricity and gas supplies to municipal sites, schools and housing estates. Four of these cover electricity supplies to over 3,500 sites. Two are for supplies of gas to over 200 sites.
4. Following an extensive procurement exercise during 2011/12, it was decided that Laser Buying Group (a central purchasing body set up by Kent County Council) offered the best value for money and service in comparison with the Government Procurement services framework for the supply of gas and electricity to Southwark Council. Therefore four of the portfolios joined the Laser flexible framework agreement running from October 2012 to September 2016 when their existing contracts ended. The suppliers within this framework agreement are currently Total Gas and Power for Gas and Npower for electricity. These were elected by Laser following a full Office Journal of the European Union tender process during 2011.
5. The two portfolios that did not join at this time were already in other contract arrangements that could not be terminated. These were;
 - Two sites on an interruptible gas supply framework agreement with Government Procurement Services that expired on 31 March 2012. These have subsequently joined the large gas consumption portfolio with Laser.
 - The quarterly billed electricity sites that are in a fixed term contract with EDF until 31 March 2014.
6. Approval is sought for this additional portfolio of quarterly billed accounts to join this same purchasing strategy with Laser once its current contract finishes.

Summary of the business case/justification for the procurement

7. This contract covers the supply of electricity to quarterly billed sites. The supplies on this contract are the lowest electricity consuming sites. There are currently 3,437 individual supply accounts currently on this contract. The majority of these accounts are for landlord electricity supplies (e.g. stairway lighting) to housing estates. However, the contract also includes a wide range of other supplies, from primary schools and small municipal offices to market stall supplies at East Street.
8. This report is proposing a buying method to ensure best value for purchasing electricity for the smallest consuming sites in the borough.
9. The current contract is a fixed term, fixed price contract with EDF and expires on 31 March 2014.

Market considerations

10. The energy market is very competitive and means that consumers in Britain can select from a range of companies to provide their energy supply. The energy suppliers all use the same gas pipes and electricity cables to deliver the same

physical products (gas and electricity), so instead they compete on price, service and innovation.

11. Regional distribution network operators are responsible for transporting electricity along their networks via a network of cables and wires known as 'the grid'. Charges for the supply are included on costs passed on to the customer from the suppliers.

As such, the unit (kilowatt hour – kWh) cost of electricity to the customer is made up of a number of cost elements:-

- Wholesale cost of the commodity itself – gas or electricity
 - Pass through charges for transporting the energy – i.e. national gas network, national electricity grid. These charges are fixed by the energy regulator (Ofgem)
 - Meter operating, billing and administration charges
 - Government taxes – “Climate Change Levy” and VAT
 - Supplier profit
12. The wholesale price of electricity comprises around 70 per cent of the total cost paid by customers. The remaining 30 per cent is made up of the other charges listed above.
 13. As the wholesale market price of electricity is the dominant factor in the end price to customers, competition between suppliers usually only realises around 1 – 2 per cent difference in prices when tendered.
 14. The largest impact on the end electricity price is the amount being bought, decision when to buy, and how much future electricity demand to buy at that time (i.e. to cover the total demand for one or two years, or just a portion).
 15. The energy market is extremely volatile. Wholesale energy prices are influenced by a range of factors including supply security, weather trends, exchange rates, and geopolitical issues. Prices can vary significantly on a daily basis (set on a half hourly basis for electricity) with dramatic rises and falls over a 12-month period. Moves of plus or minus 20 per cent for the wholesale electricity cost in a single month are possible.
 16. Electricity prices will increase over the proposed two and a half year contract period. Suppliers will be accounting for infrastructure, needs to supply energy, profit, administration costs, regulated fees and taxation.
 17. A flexible procurement approach helps to negate sudden price rises by forward purchasing and trading on the wholesale market.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

18. Historically, this particular portfolio of sites has been negotiated directly with EDF as fixed term, fixed price as the incumbent supplier. This is due to a number of factors, most prominently the fact that this option was the best value on a site by site basis. This is because the procurement cost per meter was lower, and with

the sites consuming less volume, this factor had a larger bearing on the overall outturn price. This option was removed from availability after January 2011.

19. Due to the nature of the types of supplies (low usage, large volume of meters); the council did not hold enough information to be able to tender them effectively. Information such as Meter Point Administration Numbers, and even locations of the supplies was not complete in some cases. Following a full survey carried out by the housing department during 2010/11, all meters within the contract were identified, and listed against location. This information can now be given to the suppliers to be able to tender effectively.
20. To comply with current procurement legislation, contracts with a value over £173,934 are advertised to the whole of the EU via the Official Journal of the European Union. Southwark's Quarterly billed electricity contract exceeds this value. On this basis, we are obliged to tender the contract from renewal.
21. Laser, a central purchasing body created by Kent County Council, has a framework agreement in place that is specifically tailored to the supply of electricity to quarterly-billed sites. The framework contains a single-supplier for the period 1 April 2014 to 30 September 2016 (aligning with Laser's existing flexible supply baskets). To best-suit the typically low usage per supply point for quarterly-billed supplies, the framework will seek to minimise ongoing supplier, Laser and customer administration.
22. Large financial savings have been made by the council since utilising the framework agreements with Laser. Annual performance reports for the contracts already with Laser, presented in February 2013, showed that the prices being achieved were almost 25% less than those obtainable directly from the retail market. This saving is passed directly on to leaseholders, tenants, schools and the council, and provides evidence to support the use of the procurement route outlined in this report.
23. Fixed term, fixed price supply contracts are no longer an option offered by either of the consortiums evaluated against the pan government criteria. Therefore a flexible procurement strategy is recommended.
24. The alternative option is 'do-nothing'. This would effectively leave facility managers at each site to negotiate and secure their own electricity suppliers, or remain with EDF at an 'off-contract' market rate which is generally around twice the price of contracted rates. This option would present a financial risk to the authority, and the cost of these electricity supplies would significantly increase if this purchasing route was to be taken.

Proposed procurement route

25. The Office of Government Commerce (now Government Procurement Services), has estimated that the cost of going through the OJEU process is £30,000. By using a Central Purchasing Body as recommended by the London Energy Project and the Office of Government Commerce, local authorities do not need to go through the tendering process, and no longer have to closely follow the markets, or take difficult decisions over when to buy, thus saving time and money
26. The framework procurement process used by the consortia is compliant with the current EU procurement regulations.

27. With an estimated value of £10.9M for a two year and six month contract, this procurement meets the criteria of EU general protocol, and that all reasonable steps should be taken to obtain at least five tenders following a publicly advertised competitive tendering process.
28. CSO 3.2 advises that this requirement will not apply where the council intends to purchase under a consortium contract so long as approval for the use of that consortium contract has been given via a gateway 1 report. A gateway 2 report will be presented showing the procurement costs, together with the recommended purchasing strategy, and estimated contract value.
29. This method of purchasing allows the council to access wholesale rather than the retail market price. This method of buying has been approved and adopted by the council to avoid the risk of effectively settling all of the council's electricity costs on a single day through a fixed price, which may coincide with a high point in the market.
30. Laser will secure a supplier for electricity to quarterly billed sites under the framework agreement and the decision to be made by Southwark ultimately will be the type of contract we want to secure from the consortium, and the purchasing option adopted within that contract. This will be presented via a gateway 2 report.
31. Managing a flexible energy contract is a specialised function, and both the Office of Government Commerce and London Energy Project advise this should only be performed by market specialists with the relevant knowledge, experience and information to undertake this task. Like any other market it requires a 'trading' function, deploys tested and continuously improved buying and risk management strategies and has appropriate governance arrangements in place.
32. There are minimum size requirements for buying wholesale energy flexibly, i.e. aggregated to the size of at least ten typical London boroughs.
33. The London Energy Project, in collaboration with the pan government energy project has evaluated the aggregated, flexible, risk managed contracts provided by the Central Purchasing Bodies against a set of key best practice criteria. Of those, Laser and Government Procurement Services have solutions available to Southwark.
34. Laser is a local government purchasing consortium operating in the South East and London region. It is part of Kent County Council and has responsibility for the energy procurement of 120 organisations, including Local authorities; of which 24 are London Boroughs.
35. Government Procurement Services is the national procurement partner for all UK public services and is part of the Efficiency and Reform Group within the Cabinet Office. They have been purchasing aggregated energy volumes via the wholesale markets for more than ten years.
36. A full gateway process during 2011 and 2012 presented the best value option available through the two consortiums. There were a number of factors or criteria that needed to be considered and scrutinised when selecting the Central Purchasing Body and the framework which best met Southwark's requirements

and offered best value for money. Selection of the consortia was made using the following criteria and is available in the background document listed;

- the tender process used by the consortia and evaluation criteria used for consortia when selecting electricity supplier;
 - how the managed or unmanaged solution will work and benefits for the authority
 - Service Level Agreement with the consortium, terms and conditions of the framework;
 - communication with Southwark, provision of information and how that will be managed;
 - delegated authority, and decision to purchase on behalf of Southwark and compatibility with Southwark's requirements;
 - the transparency of costs;
 - provision of information and how it will help the council manage energy consumption throughout the estate. This includes the provision of data for the council's carbon reduction commitment scheme return.
 - additional services that can be provided;
37. The Energy Team led and undertook the evaluation, in collaboration with colleagues from departmental procurement, corporate finance and legal services. Records were kept against the key criteria listed in paragraph 36.
38. The Central Purchasing Bodies were asked to represent themselves and provide supporting materials to the Energy Team and assessed against professional advice and guidance provided by the Office of Government Commerce and The London Energy Project.
39. Further to this there was a need to evaluate the compatibility of the risk management strategies with Southwark's financial objectives, an understanding of the buying solutions that are used for purchasing energy on the authority's behalf and whether to take a Purchase in Advance or Purchase Within Period contract.
40. Having demonstrated Laser as being the best option both financially and also from a customer service aspect for the other five portfolios of sites during the most recent procurement process, it is proposed that the quarterly billed portfolio of sites join the flexible framework agreement with Laser, thus aligning all portfolios of energy supplies until September 2016.
41. The proposed best purchasing solution for the authority for these particular electricity supplies will be presented at Gateway 2.

Identified risks for the procurement

42. The greatest risk in buying electricity is in deciding when, and how much to purchase. This report sets out how the recommended procurement approach will mitigate this risk by purchasing electricity within a framework contract that spreads buying decisions across the contract period. The recommended approach is also one of the energy procurement solutions being recommended as being best practice by central and regional government.
43. Identifying the procurement approach, and presenting the findings and the best solution in the previous gateway 2 report has ensured that the council have not

taken any risk making 'rushed' decisions without consideration of alternative options. Further analysis of the available purchasing options within the framework will be presented in the gateway 2 report for this contract.

44. Officers have considered the risk of prices fluctuating during the contract periods, and are satisfied that there is a control over the decisions being made on behalf of the authority by the consortium. The selection criteria, including delegated authority for purchasing, in addition to the market analysis (all detailed in the procurement route) has ensured the authority is able to select a solution that allows those risks to be managed.

Key /Non Key decisions

45. This report is a key decision.

Policy implications

46. There are no policy implications.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Forward Plan (if Strategic Procurement)	28/03/2013
DCRB/CCRB/CMT Review Gateway 1	DCRB CCRB 23/05/2013 06/06/2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	4/7/2013
Approval of Gateway 1: Procurement strategy report	16/07/2013
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	26/07/2013
Issue Notice of Intention	
Completion of tender documentation	These tasks are completed by Laser
Advertise the contract	
Closing date for expressions of interest	
Completion of short-listing of applicants	
Invitation to tender	
Closing date for return of tenders	
Completion of any interviews	
Completion of evaluation of tenders	Completed by Laser
Issue Notice of Proposal	Completed by Laser
Forward Plan (if Strategic Procurement)	31/7/2013
DCRB/CCRB/CMT Review Gateway 2:	15/8/2013 22/8/2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	tbc
Approval of Gateway 2: Contract Award Report	tbc
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	tbc

Alcatel Standstill Period (if applicable)	N/A
Contract award	N/A
Activity	Complete by:
TUPE Consultation period	N/A
Place award notice in Official Journal of European (OJEU)	completed by consortia
Contract start	1/04/2014
Contract completion date	30/09/2016
Contract completion date – (if extension(s) exercised)	N/A

TUPE/Pensions implications

47. There are no TUPE implications.

Development of the tender documentation

48. Tender documentation has been developed and administered by the buying consortia.

49. It is important to stress that this flexible framework contract is not awarded on the basis of lowest electricity price. The electricity price will be determined by the wholesale market and the buying decisions made in response to this volatile market.

Advertising the contract

50. This task has been completed by the Central Purchasing Body (Laser).

Evaluation

51. This task has been completed by Laser.

Community impact statement

52. This contract includes electricity supplies to housing estate lighting in stairwells and lifts. While these electricity costs represent a small proportion of the overall heating costs to tenants and leaseholders, this procurement route is recommended to achieve the minimum electricity prices.

Economic considerations

53. Due to the nature of the energy supply market requirements for suppliers to support local employment would be inappropriate.

Social considerations

54. There are no specific social considerations

Environmental considerations

55. The buying consortia purchases green energy generated by the supplier from renewable sources where available, typically around 10% of the electricity purchased is currently produced from renewable sources.

Plans for the monitoring and management of the contract

56. Client departments are responsible for payment and monitoring of their own invoices. The energy team within the environment and leisure department will act as a single point of contact with the supplier to resolve any outstanding queries.
57. An annual performance report for this contract will be presented to DCRB and CCRB by the energy team.

Staffing/procurement implications

58. There are no additional staffing implications than those already set up to look after the current contracts.

Financial implications

59. The estimated contract costs have been based on current wholesale costs and the existing sites utilising the framework agreement.
60. Some sites supplied with electricity via this contract will be affected by the changes made as part of the disposals and rationalisation programmes to the council estate, and may result in some fluctuations to the total contract price. Predicted consumption rates for these will be accounted for in the future contract negotiations, in addition to any new sites that we may want to include.
61. It must be emphasised that this report is recommending a buying method, not a set of fixed electricity prices resulting from a competitive tender. All predicted costs are therefore based on current market conditions. The actual billed costs will depend on the purchasing option taken and prices of electricity secured from the wholesale market.
62. The future contract costs are difficult to predict as the previous contract was on a fixed term, fixed price tariff since 2011. In this instance, the supplier would give a fixed price at the start of the contract that built in price rises for the duration of the contract. The flexible approach negates the risk of fixing a four year price on one single day and has proved to be best value when comparing contracts.
63. The below table indicates an estimated breakdown of the sources of funding;

Budget	Annual costs for 2011/12-13/14	Predicted annual costs from 2014/15	Increase from current
HRA	£3,494,387	£3,669,106	£174,719
General fund	£451,656	£474,239	£22,583
Schools	£428,665	£450,098	£21,443
Total	£4,374,708	£4,593,443	£218,735

The increases shown are based on the assumption that the exact same number of sites will still be on this contract and an estimated increase of 5% on prices by April 2014.

64. The major risk areas involved in the procurement strategy being recommended have already been highlighted in paragraphs 42 to 44. Those risk areas relating to when to buy and the volume to purchase, are mitigated by the purchase of electricity within the framework contract and allows buying decisions to be taken across the contract period. This approach also mitigates any additional risk that could arise though rushed decision making without consideration of alternative options. The use of the framework contract also allows the authority control over the decisions being made on it's behalf by the consortia, as part of the selection criteria, including delegated authority and market analysis, during the procurement stage.
65. The budget available within the Housing Revenue Account for 2013/14 is £3,822,890 and this consists of £645,003 for the Heating Account and £3,177,887 for the remainder of the contract. This should cover the predicted annual costs contained within the table above. The budget available to the Housing General fund for 2013/14 is £102,405, but this sum will form only part of the overall General Fund budget available. The remaining General Fund budgets are held and managed under the respective service areas. Annual price variations of all energy budgets (based on current best estimates at the time) are given to the Finance and resources team during the budget setting process. These budgets are adequate to cover the costs of the contract.

Investment implications

66. There are no implications regarding investment.

Legal implications

67. Please see concurrent from the director of legal services.

Consultation

68. Please see concurrent from the head of specialist housing services.

Other implications or issues

69. N/a

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

70. This gateway 1 report is seeking approval to utilise the Laser consortium arrangement to purchase the supply of electricity to quarterly billed sites. This report is also seeking delegated authority for the gateway 2 report which will follow.
71. The report confirms that the council joined the Laser consortium following an extensive procurement exercise during 2011/12. Six of the council's seven electricity and gas portfolios are now secured through this consortium. The remaining portfolio, electricity to quarterly billed sites, is the subject of this report.

72. With the expiry of the current contractual arrangement for quarterly billed sites, there has been an opportunity to review the procurement options. Paragraphs 18 to 24 outline the procurement options that were considered and discounted.
73. The report confirms that by using the Laser consortium arrangement, the council has previously made financial savings and received a good level of customer service. It is expected therefore that this proposed procurement route will continue to secure the best deal for the council.
74. The Laser consortium offers flexibility in the way electricity can be purchased through this arrangement. Paragraph 29 confirms that the gateway 2 report will contain recommendations in relation to the purchasing options, the estimated contract value and procurement costs.

Director of Legal Services

75. This report seeks cabinet approval of the procurement strategy for the purchase of electricity supply to quarterly billed sites within the borough through the LASER purchasing consortium (described in paragraph 34). The director of legal services (acting through the corporate team) has advised officers in connection with this matter and notes the content of this report.
76. In view of the estimated cost of the electricity supply for the council's sites the procurement process is governed by the requirements of the EU Procurement Regulations which include a call for expressions of interest by way of the publication of a contract notice in the Official Journal of the European Union ("OJEU"). The report confirms that the framework agreement established and administered by LASER for the purchase of this type of electricity supply is compliant with those Regulations.
77. The procurement is also subject to the application of the council's Contract Standing Orders ("CSOs"). CSO 3.2 provides that "approval to create or join a purchasing consortium must be obtained in a Gateway 1 report which must identify the procedure for award of individual contracts or orders placed by the consortium. Once approval has been obtained, contracts or orders placed through the purchasing consortium will not be subject to the tendering or quotation requirements in CSOs, but the usual Gateway 2 procedures must be followed". Paragraphs 28 to 30 advise that the details of the purchases to be made by LASER on behalf of the council will be presented in a Gateway 2 report at a later date.
78. Paragraph 68 summarises the council's statutory obligations in relation to leaseholder consultation in connection with the proposed procurement and the steps which are to be taken to satisfy those obligations.
79. The proposed procurement strategy is defined as a strategic procurement under CSOs, and as such the decision to approve it is one which must be taken by the Cabinet, after consideration of the report by the Corporate Contract Review Board.

Strategic Director of Finance and Corporate Services (FC13/044)

80. This report seeks approval of a consortium arrangement for the purpose of purchasing the supply of electricity to quarterly billed sites 1 April 2014.

81. The strategic director of finance and corporate services notes the finance implications detailed in paragraphs 59 and 65 showing that costs will be contained within the existing budget. Any increases in price from 2014/15 and beyond will need to be identified during the annual budget setting process.
82. The cost of resources to implement this contract will be contained within current budgets.

Head of Specialist Housing Services (For Housing contracts only)

83. The majority of the quarterly billed accounts are for the landlord supply to council housing estates, and the costs are service chargeable to leaseholders under the terms of the lease. Because the costs are frequently in excess of £100 per annum to individual leaseholders, and because the contract is for a term in excess of 12 months, the contract is considered to be a qualifying long term agreement under the terms of the Commonhold and Leasehold Reform Act 2002 and consultation is required under schedule 2 of the regulations.
84. A notice under S20 of the Landlord and Tenant Act 1985 (as amended) that covers some of the requirements of the regulations was served on all leaseholders in the borough on 25th May 2013. The observation period expires on 1st July 2013. The notice does not comply with the requirements of the regulations because the contract will not be offered for tender and because it is not possible in advance to identify the unit rate per kilowatt hour. In order to protect the council's ability to recover service charges in these circumstances an application has been made to the Leasehold Valuation Tribunal for dispensation from the consultation requirements. The hearing is scheduled for 27th June 2013. Previous applications of this nature have been made to the LVT and dispensation in those cases was granted. Confirmation that dispensation has been granted in this case should be obtained before entering into the agreement.
85. The documents relating to the notice and to the dispensation application are in the council's website. 20 observations have been received in response to the notice, and have been responded to. None have raised issues that would suggest that this agreement should not be entered into if dispensation is given. The application itself is unopposed.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Utility contracts contract working folder	Energy Team, 3 rd Floor, hub 2, 160 Tooley Street, SE1 2QH	Chris Owen 020 7525 7728

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Barry Hargrove, Cabinet Member for Transport, Environment and Recycling	
Lead Officer	Deborah Collins, Strategic Director of Environment and Leisure	
Report Author	Chris Owen, Energy Manager	
Version	Final	
Dated	4 July 2013	
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 Specialist Housing 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		4 July 2013

Item No. 13.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Gateway 1: Procurement Strategy Approval - Nursing Care Demand Led Contracts	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Catherine McDonald, Health, Adult Social Care and Equalities	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Our Fairer Future promise is that people live independent and fulfilling lives, based on choices that are important to them. We are committed to support the aspiration of older people to remain independent in their own home for as long as possible. However we recognise that for a small number of particularly frail older people, including those who may be coming to the end of their lives, there may be the need to be placed in a nursing care home.

What is vital when a placement in nursing care is needed is that these homes provide the right support to meet people's needs with dignity. We know that older people overwhelmingly would prefer to remain in the borough and close to friends, family and their community and that is why I am committed to ensuring that people in Southwark can chose to remain in the borough when they need this support.

Since the collapse of the former operator of Southwark's three nursing homes (Southern Cross), the Council has worked intensively with the new providers to improve the quality of the care that they provide. Through our commitment to working with experts in the field, the My Home Life project, which is collaboration between providers, health partners and the voluntary sector, has been developing a Quality Strategy for Nursing and Care Homes and will produce a quality improvement plan that will be approved by me in the coming months.

This report seeks to build upon the improvements in the quality of care being provided, through negotiating two fixed term demand led contracts to cover the three in borough homes and I am pleased to that this will also include negotiating a commitment from providers to pay their staff at the London living Wage, a key commitment of this administration, which will be linked to further sustained improvements in quality such as improving staff retention and the motivation and calibre of staff employed in the homes

RECOMMENDATIONS

1. That the cabinet approves the procurement strategy outlined in this report, namely to enter into single supplier negotiations with the two in-borough nursing care home providers in order to establish two demand led contracts for nursing care placement for the elderly and chronically disabled.

2. That the cabinet notes that anticipated contract value for the two contracts will be in the region of between £5.8m and £6.3m per annum, making an anticipated total contract value in the region of between £23.2 and £25.2m over the four years life time of the contracts.
3. That the cabinet notes that contract one will be with HC1, to cover two nursing home sites at Tower Bridge Road and Camberwell Green and contract two will be with Four Seasons, to cover a single site at Burgess Park nursing home.

BACKGROUND INFORMATION

4. The Care Quality Commission (CQC) is responsible for regulatory compliance for nursing and residential care. While much of the regulatory framework applies to both types of establishments, there are additional provisions that apply to homes that provide nursing care. For example the requirement to have a nurse on duty twenty four hours a day to carry out nursing tasks for those who need regular medical attention. Some homes can be registered for specific nursing needs, for example dementia care or terminal illness.
5. The NHS pays for the nursing costs in care homes, through a set contribution fee to the home. As well as funding nursing costs, the CCG in Southwark commission's ongoing clinical nursing support for the homes through the Care Home Support Team, which is operated by Guys and St Thomas's Community Services.
6. Current nursing provision within Southwark is provided by three homes which have a total capacity of 237 bed spaces. The three homes are as follows:
 - I. Tower Bridge, (managed and delivered by HC-1 Ltd),
 - II. Camberwell Green, (managed and delivered by HC-1 Ltd)
 - III. Burgess Park (managed and delivered by Four Seasons Ltd).
7. Tower Bridge and Camberwell Green are registered for dementia care and accept people living with dementia as the primary need for placement.
8. Historically the council and NHS have had concerns about the quality of care provided in all three homes. As a result the council placed embargos on new placements into the homes for substantial periods. At the time of these concerns all of the homes and care services were managed and delivered by Southern Cross.
9. Following the financial collapse and winding up of Southern Cross at the end of 2011, as part of a nationally facilitated approach that sought to ensure continuity of care, two new providers took over the ownership, management and delivery of care at the homes.
10. HC1 is a new company that was formed in 2011 from two existing companies and took over operations at 241 homes formerly run by Southern Cross, including Tower Bridge and Camberwell Green. These two companies being NHP who were Southern Cross' largest landlord and the existing care operator Court Cavendish.

11. Four Seasons is an existing care home operator, who owned the lease for the Burgess Park home and had let on a shorter term lease the home to Southern Cross. Following the closure of Southern Cross, Four Seasons took over the direct running of the home. Since that time, Terra Firma, acquired control of Four Seasons through an investment of over £300million in April 2012. However, the Burgess Park home still continues to trade as Four Seasons.
12. The two new providers have adopted a significantly different approach to the overall management of the homes through working collaboratively and in partnership with the council and the NHS, as well as making significant capital investments in the buildings. Through proactive support from the council and NHS the new providers have sought to attract new staff and develop existing staff teams to improve the quality and consistency of care. This has produced improvements in the quality of care and as a result in early 2012 the embargos were lifted by the council which then resumed making new placements.
13. The quality of care provided in the homes is actively monitored by the council, the finding of which is shared with CQC and compared with any of their inspection findings. The council's monitoring includes both planned and unplanned visits, obtaining feedback from social work reviews of residents placed in the homes and listening carefully to the views expressed by the older people living in the homes and those of their family.
14. Currently the council purchases placements in these homes on a "spot" purchase basis. Each placement is subject to an individual care contract between the council and the home. The council purchases the majority of available beds in the three homes and as of March 2013 had 143 placements or 60% of the total number of beds.

Southwark Council use of the three homes (March 2013)

Name of Home	Provider	No of Beds	No of council placements as of March 2013	Out-turn spend by the council in 2012/13
Tower Bridge	HC1	122 ¹	79	£1,743 K
Camberwell Green	HC1	55	29	£617K
Burgess Park ²	Four Seasons	60	35	£825K
Excel ³	Queens Rd	88		
TOTAL		325	143	£3,185 K

15. Although the council already purchases the majority of the beds available, a number of other London boroughs and NHS organisations also make placements in the homes.

¹ Includes 14 "mothballed" units on the ground floor that are currently not being utilised, and 14 which were re opened in April 2013.

² Does not accept service users with dementia.

³ 100% Block booked to Lambeth until 2019

16. There are comparatively few self funders in the homes, reflecting the economic profile of our older population in Southwark. Unlike other areas of the capital and the country the numbers of older owner occupiers and subsequently those most likely to end up being self funders for residential and nursing care in the borough is low.
17. Approximately 34% of the council's current total spend on nursing care is associated with these three homes, although the number of placements in the homes accounted for just over 50% of the 278 nursing care beds purchased by the council in 2012/13. This reflects the fact that out of borough nursing placements tend to be more expensive. As of March 2013, the average weekly unit cost for an in-borough nursing bed was £511, compared to £554 for an out of borough bed. The council was historically required to make out of borough placements and not respond to the majority of older people's aspirations to stay in Southwark, due to the extended periods of embargos on in-borough homes while they were managed by Southern Cross.
18. The estimated contract values quoted within this report are based upon an increase in the number of placements in the homes over a four year period to a maximum rate of utilisation by the council of 75% of the total beds by the end of the four year period.
19. The contract for HC1 will cover two sites and the expected spend for these over the four years is anticipated to be as follows:
 - Tower Bridge £3.2 million per annum, making a total estimated contract value for the four years of £12.9 million
 - Camberwell Green £1.4 million per annum, making a total contract estimated contract value for the four years of £5.7 million
20. The council and both of the new providers have been committed to working in close partnership to ensure that the quality of the services being provided has improved since Southern Cross' demise. It will be a requirement that this will become an even stronger feature of the demand led contracts.
21. It should be noted that there remain a small number of residents in the homes who receive only registered care services, and as they do not currently require nursing care, the council only funds a registered care rate. This reflects past practice when the homes were dual registered for residential and nursing care; however the intention is that in the future all three homes will only be used by the council for nursing care needs.

Summary of the business case/justification for the procurement

22. The procurement strategy proposed in this report seeks to negotiate two demand led contracts. Generally demand led contracts unlike 'block' contracts do not commit the council to payment for any services not used. Volumes are not guaranteed from the outset of the contract and instead orders are placed as demand dictates.
23. It is proposed that these two contracts will set out terms and conditions under which specific purchases (orders) can be made throughout the life of the contracts. Through the single supplier negotiations, the council will also explore:

- Embedding sustained and ongoing improvements in quality through a partnership approach setting out clear expectations of responsibilities for each party.
 - Require the providers to pay all staff the London Living Wage (LLW) and how this will ensure that the best quality care is provided.
 - Introducing a % retention fee payable annually on condition that the quality of care is maintained in the home throughout the year.
 - Whether the council can achieve volume discounts and whether purchases of beds made by Southwark Clinical Commissioning Group (CCG) can be included in these volumes for purpose of discounts.
 - Whether there will be a separate rate for specialist Elderly Mentally Ill beds
 - How to improve rates of fee collection for those placed in the homes.
 - The council undertaking ongoing scrutiny of each organisation's financial sustainability and governance (including those of any relevant parent companies).
24. The business case for adopting two demand led contracts is summarised below, and set out in more detail in appendix 1 of this report. Due to the complexity of these issues and the time then required procuring a longer term solution, four years' contracts are considered the most appropriate course of action.
25. **Need for local homes for Southwark residents:** Overwhelmingly older people and their families tell our social workers if they need nursing care that they wish to remain in borough. The council knows that since embargos on these homes were lifted, three out of every four new placements in 2012/13 requested to be, and were, placed in borough. The council wishes to ensure that Southwark residents are able to take advantage of the improved quality of care now being offered in these three homes. Given such a small local market, it is not considered feasible to undertake a full competitive procurement at this stage.
26. **Allow for a strategic assessment of long term nursing requirements:** The council is currently undertaking further work to establish its long term needs for nursing care over the next 15-20 years. This will look at both historical placement patterns, as well as those under the new contractual arrangements, demographic profiling of our older population and undertake further stakeholder engagement to establish the "critical mass" of the expected number of nursing care beds that will be required, and what proportion of these will need to be in borough. Once this work is completed, the council will then consider its longer term procurement strategy, and how new homes (if that is what will be required) can be developed in the borough, or whether to procure on a more formal basis out of borough nursing beds. These points are outlined in greater detail in appendix 1 of this report.
27. **Obtain continuous improvement in the quality of care:** The council is committed to build upon the recent improvements in the quality of care provided at the homes. The Director of Adult Social Care is currently chairing a task and finish group, comprising key stakeholders and representatives from local care homes, and the group is agreeing an implementation plan in respect of a shared vision for improved and sustainable quality in care homes in Southwark. The proposed contracts will incorporate this agreed vision and will set out robust quality standards and an approach to partnership working that will have quality at its core. It is anticipated that the LLW payment will assist the council in this objective, as it will ensure that the providers can attract staff with wider skills and experience. In turn this will help with retention of the good staff and thus the quality of care being provided in the homes.

28. **Best value principals:** The proposed contract negotiations will seek to achieve value for money in relation to negotiating volume discounts, a retention fee payable following a quality service throughout the year and making providers' roles in relation to fee collections from residents more explicit than they are under the current spot contracting arrangements. It is also noted that out of borough placements currently tend to be more expensive than those charged by the three homes, and so it is anticipated that additional savings may be realised during the four year term of the contracts.
29. **Checking the Financial viability of the providers:** The collapse of Southern Cross has illustrated the need for the council to undertake more robust checks in relation to the financial viability of a provider. The management of such risks is considered to be more practical and straight forward to address within the context of two demand led contracts as opposed to spot purchase arrangements.

Market considerations

30. A thorough assessment has been carried out, and there are currently only two capable providers in the borough providing the nursing care home services required by the council. This assessment also considered whether there would be any EU interest in this procurement. Given the very specific and immediate requirements for good quality in-borough nursing care provision it was concluded that it was highly unlikely there would be any interest given the very high costs associated with building or purchasing a new care home facility, for what would be a relatively short contract period (4 years) . The council does not consider that there is a cross-border interest because: (a) the market for these services would be localised and it is very unlikely that this procurement would widen that market; (b) the cost of establishing and providing these services and the geographical restriction for the delivery of these services means that it is unlikely that an organisation in another Member State would be interested in delivering the services (either itself or through a subsidiary).
31. Historically Southwark has a very small nursing care sector (Now only 3 homes providing 237 beds in total) compared to comparator neighbouring boroughs of Lambeth, which has 750⁴ nursing care beds situated in 10 homes and Lewisham, with 425 beds in 11 homes.
32. The local market has been fully evaluated to establish whether there are additional nursing care establishments with whom the council could commission. This assessment is summarised below.
33. In April 2013 a fourth nursing care home provided by a third provider organisation has closed down in Southwark. This followed a period of extended embargos placed by the council on new placements within the home. The council has successfully worked with the residents of this fourth home and their families to find suitable alternative nursing beds (which have primarily been to the three in-borough homes). At this stage it is unclear whether there is an intention from the home owner to reopen this fourth facility in the future, and if it were to re-open, what steps would be taken to improve leadership to ensure the quality of care being provided was acceptable and that the organisation was financially viable.

⁴ This total does not include the 4th home in Southwark that is 100% block booked by Lambeth Council

34. There is a fifth 88 bed dual nursing and registered care home in Peckham. However this home is 100% block booked to Lambeth Council, on a contract that is due to expire in 2019 (With an option for both parties to extend further). Lambeth Council have informed the council that they intend to continue with this contract until 2019 at the earliest. The council takes the view that in these circumstances this particular home would not be approached as part of this proposed procurement exercise, although it could feature in a future longer term tendering exercise.
35. A sixth nursing care home in Southwark was decommissioned in 2006, again following a period of ongoing embargos placed on it by the council due to concerns about quality. The building is currently derelict and due for demolition.
36. In addition to the nursing care homes in Southwark, there are a further 5 registered care homes for older people (four of which are currently 80% block booked with a single provider by the council until 2025). Both of these registered care home providers have made it clear to the council that they do not wish to expand into the nursing care market.
37. There are also two further registered care homes that are primarily catering for younger adults with either physical disability or alcohol issues (although they do house a number of long term residents who are now 65 +). Neither of these homes wish to either become nursing care establishments or specialise in older adults as their primary client group.
38. Although there are nursing homes in neighbouring boroughs, our local residents' primary aspiration is for in-borough provision. Following the strategic assessment of long term needs referred to above, the council may for example decide to stimulate the local market through a number of possible means to develop a new home(s) or procure a framework or alternative contractual arrangements with homes operating in neighbouring boroughs.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

39. The council has considered a number of alternative procurement approaches, which are summarised below alongside the reasons why they are not being pursued at this time.

Alternative procurement approaches considered

Procurement Approach	Details	Reasons not pursued.
Undertake an open procurement	Advertising for nursing care providers to enter into a contract agreement for in-borough nursing care beds.	<ul style="list-style-type: none"> ▪ Nursing care is dependent upon a suitable, usually large purpose built building from which to operate. This will require significant capital investment implication for any new provider in the borough. ▪ Currently there are no alternative available premises that have been identified that could become registered and fully functional within the timescales required by the council. ▪ Once the council has established its long term requirements, it may wish to stimulate

Procurement Approach	Details	Reasons not pursued.
		the local market in a number of different ways and agree a new procurement strategy accordingly. Typically this is expected to cover a longer period, of up to ten years.
Extend contracts to include homes in neighbouring boroughs.	Seeking expressions of interest from providers in neighbouring boroughs.	<ul style="list-style-type: none"> ▪ There is a clear wish of the majority of older residents who need nursing care, for these homes to be in borough, where links can be more readily maintained with families, the local community, the council's own social work services, GPs and primary care and related support services. ▪ The mechanism and approach of monitoring registered care contracts out of borough is more complex than it would be for those located within the borough. ▪ The work the council is currently undertaking will determine what proportion of its future nursing care needs will be in and out of borough, and thus reflected in the subsequent procurement strategy. ▪
Spot contracting	Continue with current spot contracting arrangements.	<ul style="list-style-type: none"> ▪ Although the "spot" contract used by the council has recently been updated, it is considered that purchasing on an ad hoc basis by means of spot purchases is unlikely to facilitate the ongoing quality assurance and partnership approach sought by the council. The Department of Health Winterbourne View Concordat (although focusing upon out of borough learning disability placements) highlights some of the quality assurance and safeguarding issues faced by local authorities when using spot contracts out of borough. ▪ It will be more difficult to undertake organisational financial viability assessments on providers, and for the council to negotiate volume discounts whilst the entire nursing care provision continues to be spot purchased.
Block Contracts	Undertake either single supplier or open procurements for a lock contract	<ul style="list-style-type: none"> ▪ A block contract arrangement could provide the council with a greater degree of risk compared to the proposed contract agreements, as there would be a possibility that beds not occupied for whatever reason would still have to be paid for. ▪ The contracts will minimise the risk of the council paying for beds that are not being used.

Procurement Approach	Details	Reasons not pursued.
Framework agreement	Establish a nursing care framework for the three homes	<ul style="list-style-type: none"> ▪ Due to the relative small scale of the local market, a framework would not be necessary and the proposed demand led contracts would be a more effective tool to achieve the council's objectives.

Proposed procurement route

40. For the single supplier negotiation, the procurement route will involve the following:

- I. The council will establish a project team to undertake the negotiations. This will include representatives from Older Adults Services, Commissioning, Social Work and Brokerage teams. Technical support will be provided by the council's legal, procurement and finance services as required.
- II. Initial separate meetings with the two providers at which the council will outline its requirements. These will then be summarised and supplied to the providers in writing.
- III. Both provider organisations will then be requested to submit method statements in order to assess various aspects of quality assurance in the care being provided at the homes including
 - Pricing schedules
 - Any volume discounts that can be obtained
 - Whether cost and quality can be better achieved by the council through the provision of minimum guarantees of beds purchased
 - Details of organisational financial standing
 - Assessment of how the providers will ensure continuous improvement in quality standards and the role that the payment of LLW (London Living Wage) to all staff will have in this.
 - Policies and procedures
 - Transitional arrangements.
- IV. The providers will also be required to submit a breakdown of costs as set out in the Valuing Care Evidence Based Costing Template developed on behalf of the council by OLM. This will then be assessed against a standard set of variables including
 - Building depreciation costs
 - Fixtures and fittings depreciations
 - Mortgage costs
 - Void charges
 - Profit on core hotel⁵ and staffing costs (but not any additional staffing that may be negotiated)
 - A permissible level of central recharges
 - Direct Staffing costs for both care and hotel costs
- V. This will then be reviewed by the project team. Technical input will be provided as required.

⁵ Hotel charges refer to non personal and nursing care costs, for example on food provision, cleaning, building security etc

- VI. Further separate clarification of submitted material may be required between the council and the two providers.
- VII. Once the scope and range of the negotiation has been reached in principle, this will be summarised (without prejudice on the council side) to the organisations.
- VIII. Approval for the negotiated tender will then be sought through gateway 2 reports to be considered by cabinet in autumn 2013.

Identified risks for the procurement

41. The main risks are identified below:

Risk	Level	Mitigation
Provider quality falls below acceptable standard	Low	<ul style="list-style-type: none"> ▪ Close partnership approach adopted, ie engage with other initiatives, ie My home life, ICP, care home support team to safeguard quality ▪ Improvement in quality and retention of care staff through payment of LLW ▪ Not a block contract and spot purchasing outside of borough will continue as required ▪ Contracts will contain a termination clause to end the agreement early if required. ▪ Negotiations will include the exploration of the introduction of a 5 retention fee that would only be payable upon satisfactory performance during that year
The council paying for units it does not use	Low	<ul style="list-style-type: none"> ▪ Contract will not have block bookings and any negotiated minimum occupation level in the contracts would be set at a relatively low level to minimise risk for the council.
Provider financial viability not assessed	Low	<ul style="list-style-type: none"> ▪ The contracts will allow more controls than presently ▪ Full engagement with corporate finance to assess the financial viability of the providers. ▪ Close working with the CQC in relation to their expanded role in monitoring the financial viability of the care home providers

Key /Non Key decisions

42. This report is considered as a key decision due to the financial value of the contracts.

Policy implications

43. The council is committed to supporting older people who wish to, to remain in their own home for as long as possible. It is delivering this shift in the balance of care away from avoidable residential care placements through the development of personalised community based initiatives, such as extra care housing, assistive technology, and intensive specialised home care packages and through improved integrated care with the NHS. However, the council will continue to require good quality nursing care provision for the most frail where the council retains a statutory duty under Fair Access to Care (FACS)⁶ that is close to their families and community in Southwark.

⁶ Fair Access to Care criteria are the statutory guidance set down by the Department of health against which the council discharges its statutory duties under the community care legislation.

44. There are 10 key pledges in the Council Plan, and the one that relates closest to the recommendations set out in this report is: "The council will create a fairer future for all in Southwark, by protecting the most vulnerable, by looking after every penny as if it was our own, by working with local people, communities and businesses to innovate, improve and transform public services, and standing up for everyone's rights".
45. The Future Vision for Social Care approved by the cabinet in April 2011 also sets out the council's commitment to provide the best possible nursing and residential care for the very frailest who are no longer able to live at home.
46. The Cabinet Member for Health and Adult Social Care is due to approve a quality strategy for care homes in the autumn of 2013. The establishment of the demand contracts outlined in this report will be part of a wider programme of initiatives to improve the quality of care that have either been, or will be introduced under the quality strategy. These initiatives include:
- Investment by the council in My Home Life⁷ programme to create a partnership approach including a facilitated peer support programme for the Registered Managers of the homes, My Home Life is a national charity with the overall aim of improving the quality of life for residents in care homes. The approach is one of partnership and collective responsibility in bringing about whole system change in improving the support to care homes and the quality of life for residents. Health and social care have been working with My Homelife for the past year in providing more integrated support to Southwark care homes. The improvements in care homes are evident through significantly improved CQC inspection reports and more positive feedback from council and health staff and residents and their families.
 - Using the opportunity of changes in the way the CQC operate to develop a more proactive relationship to improve quality.
 - Reorganised the social work teams and creating a dedicated review team and link social worker for the homes
 - The council's full involvement with the Southwark and Lambeth Integrated Care programme⁸, and particularly in relation to a specific work stream to help improve the clinical support that the homes receive from both primary care, acute trusts and London Ambulance Service
 - Funding is being made available by the council in 2013-14 for a new initiative to be co-ordinated by Attend 9to deliver community befriending in reach, activities and build stronger links between the home to the local community, as well as potential pathways into a career in social care for local unemployed people.

⁷ <http://myhomelife.org.uk/>

⁸ <http://www.kingshealthpartners.org/info/integrated-care-programme> is involving all local NHS Trusts, the CCG and the council in ways of improving integrated

⁹ www.attend.org.uk

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Gateway report on the forward plan	21/04/2013
DCRB Review Gateway 1	12/06/2013
CCRB	20/06/2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	08/07/2013
Approval of Gateway 1: Procurement strategy report	16/07/2013
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	26/07/2013
Completion of contract documentation	31/07/2013
Advertise the contract	NA
Forward Plan (if Strategic Procurement)	31/08/13
Completion Single Supplier Negotiations with the two providers	31/10/13
DCRB Review Gateway 2:	20/11/2013
CCRB Review Gateway 2:	25/11/2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	03/12/2013
Approval of Gateway 2: Contract Award Report by cabinet	10/12/2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	18/12/2013

Contract award	23/12/13
Place award notice in Official Journal of European (OJEU)	02/01/2014
TUPE Consultation period	NA
Contract start	31/01/2014
Contract completion date	31/01/2018
Contract completion date – (if extension(s) exercised)	NA

TUPE/Pensions implications

47. Not applicable

Development of the tender documentation

48. The council's negotiation team will develop method statements matched to an updated service specification document, pricing schedules and templates with which the two providers can complete in order to assess their financial viability and organisational infrastructure and governance. The contract documentation will be drawn up by the council's legal team.

Advertising the contract

49. Not applicable.

Evaluation

50. The submissions completed by the two providers as part of the contract negotiations will be reviewed by the council's project team. Both submissions will be assessed against the service requirements, the available budget, with clarifications sought as appropriate with a strong emphasis being placed by the council on quality assurance and value for money.

Community impact statement

51. Consideration has been given to the procurement strategy proposed, to assess whether there is likely to be any disproportional impact in relation to the following areas covered by the council's Equality Duty: Race, Gender, Age, Disability, Faith and Religion, Sexuality, Gender Reassignment, Marriage and Civil Partnership and finally Childcare and Pregnancy. This assessment concluded that it would be older people who were also disabled as a result of dementia or other forms of mental or physical ill health as being the primary group affected. It recognised that women and people from black and minority ethnic communities are also disproportionately over represented in the traditionally low paid workforce within the homes. The assessment identified that the impact on these sections of the community would be overwhelmingly positive.

Economic considerations

52. It is noted that the homes currently work with the job centres in Southwark to support local unemployed people back into work. The implementation of the Attend programme referred to elsewhere in this report, will further increase the opportunities for unemployed people to gain experience working as a trained and supported volunteer in the homes.

Social considerations

53. A significant proportion of the care workers in the homes live locally and are currently paid below the LLW. The new contracts will increase the salaries of these traditionally low paid workers and retain employment within the local community.

Environmental considerations

54. The negotiation team will assess whether the suppliers have an acceptable green policy and procedures with due regard to the council's standard requirements.

Plans for the monitoring and management of the contract

55. The contracts awarded will be monitored through a proactive and robust partnership approach featuring:
- Purchases from the contracts will be undertaken by the council's brokerage and social work teams.
 - The outcomes for the individual residents will be monitored through the work of the designated social work teams.
 - The council's contract monitoring team will undertake both planned and un planned visits and inspection on the homes, in partnership with the CQC.
 - The council funded Age UK Lay Inspectors scheme will continue to operate in the homes to provide a voice for the residents, particularly those without families or net of kin.
 - Regular contract steering group meetings will be held with each of the homes, with bi annual contract review meetings involving senior management from the council and HC1.
 - Any beds purchased by the CCG through the contracts will be monitored by NHS staff and the CQC (With input as appropriate by the council)

Staffing/procurement implications

56. The resources to negotiate manage and utilise this contract are contained within the existing relevant Children and Adults, Legal, finance and procurement teams.

Financial implications

57. The proposals in paragraph one will cost between £5.8m - £6.3m per annum and £23.2m - £25.2m over 4 years. As at end of 2012/2013 similar spend by same providers was £3.1m per annum equivalent to £12.4m over 4 years. This represents a significant £12.8m increase in funding requirement.
58. The above estimate of current proposal includes impact of London Living Wage (LLW) and at a targeted usage of 75% of capacity from the present 59%. These figures are based upon a projected standard unit cost with a possible additional Elderly Mental Ill rate. However they do not include any future cost volume discounts that the council may be able to negotiate
59. Historically the cost of out of borough older people's nursing placements has been 8.41% higher than those purchased in borough. Therefore during the length of the contracts the proportion of comparatively more expensive out of borough placements is anticipated to decrease.
60. The nursing care cost element in nursing homes is funded by the local CCG of the NHS. If the primary need of a resident ever becomes medical as opposed to personal care, the cost of the full placement transfers to the NHS.
61. The council also charges fees from residents of the homes following a fairer charging financial assessment.
62. In 2012/13 the council spent in total £9.24m on older people nursing care placements. Once the contract negotiations with the two providers have established a without prejudice fee rate and volume pricing structure, more detailed modelling will be undertaken to establish the overall revenue budgetary

impact. This modelling will be used to assist the council in making a final decision whether it will proceed with the contract award.

63. It is also noted that the single supplier negotiations will incorporate a thorough assessment of the overall financial viability of each provider

Investment implications

64. Not applicable.

Legal implications

65. Please see the comments of the director of legal services below.

Consultation

66. These procurement plans have been drawn up in consultation with the council's adult social care social work managers and the appropriate legal, finance and procurement teams
67. The council's procurement intentions have also been shared with external voluntary sector, NHS and pensioner groups (including representatives from the Lay Inspectors Service) through the Older People's Partnership Board.

Other implications or issues

68. None identified

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

69. This report is seeking approval to enter into single supplier negotiations with two in borough nursing home providers HC1 and Four Seasons.
70. The report confirms that in the past the standard of quality received in these homes was poor and resulted in the council placing an embargo on their use. However the report highlights that this was at a time when the homes were managed by another provider. Paragraph 12 confirms that since the new providers took over management of these homes the quality standard has increased and the council is satisfied with the levels of service being delivered.
71. The report confirms that whilst there is an ongoing need for this service, it is difficult to accurately predict the volumes going forward. It is for this reasons officers are proposing a move away from block contracts and spot purchases which in the past have proved expensive. Instead the report is proposing the use of demand led contracts which will standardise quality and price levels and allow orders to be placed as and when required.
72. The market for nursing care home services appears limited and paragraphs 30 to 38 identify the known providers within the borough. Given the nature and scope of services required, the level of investment needed and the length of contract offered, officers are of the view that these contracts are unlikely to attract much interest.

73. Paragraph 39 summaries the range of procurement options that were considered and discounted with further detail being provided in Appendix 1.
74. Paragraph 40 outlines the approach that will be taken when carrying out the negotiations. Without a competitive process it is sometimes difficult to demonstrate that value for money is being achieved. On this procurement however, it is envisaged that with negotiations being undertaken with two providers in parallel, coupled with the use of benchmarking information, officers will be able to demonstrate the achievement of value for money through these contracts.

Director of Legal Services

75. This report seeks the approval of the cabinet to the procurement strategy for the establishment of two demand led contracts for nursing care placement for the elderly and chronically disabled within the London Borough of Southwark as is outlined in this Report.
76. It is considered that these services are Part B services 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). However, the council is still under an obligation to treat all potential bidders fairly and equally and to act in a transparent and non-discriminatory fashion in accordance with the Treaty of Rome Principles and the EU Regulations.
77. If the council is of the view that there is cross-border interest in the contracts (i.e. where an organisation based in or linked to another Member State may wish to provide the services) the council must ensure that the procurement is advertised and a competitive tendering process undertaken. Where there is no cross-border interest in the provision of the services, this obligation does not apply.
78. As noted in paragraph 30 it is considered highly unlikely that there is a cross-border interest in the provision of these services and as such the obligation to advertise and competitive tender this service does not arise. The council may therefore enter into negotiations with the 2 providers as outlined in this report. Legal services will however continue to advise on this aspect during the negotiation period and will provide further advice to the cabinet in the gateway 2 report to ensure no cross-border interest has been identified.
79. CSO 4.4.2 details who may approve decisions on the procurement strategy. As this contract is classified as a strategic procurement the decision is reserved to the cabinet.

Strategic Director of Finance and Corporate Services FC13/051

80. The strategic director of finance and corporate services notes the recommendations to enter contract negotiations with HC1 and Four Seasons for nursing care. The anticipated contract value for the two contracts will be in the region of between £5.8m and £6.3m per annum, making an anticipated total contract value in the region of between £23.2 and £25.2m over the four years life time of the contracts.
81. In 2012/13 the council spent in total £9.24m on older people nursing care placements. Once the contract negotiations with the two providers have established a without prejudice fee rate and volume pricing structure, more

detailed modelling will be undertaken to establish the overall revenue budgetary impact. This modelling will be used to assist the council in making a final decision whether it will proceed with the contract award.

82. Although this represents a significant increase in spend with these suppliers, this is considered to represent better value for money, as in-borough placements tend to be less expensive than out of borough placements, and are the overwhelming preference for older people who need nursing care and their families.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Evidence based costing template. The document is available to view on this web page: http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4549&Ver=4	Children's and Adults Services - Commissioning Southwark Council, 160 Tooley Street	Andy Loxton 020 7525 3130

APPENDICES

No	Title
Appendix 1	Business case for the procurement

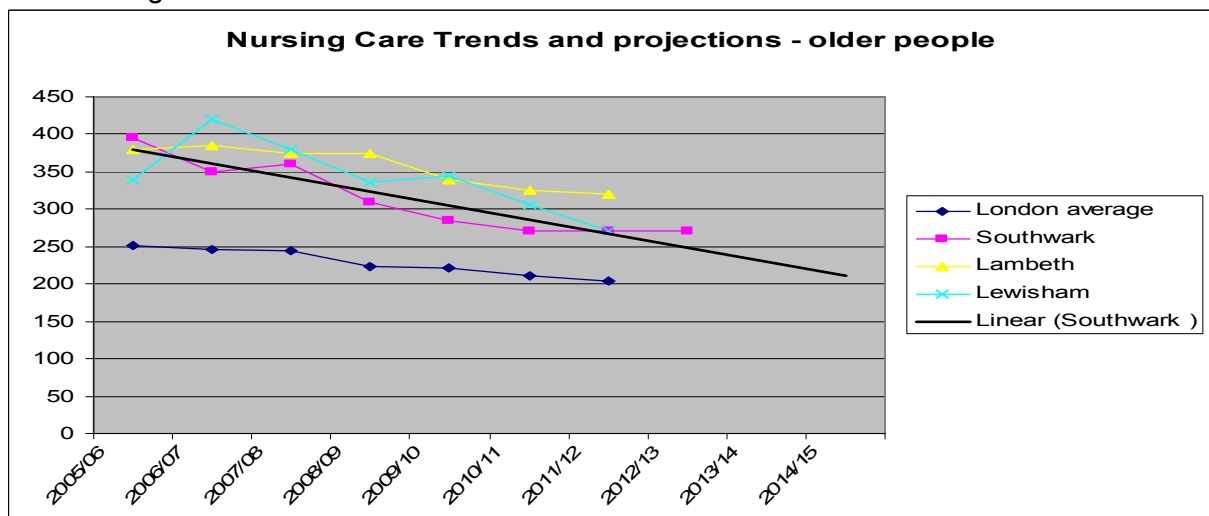
AUDIT TRAIL

Cabinet Member	Councillor Catherine McDonald, Health, Adult Social Care and Equalities	
Lead Officer	Sarah McClinton – Director of Adult Social Care	
Report Author	Andy Loxton Lead Commissioner Older People	
Version	Final	
Dated	4 July 2013	
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 Specialist Housing Services	NA	NA
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		4 July 2013

APPENDIX 1

Details of the business case for the strategy to procure a 4 year Framework Agreement for in borough nursing care homes.

- 1. Need for local homes for Southwark residents.** : The three homes referred to in this report are the only registered nursing homes in the borough available for Southwark residents. Overwhelmingly older people and their families tell our social workers if they need nursing care that they wish to remain in borough. The council is also aware that other boroughs are also often seeking good quality affordable nursing placements, and so the council wishes to ensure that Southwark residents are able to take advantage of the improved quality of care now being offered in these three homes. Given such a small local market, it is not considered feasible to undertake a full competitive procurement at this stage for homes that are of good quality and situated within Southwark at this time.
- 2. Allow for a strategic assessment of long term nursing requirements.** The council is currently undertaking further work to establish its long term needs for nursing care over the next 15-20 years. This work is being carried out in the context of a rise in the number of older residents (85+) and the increasing prevalence of people living with dementia and other forms of chronic ill health that may trigger a nursing care need. This is a complex exercise and requires careful consideration by the council, before determining what long term procurement plans may involve.
- 3.** The average number of council placements into residential care over the last seven years (alongside comparisons with Lambeth, Lewisham and London averages) is set out below. This shows a year on year decline in nursing placements in Southwark from 2005/6 to 2010/11, until a plateau out of demand over the past three years. Further work has yet to be established whether the current level of placement reflects a now established “critical mass” of people who require nursing care or if this number is likely to rise or decrease again, The work also considers what specific factors and characteristics distinguish the nursing care placement pattern in Southwark, compared to London and sector averages.



4. Due to the number of embargos placed on the homes over the past few years, use of historical placement data until 2012-13 has been distorted and therefore there is a need to use a longer term placement pattern to predict what percentage of the long term demand for nursing home beds is needed within Southwark itself. The council is therefore undertaking further analysis of demographic data. This is showing that although the growth of the older population as a whole is not as rapid as is the national trend, the number of "very old", the proportion of the older population which is living alone, and the numbers of those living with dementia or other complex health needs in Southwark is growing significantly.
5. The council is also aware of the changing aspirations of older people, the personalisation of social care, the development of community based NHS services, changing profiles of owner occupation by age, the use of assistive technology, the development of extra care housing and the prevalence rates of specific health conditions (such as dementia) that will also impact upon future nursing care requirements.
6. The council will continue to undertake further engagement with older people, their representatives and our NHS partners before reaching a conclusion as to the future need for all nursing care placements and what proportion of these will be required to be in the borough.
7. Once this work is completed, the council will then consider its longer term procurement strategy, and how new homes (if that is what will be required) can be developed in the borough, or whether to procure on a more formal basis out of borough nursing beds.
8. **Obtain continuous improvement in the quality of care.** The council is committed to build upon the recent improvements in the quality of care provided at the homes through creating a stronger and more structured contractual framework agreement. This will in certain circumstances require standards of care higher to the minimum outcome standards stipulated by the CQC. The council's requirements will be set out within service specification which will address areas such as ratio of staff to residents, staff training requirements etc. A strong partnership approach will be embedded within the framework with an emphasis upon continuous improvement in the quality care and the promotion of resident's dignity and choice. Expectations for both parties clearly set out in relation to quality assurance.
9. The council's prior commitment to introduce the London Living Wage (LLW) will become a requirement for the homes under the framework. It is anticipated that the LLW payment will attract staff with wider skills and experience and in turn help with retention and thus the quality of care being provided in the homes. Whilst the council continues to use spot contracting arrangements it has been difficult to negotiate improvements driven by payment of the LLW. This is because other boroughs currently make placements in the homes with fee structures that do not accommodate the LLW. The framework agreement will provide assurance to the providers of the council's medium term purchasing intentions (So long as good quality of care and value for money are achieved for the council) This will give the

homes a stronger bargaining position to negotiate fees with other councils that take account of the requirements to ensure that the LLW is paid.

10. **Best value principals** - The proposed framework agreement will give the council a stronger contractual position to ensure a good quality of care whilst providing a better opportunity for the council to achieve value for money in relation negotiating volume discounts. There are gaps reported in fee collection from families in nursing care homes generally, and the new framework will be explicit as to the role of the provider in this area.
11. **Improved outcomes for residents** who move onto NHS continuing care funding By allowing the local CCG to purchase from the framework, it will be easier for Southwark residents in the homes to stay in their current home when they may require full NHS funding. It will also promote the council working closely with the local NHS to maintain the quality of care provided in these homes during the term of the contract.
12. **Checking the Financial viability of the providers** The collapse of Southern Cross has illustrated the need for the council to undertake more robust checks in relation to the financial viability of a provider. The management of such risks is considered to be more practical and straight forward to address within the context of a framework contract as opposed to spot purchase arrangements.

Item No. 14.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Walworth Town Hall – A Strategic Vision for the Rebuilt Town Hall	
Ward(s) or groups affected:		East Walworth, Newington, Cathedrals and Chaucer	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

We have a clear vision to deliver a civic centre in Walworth that sets a new standard in creating a world class public place. We have developed this vision in response to community views and it is our absolute commitment to listen to everyone who wants to participate in how we take our plans forward and to involve local people and groups at every step of the way.

The near destruction of the Walworth Town Hall in the devastating fire of last March was a truly awful blow to the community that has been served by that building for generations.

What immediately became apparent in the aftermath was the overwhelming level of support and goodwill, with dozens of offers for help from local organisations, businesses and individuals. That is not because it is bricks and mortar. It is symbolic of the binding role that the town hall has played in local civic life for many years, combining the strong heritage and best traditions of our borough with local public service.

That is why I am excited to announce that it is our absolute intention to retain this Grade 2 Listed building , including reopening the Cuming Museum and providing an enhanced library, whilst ensuring it is absolutely fit for purpose to meet modern needs as we will have the very highest expectations about delivering the highest quality visitor experience.

We want a civic building that will be right at the heart of the community, an amazing public place that is open and accessible to all and loved by those who use it. We want new and better ways of interaction with the council whilst also offering local groups space and support to grow and prosper. We want to bring people together so everyone feels they have a stake in the area and a role to play in building strong communities. We want people to take pride in the town hall and continue to be proud of Walworth.

We wish to set the benchmark in creating a place that will serve local people and is rebuilt for their benefit, where barriers between the council and citizen are broken down. This will help to deliver our Fairer Future vision to help everyone to unlock their potential.

The Walworth Town Hall will play a key role in the improvements that are being delivered at the Elephant and Castle. It is a pivotal element of a new and improved offer for local residents in terms of community space and council services. Not only that, the new civic presence is a clear indication of the council's multi million pound investment in the area to support jobs and wealth creation.

I now ask cabinet to agree the recommendations laid out in this report so that we can start our community conversation with local people about the detail of how we take our collective vision forward and bring the much loved Walworth Town Hall back to its rightful place as the beating heart of the community.

RECOMMENDATIONS

That the cabinet

1. Approves the high level vision for the Walworth Town Hall as set out in paragraph 14.
2. Instructs officers to agree a consultation plan with the cabinet Member for Regeneration and Corporate Strategy for a consultation process to establish whether there is support for the approved vision.
3. Instructs officers to report back by February 2014 with the results of the consultation exercise and proposals for a full project mandate for the rebuilding of the Walworth Town Hall. The report will also address potential funding streams, interim arrangements for library and museum provision, revenue/capital cost implications and explore delivery options.

BACKGROUND INFORMATION

The fire and action to secure the building

4. At 12.30pm on 25 March 2013 the Grade 2 Listed Walworth Town Hall suffered a major fire. The town hall comprised the Walworth one stop shop, the Cuming museum, the council chamber and offices. Initial survey assessment of damage following the 48 hour operation by the fire brigade required to extinguish the fire concluded that there had been significant structural damage to the buildings roof and to the council chamber and museum collection.
5. Whilst the fire was still being tackled on 27 March actions were being taken by the corporate facilities team to ensure the buildings safety including erecting a raking shore and scaffolding to secure the external facade. Once the emergency services returned responsibility for the building back to the council a structural engineer was appointed to undertake an inspection of the structural integrity of the building. The engineer made recommendations for minor alterations to protect the external facade and for a propping strategy to secure the internal structure. Propping works are anticipated to commence mid July and could take up to four weeks to complete.
6. Once complete the propping will enable structural debris to be safely removed from the building and a temporary roof structure to be erected. These works are currently programmed to complete in November 2013. These activities will enable a full survey of the internal and structural condition of the building to be produced. Responsibility for the building will then transfer from corporate

facilities to the regeneration team within the chief executive's department. An officer project team has already been established including representatives from chief executives and environment and leisure departments to coordinate and oversee the development of proposals for the town hall building.

7. English Heritage officers have visited the site and are fully appraised of the works that have been taken to secure the building and protect historical features to date. English Heritage has agreed to delegate responsibility for overseeing the archaeological remedial work to the council's design and conservation team. A specialist contractor is in the process of being appointed to carry out the recovery of any remaining artifacts from the museum collection and to identify any salvageable material from the listed fabric of the building. These works can only commence once the propping works and clearing of the structural debris has been completed. The consultant will be responsible for producing a base line report on the condition of the historical asset after debris has been removed. The council's design and conservation manager has advised that this exercise could take up to 3 months to complete however a realistic timetable will only be known once the consultant has carried out an initial survey of site conditions and agreed a methodology for the work.

Property strategy prior to the fire

8. In November 2010, the cabinet agreed a *Revised Office Accommodation Strategy*. This report noted that the complicated layout of Walworth Town Hall meant that it would be difficult to provide a modern, sustainable and accessible standard of accommodation and that adaptation of the building to achieve this would be an expensive option. The report further noted that re-designing the building to achieve acceptable levels of environmental performance coupled with the need to address essential works to services would require substantial retrofitting and cause business disruption including building closure.
9. The strategy concluded that the council should develop proposals for the town hall in association with the emerging plans for the regeneration of the Heygate estate with a view to maintaining public use of the building whilst exploring alternative ownership models and other uses. Subsequently a number of options have been considered but no firm recommendations as to the future use of the building prior to the fire.

Community Facilities –Heygate Outline Consent

10. The outline planning application granted consent in February 2012 includes a requirement for a minimum of 1000 sq.m and a maximum of 5000 sq.m of D1 community facilities. The consent therefore provided a potential option for the provision of public facilities at the Elephant and Castle although no decisions to pursue these have been made.

KEY ISSUES FOR CONSIDERATION

11. The events of 25 March 2013 significantly change the context for the consideration of the future of the Town Hall and this will require a range of options to be explored so that financial and design considerations can be fully assessed. There is also a need for early engagement with the public about the future of this important local building and to consider heritage and conservation issues arising from its listed status. All these factors mean that the council must

look afresh at options for the property.

12. Conversations with the community about the future of the Walworth Town Hall and library complex have already started. The Leader, chief executive and other officers attended a public meeting hosted by the Walworth Society on the evening of Thursday 4 April 2013. This was attended by about 40 local residents as well as ward councillors and the local MP. In addition to giving their views many of those present expressed their desire to volunteer to help and opportunities will be found to respond to this support as the work progresses. The key themes raised at this meeting were:
 - The need for a longer term vision for the Walworth town Hall in addition to the short term solutions that are already in place for library, museum and one stop shop provision.
 - The aspiration to retain a strong civic presence on the Walworth Road ideally using the existing Walworth Town Hall building.
 - A multi-use civic space that could be used for meetings as well as other uses.
 - A bigger museum with more on display.
 - A better library facility.
 - Involvement of the voluntary & community sector in options for the future.
 - The need to consider the future use of the Walworth Town Hall in the wider context of the Elephant & Castle regeneration where there were plans for a civic presence on the site of the former Heygate Estate as part of the development. .
 - More consultation on the future of the building.
13. To facilitate the on-going dialogue with the local community and interest groups there is a requirement to establish high level vision around which consultation can continue and initial design options can be explored.
14. Based on the feedback received from the initial public meeting and the council's own service requirements it is considered that the following key priorities for the high level vision are endorsed by the cabinet and are subject to consultation.
 - An enhanced Library space.
 - A space for the display of the Cuming collection and potentially a Southwark museum
 - A flexible space that could be used for a variety of purposes including community and civic events, exhibitions and performances
 - Facilities for marriage, civil partnership and citizenship ceremonies undertaken by the Southwark registrar's service
15. The project team will develop a consultation strategy for approval by the cabinet Member for Regeneration and Corporate Strategy. Officers will undertake to discuss the approach to consultation with the Walworth Society before seeking endorsement for it. Currently it is envisaged that the strategy will include a mixture of questionnaires, community conversation techniques, on line feedback channels, and meetings with interested groups such as ;
 - The Walworth Society
 - The Latin American and Bengali community
 - Wansey Street residents

- Elderly /Youth
- TRA's / Resident groups
- Existing stakeholder lists established by Lend Lease and also through the leisure centre consultation events
- Library users
- Local schools

Project Mandate

16. There are six work streams that need to be undertaken before a project mandate can be produced. These are:
 - The consultation report
 - The existing conservation management plan for the building that identifies its significant features
 - The archaeological building recording report that provides a base line report on its condition after the fire and debris clearance
 - A more informed assessment in to the council's spatial requirements for the facilities identified in the vision.
 - Full internal condition and structural survey
 - More detailed information on Lend Lease's plans for the Heygate masterplan phases one and two, which are immediately north of the site
17. It is anticipated that the outputs of these six strands will set the parameters for the outline design brief. Officers current anticipate bringing a report on a project mandate to cabinet early in 2014 for endorsement.
18. Developing plans for the site will be complex and challenging. Walworth Town Hall is a historical asset, the site is constrained by adjoining development and in addition Lend Lease are bringing forward detailed proposals for the area immediately north of it and any scheme needs to have an appropriate relationship with this development including the creation of a new public space.
19. The town hall has a very prominent location situated as it is between the Walworth Rd shopping centre and the emerging redevelopment of the Heygate Estate. So whilst there are constraints this site has huge potential to contribute towards to meeting the needs of residents, contribute to the well-being of the local economy by generating foot fall and a destination. These aspirations will be developed further in the project mandate.
20. It should be noted that the future of the existing library will not form part of the project mandate as it is considered that the future of these premises should be considered separately once the future use of the town hall has been determined.

Policy implications

21. The adopted Elephant and Castle SPD (2012) identifies a vision for the opportunity area which is for the redevelopment into an attractive central London destination with excellent shopping, leisure facilities and cultural activities. In order to achieve this vision the document identifies a series of objectives including that of the provision of 'more and improved educational, health and community facilities which meet the needs of existing and future residents' (paragraph 3.2.7). The strategic vision for the rebuilt Walworth Town Hall will support this regeneration objective through the enhancement of the library and

museum facilities.

22. The *Revised Office Accommodation Strategy* agreed by cabinet in November 2010 sets out a list of principles to guide decision making and design. These seek to ensure that investment in improving accommodation would represent best value for revenue spending and capital investment over the long term. The redevelopment of Walworth Town Hall will need to demonstrate that it supports the delivery of all of these principles and in particular achieves the following:

- Ensure that council facilities are welcoming and usable for all residents, visitors and staff, conforming to high standards of disability access and customer service;
- Ensure that council presence is felt in all areas of the borough and that council staff and partners are well placed to understand and engage with local people;
- Ensure that the estate is flexible and adaptable to future needs;
- Reduce to a minimum the total number of administrative office sites to:
 - Minimise the revenue costs of managing the residual estate;
 - Minimise the future investment costs that would otherwise be required to maintain the retained estate and comply with modern standards of accessibility and sustainability;
 - Minimise the financial, reputational and human resources risks of operating from old and un-refurbished property;
 - Maximise the opportunity for modern ways of working, including the opportunities for work across departments and with partners in ways that better meet the needs of residents
 - Maximise the council's opportunity to improve environmental sustainability;

23. The Library Service review of 2011 gave commitment to retaining all 12 of Southwark's Libraries and to continue the modernisation of the library service. Newington is the borough's fifth busiest library and serves Walworth's diverse communities. There is significant demand for study space as well as access to IT and book stock. Young people make particularly heavy use of the library.

24. The Arts Council which now has responsibility for public libraries has recently issued a report called *Envisioning the Future*. The findings of the report are based on extensive consultation and research and identify four key ingredients for the library of the future. These are:

- Placing the library as the hub of the community
- Making the most of digital technology and creative media
- Ensuring that libraries are resilient and sustainable
- Delivering the right skills for those who work in libraries

The provision of modern, improved library facilities at Walworth Road would enable the implementation of these principles, carrying on the work already in place at other libraries in the borough.

25. The Cuming Museum is a unique repository of Southwark's heritage and gives access to important artefacts and objects from around the world. A new cultural strategy for the borough is currently being prepared and the museum is a key deliverer of the proposed action plan for heritage. It has only ever been possible

to exhibit a very small percentage of the museum's collection and new provision will make possible to increase the amount of items on display and will benefit the museum's strong education programme

Community impact statement

26. One of the main objectives of any design brief for the future Walworth Town Hall will be to ensure the building is accessible to all members of the community regardless of age, disability, faith/religion, gender, race and ethnicity and sexual orientation.

Resource implications

27. The Elephant and Castle Project Team, within the chief executive's department, are responsible for taking the rebuilding project forward and will do so through liaison with colleagues from the Corporate Strategy, Communications and Environment and Leisure. The day to day project management will therefore not incur any additional staffing costs.
28. Any costs incurred in the delivery of the consultation strategy will be contained within the available Elephant & Castle Regeneration Team budget. The strategy will consider the most appropriate methodology that will provide value for money in terms of providing residents with an appropriate opportunity to contribute to the approach moving forward.

Consultation

29. Initial consultation has taken place as set out in paragraph 12 of this report. The purpose of this report is to agree a high level vision for the rebuilt Town Hall and officers will produce a future consultation strategy to be agreed by the Cabinet Member for Regeneration and Corporate Strategy.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

30. This report asks cabinet to agree a high level vision for the future of the Town Hall. At present this does not raise any particular legal issues. As and when decisions are required to be taken on the future use of the Town Hall and the means by which those decisions will be implemented, legal advice will be sought and cabinet will be updated accordingly.

Strategic Director of Finance and Corporate Services

31. The strategic director of finance and corporate services notes the recommendations in this report for a consultation exercise and the development of proposals for a full project mandate for the rebuilding of the Walworth Town Hall. Any costs incurred in the delivery of the consultation strategy will be contained within the available Elephant & Castle Regeneration Team budget. It is further noted that a future report with proposals will address potential funding streams, interim arrangements for library and museum provision, revenue/capital cost implications and explore delivery options.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Jon Abbott, Elephant and Castle Project Director	
Version	Final	
Dated	5 July 2013	
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
Head of Culture , Libraries, Learning and Leisure	Yes	Yes
Head of Policy and Programmes	Yes	Yes
Head of Community Engagement	Yes	Yes
Head of Communications	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	5 July 2013	

Item No. 15.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Dulwich Supplementary Planning Document	
Ward(s) or groups affected:		College, East Dulwich, Village and Peckham Rye wards	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

Dulwich is an attractive area with a strong local identity which is distinct from many other parts of Southwark. Approximately a third of the Dulwich SPD area is protected open space, making it feel suburban, open and pleasant. Important open spaces include Belair Park and Dulwich Park, both of which are Grade II listed in English Heritage’s Register of Parks and Gardens. Dulwich and Sydenham Hill Woods cover 28 hectares of land within the SPD boundary and these ancient woodlands provide an important habitat that is of high value for a wide variety of wildlife.

Dulwich also has a rich historic and cultural heritage. Over half of the area covered by the SPD is designated as a conservation area. There are many historic places and listed buildings, including fine examples of Georgian and Victorian Institutional buildings such as Dulwich College, Dulwich Picture Gallery, Belair House and Kingswood House. The picture gallery, which was designed by Sir John Soane and opened in 1814, is England’s oldest purpose-built art gallery.

Whilst the SPD recognises that there is limited scope for large scale development in Dulwich, it sets out additional guidance to ensure that new development continues to protect and enhance the character and historic value of Dulwich. It provides guidance on topics including the height, scale and character of new development, conservation of the area’s heritage and protection of open spaces. This SPD will ensure that new development is appropriate and that it adds to the unique attractive character of Dulwich.

RECOMMENDATIONS

That cabinet:

1. Adopt the Dulwich Supplementary Planning Document (Appendix A) and note the sustainability appraisal (Appendix B), the equalities analysis (Appendix C) and the consultation report (Appendix D).

BACKGROUND INFORMATION

2. We have prepared a supplementary planning document (SPD) for Dulwich which will form part of our planning framework. The Core Strategy (2011) and the saved Southwark Plan policies (2007) together with the London Plan form the

statutory development plan for the borough. SPDs can provide additional guidance on policies in the development plan.

3. A previous version of the SPD was consulted on in 2009, however, this draft document was not adopted. An earlier draft Dulwich SPD was also consulted on in 2004. An updated version of the Dulwich SPD is required to reflect recent changes in national, regional and local policy, including the adoption of the Core Strategy in April 2011 and the London Plan in July 2011. The 2013 Dulwich SPD replaces the draft 2004 and 2009 documents.
4. The SPD provides further guidance on the policies set out in the Core Strategy and the saved Southwark Plan. The Core Strategy is a development plan document (DPD) that provides a vision and objectives for the future development of the borough and a plan that sets out how these will be achieved. It sets out strategic planning policies and reflects the aims and objectives of the Council Plan. Whilst some of the Southwark Plan policies have been 'saved' and these policies continue to apply, some of these policies have been replaced by the Core Strategy. The SPD provides a factual update on the policies which should be applied to Dulwich to provide clarity on this. It is a requirement that the Dulwich SPD is consistent with the strategic policies in the Core Strategy, saved Southwark Plan policies and in general conformity with the London Plan.
5. We have also previously prepared an SPG for Lordship Lane Town centre which was adopted in 2002. Dulwich SPD 2013 replaces the Lordship Lane SPG.
6. The Dulwich SPD provides additional planning guidance for College, East Dulwich, Village and part of Peckham Rye wards. Part of the Peckham Rye ward is also covered by this SPD as it is more similar in character to Dulwich than Peckham.

CONSULTATION

7. The Planning and Compulsory Purchase Act 2004 (as amended) ("the 2004 Act"), the Town and Country Planning (Local Planning) Regulations 2012 and our Statement of Community Involvement 2008 set out consultation requirements for SPDs.
8. The consultation report (appendix D) sets out the consultation we have carried out. Consultation on the Dulwich SPD took place from 28 January to 22 April 2013. We consulted with a wide range of organisations, local groups and residents. In all, the document was available for comments over a period of 12 weeks which complies with the standards in our Statement of Community Involvement. As well as making the document available on the internet and in local libraries, we wrote to around 3000 consultees on our database.
9. We also held two consultation events on the SPD. We held a drop-in-session at Dulwich Picture Gallery on Saturday 2 March from 2pm to 5pm. We also ran a workshop to discuss the content of the SPD from 3.30pm to 5pm. A second drop-in-session was held at the Dulwich Leisure Centre on Wednesday 10 April from 5pm to 8pm where we set up a display and handed out leaflets. Officers were available at all times to answer questions on the SPD.
10. The draft Dulwich SPD was presented to the planning committee on 5 March 2013 for their comment. The Planning Committee noted the consultation on the draft SPD and provided no further comments.

11. We received 183 representations from 14 consultees. A number of the representations were made in support of the additional guidance on basement development and the conservation of the historic environment and protection of open spaces.
12. The main changes to the SPD that have arisen from the consultation are summarised below;
 - We have updated the SPD to refer to the fact that London Overground services have recently been extended to Denmark Hill and Peckham Rye stations
 - We have updated the descriptions of the town centres as the detail from the Retail study 2009 was out of date
 - We have included greater detail on the conservation areas in Dulwich and set out in a fact box when conservation area consent may be required
 - We have set out in a fact box the recent changes to permitted development rights for extensions
 - We have strengthened the reference to protecting against the paving over of front gardens
 - We have added in additional text from the sustainable transport SPD to ensure the adequate parking is provided with new developments outside of the controlled parking zones
 - We have updated our reference to the East Dulwich Police Station site
 - We have set out more detail on the council's approach to the future development on the Dulwich Hospital site on East Dulwich Grove
 - We have updated the section on our Community Infrastructure Levy to reflect the latest situation regarding our CIL charging schedule.
13. We also received some comments asking us to include a reference to the fact that Lordship Lane does not have a town centre car park and that this creates additional parking problems in the area which can affect the viability of the centre. We do not consider that it is appropriate to include a reference to there being no town centre car park in the SPD. We are seeking to improve the accessibility of our town centres through the promotion of sustainable transport. This will help to reduce pressure on car parking in and around town centres and is in line with the objectives set out in our Transport Plan. Local authorities in London carried out a parking review in 2012 which looked at the relevance of parking in the success of urban centres (to which Southwark contributed). This addressed questions relating to the correlation between the amount of free/cheap parking and commercial activity and how people travel to town centres and what they spend. They found that more parking does not necessarily mean greater commercial success.
14. We also received a number of comments asking us to rename some of the open space on our vision maps. However, the open spaces were identified and designated for protection through the schedules to the Southwark Plan and these cannot be renamed through the SPD. We can look at amending the names of any protected open spaces through the preparation of the new Southwark Plan which we are due to start work on later this year.

KEY ISSUES FOR CONSIDERATION

15. The Dulwich SPD sets out additional planning guidance for the area to make sure that future development is carried out in the best possible way. The Dulwich SPD sets out key issues relevant to development in Dulwich that should be taken into consideration during the determination of planning applications. The additional guidance set out in the SPD provides information on how to implement the policies in the Core Strategy and the saved Southwark Plan policies.
16. The purpose of the SPD is to ensure that development is appropriate for Dulwich and that the Core Strategy and saved Southwark Plan policies are applied correctly to ensure that development respects the historical context and important open spaces of the area. This includes social, economic and environmental impacts. The intention of the SPD is to highlight issues that relate specifically to development in Dulwich. Setting out this additional guidance should ensure that the impacts of development proposals are appropriately addressed.
17. The Dulwich SPD sets out our vision for the Dulwich community council area as well as part of Peckham Rye Ward. It provides a framework which will guide development over the next 15 years, ensuring that new development is appropriate to the area, respects its historical context and important open spaces.
18. Dulwich has a character which is distinct from many other parts of Southwark. It has a range of historic qualities and a strong local identity, with a large number and wide range of open spaces. In the south of Dulwich, the Dulwich Estate manages 1500 hectares of land on which there are approximately 4000 properties. As a result of the important historic environment and the high quality open space, Dulwich has a unique character that we want to enhance and maintain. This SPD will ensure that new development is appropriate for the area and that it adds to its unique attractive character.
19. This SPD provides guidance on:
 - Conserving heritage assets
 - Appropriate types of new development
 - Protecting and improving open spaces
 - Improving transport and accessibility
 - Protecting and improving shopping areas
 - Development opportunities
 - Community Infrastructure Levy (CIL) and Section 106 planning obligations
20. The Core Strategy sets out policies for the conservation and enhancement of the historic environment. The Dulwich SPD sets out additional guidance on the type of development that will be considered appropriate in the conservation areas in Dulwich. The SPD also sets out further guidance on the location of listed buildings and how development proposals should take into consideration the impacts on the archaeology around Dulwich Village.
21. The Core Strategy sets out policies for the type and location of new development in the borough. The Dulwich SPD sets out further guidance for development in Dulwich including where the sub-division of large properties, back-land and in-fill

development may not be considered acceptable in order to protect the historic pattern of development.

22. The Dulwich SPD also sets out additional guidance on the type of extensions, including basement developments, which may be permitted in the area. The SPD sets out guidance where proposals that exceed the 3 metre height by 3 metre depth maximum set out in the residential design standards SPD may be considered.
23. Further guidance has been included in the SPD on the protection of open spaces, sites of importance for nature conservation and geodiversity. This includes more detail of the inclusion of a number of parks as part of the South East London Green Chain walking route.
24. Dulwich is a well known area of bat activity and guidance has been included in the SPD on when bat surveys may be required, including where development proposals affect areas with significant tree coverage. Further guidance on the retention and enhancement of trees in the area is also provided.
25. The Core Strategy and saved Southwark Plan policies set out our approach to traffic and parking in the borough. Additional guidance is provided in the SPD which sets out how we will seek to ensure new development does not have a negative impact on the transport network and parking provision in Dulwich.
26. There are two district town centres and one local centre within the area covered by the Dulwich SPD. The SPD sets out additional guidance on how development will be required to protect and improve the vitality and viability of these centres. The SPD also sets out additional guidance on where we may consider proposals for night-time and evening economy activities provided that the proposal is in a suitable location within a district town or local centre and that the location of residential neighbours, the proposed hours, activities and any potential disturbance arising is taken into account.
27. We have also set out some guidance on specific sites in Dulwich, including the Herne Hill Velodrome and the East Dulwich Hospital site. It should be noted that there is an adopted planning brief for the East Dulwich Hospital site that has not been replaced by the SPD.
28. The Dulwich SPD will form part of our framework of planning documents. It will be a material planning consideration in deciding planning applications in the area. It will help ensure that the council makes decisions transparently and provides clarity for members of the public and developers.

Community impact statement

29. The purpose of the planning framework is to facilitate regeneration, guide future development and help deliver the Council Plan vision for Southwark in a sustainable manner, ensuring that community impacts are taken into account. The open space strategy will help to ensure that the policies set out in the planning documents achieve this.
30. We have tested the sustainability impacts of the strategy through the sustainability appraisal (appendix B).

31. An equalities analysis (appendix C) has been carried out alongside the preparation of the strategy to assess the impact this will have on the different equality target groups.

Sustainability Considerations

32. We have prepared a sustainability appraisal (appendix B) to assess and inform the draft SPD.
33. The SPD performs well against environmental objectives in the appraisal. In particular the SPD scores well against objectives relating to the protection of open space, increasing levels of biodiversity and reducing the impacts of climate change. The SPD scored more negatively against the objectives of providing more housing and a wider mix of housing types.
34. The SPD will result in better development than if there was no SPD and if the council relied only on the policy and information in the Core Strategy and the saved Southwark Plan policies.

Equalities Analysis

35. An Equalities Analysis (appendix C) has been prepared to identify how the Dulwich SPD will affect people with protected characteristics. Protected characteristics are sexual orientation, sex, religion or belief, race, pregnancy and maternity, marriage and civil partnership, gender reassignment, disability and age. As the Dulwich SPD does not set new policy the document has a limited impact on equality issues in the borough.

Resource/Financial Implications

36. This report is recommending that cabinet adopts the Dulwich Supplementary Planning Document (Appendix A) and note the back up documents in appendices A to D attached.
37. There are no immediate financial implications from the adoption of the contents of the planning documents. Any additional work required to complete the SPD adoption process will be carried out by the relevant existing Policy team staff resources without a call on additional funding.
38. Any specific financial implications arising from the adoption of the final Dulwich supplementary planning document (SPD) will be included in subsequent reports for consideration and approval.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

39. A SPD is a local development document established under the 2004 Act and which forms part of the planning framework for the borough. A SPD may cover a range of issues, both thematic and site specific, which expand upon or set out a policy contained in the development plan in more detail. They must not be used to allocate land.

40. This SPD has been prepared in accordance with the Core Strategy and saved Southwark Plan policies, which form the development plan for Southwark. The SPD has also been prepared in general conformity with the London Plan.
41. The procedure for adopting a SPD is set out in the Town and Country Planning (Local Planning) Regulations 2012. Although a SPD is not subject to independent examination, the procedure required to implement a SPD involves a significant amount of community participation. The consultation process the council has followed is set out in the Consultation Report at appendix D.
42. The 2004 Act made all local development documents subject to sustainability appraisals, which met the requirements of the EU Directive on strategic environmental assessments. The Planning Act 2008 however removed the requirement for sustainability appraisals for supplementary planning documents.
43. In principle supplementary planning documents should not require a sustainability appraisal or be subject to the SEA Directive because they do not normally introduce new policies or proposals or modify planning documents which have not been formally assessed in the context of a higher-level planning document. They may however be required where the relevant higher level planning document containing saved policies within a saved local plan or development plan pre-dated the 2004 Act or the SEA Directive.
44. The Southwark Plan was not subject to a sustainability appraisal and therefore the council believes it would be useful to carry out an appraisal in relation to this SPD to test how well the document (which refers to several saved policies) considers social, economic and environmental issues in relation to sustainable development.
45. The sustainability appraisal is contained at appendix B.
46. The Equality Act 2010 introduced the public sector equality duty which merged existing race, sex and disability equality duties and extended them to include other protected characteristics, namely age, gender reassignment, pregnancy and maternity, religion and belief and sex and sexual orientation (including marriage and civil partnerships).
47. In summary those subject to the equality duty, which includes the council, must in the exercise of their functions: (i) have due regard to the need to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the 2010 Act; (ii) advance equality of opportunity between people who share a protected characteristic and those who do not; and (iii) foster good relations between people who share a protected characteristic and those who do not.
48. The equalities analysis appended at C has considered the impact of this SPD on groups who may be at risk of discriminatory treatment and has had regard to the need to promote equality among communities within the borough.
49. The Human Rights Act 1998 imposed a duty on the council as a public authority to apply the European Convention on Human Rights and the council must not act in a way which is incompatible with these rights. The most important rights for planning purposes are Article 8 (respect for home) and Article 1 of the First Protocol (peaceful enjoyment of property). Article 6 is also engaged in relation to the principles of natural justice. As this SPD has been prepared in accordance

with statutory procedure, it is likely to conform with the Human Rights Act 1998. Any human rights implications will also be considered throughout the application of the policies in the SPD through the development control process.

50. The decision as to whether or not to adopt a SPD is to be made at cabinet level.

Strategic Director of Finance and Corporate Services (FC13/041)

51. The strategic director of finance and corporate services notes that there are no new financial implications as a result of accepting the recommendations of this report. Officer time to implement this decision can be contained within existing resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Core Strategy (2011)	http://www.southwark.gov.uk/info/200210/core_strategy	Kate Johnson
Draft Dulwich SPD (2009)	http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1247/dulwich_spd	Kate Johnson
Saved Southwark Plan (2007)	http://www.southwark.gov.uk/info/856/planning_policy/1241/the_southwark_plan	Kate Johnson

APPENDICES

No.	Title
Appendix A	Dulwich SPD (circulated separately and available on the council's web site)
Appendix B	Sustainability appraisal http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1247/dulwich_spd
Appendix C	Equalities Analysis http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1247/dulwich_spd
Appendix D	Consultation report http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1247/dulwich_spd

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Kate Johnson, Senior Planner	
Version	Final	
Dated	5 July 2013	
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	5 July 2013	

Item No. 16.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Quarterly Capital Monitoring Outturn Report 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 final expenditure performance 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.

I would like to thank the Housing and Community Services department for their fruitful efforts to improve the performance of the Housing Investment Programme since the monitoring report for the third quarter, which identified a likely expenditure of £81.6m for the year (a variance of £10.9m). The spend recovered to £85.6m (a variance of £7m) as a consequence of proactive reprogramming of work where slippages have occurred. This shows some good practice that needs to be shared with other departments.

On the general fund side, performance showed an increased level of variance from that suggested at the third quarter. The projected spend at that point was £277.4m whilst the actual outturn was only £259m, compared to the budgeted level of £322m. Whilst some of this variance is as a result of some projects coming in under budget, demonstrating that the council is working hard to deliver value for money, some is due to programme slippage.

I will be working with officers over the next few months to ensure that there is some tightening of project controls so that such slippage in the future is addressed through reprioritisation to ensure an optimal use of the capital budgets.

RECOMMENDATIONS

That cabinet:

1. Notes the outturn position for 2012/13 for the general fund capital programme including the overall position of the programme for the period 2012/13 to 2021/22 as detailed in Appendix A and D.
2. Notes the outturn position for 2012/13 for the housing investment programme, including the overall position of the programme for the period 2012/13 to 2015/16, as detailed in Appendix B

3. Approves the virements and funded variations to the general fund and housing investment capital programme as detailed in Appendix C.
4. Approves the re-profiling of the expenditure and resources in the new financial year 2013/14 in light of the 2012/13 outturn position for both the general fund and housing investment programmes as detailed in Appendix A, B and D and note further re-profiling will be required during 2013/14 based on more up to date information available at that time.

BACKGROUND INFORMATION

5. On 17 July 2012, the 2011/12 capital outturn report was presented to the cabinet. This reported the capital outturn position at the end of 2011/12 and approved the continued expenditure and resources, including new bids up the period 2020/21. At that time, the total value of the general fund programme stood at £383.8m including the Southwark Schools for the Future programme and the housing investment programme stood at £432.9m.
6. On 25 September 2012, cabinet noted the refreshed general fund capital programme of £387m for the period 2012/13 to 2021/22 including the agreed new capital bids of £59.8m. Cabinet also noted the housing investment programme of £397.5m for the period 2012/13 to 2015/16.
7. With a total forecast spend of nearly £1billion the capital programme represents a major element of the Council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and or do business in the borough.
8. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Historically the capital programme has been over programmed in year to compensate for these variations, whilst retaining a balanced programme overall.
9. This report sets out the outturn position for 2012/13 for the General Fund and the Housing Investment Programme (HIP).

KEY ISSUES FOR CONSIDERATION

2012/13 Outturn Position

10. The table below shows the 2012/13 outturn for the General Fund and the Housing Investment Programme against the budgeted expenditure. There was a variation of £63m against the General Fund programme and a variation of £7m on the Housing Investment Programme. These variations are largely explained by the re-profiling of budgets across a range of several schemes on departmental programme activities as a result of the complexities of procuring contracts and works across a programme of this magnitude and the practicalities of contract management and monitoring.

Department	2012/13 Budget £m	2012/13 Outturn £m	2012/13 Variance £m
Childrens Services	31.5	8.3	23.2
Adult Social Care	2.0	0.2	1.8
Southwark Schools for the Future	47.2	35.1	12.1
Finance and Corporate Services	182.1	179.7	2.4
Environment	24.2	16.2	8.0
Housing General Fund	6.3	3.2	3.1
Chief Executive	28.7	16.3	12.4
Total General Fund	322.0	259.0	63.0
Housing Investment Programme	92.6	85.6	7.0

11. The total General Fund departmental expenditure was £259.0m against a revised budget of £322.1m but the expenditure includes the amount of £178.1m incurred in December 2012 for the freehold acquisition of 160 Tooley Street, following cabinet approval on 11 December 2012. Therefore, for comparison purposes with previous year, once this significant one-off expenditure is adjusted, the revised spend figure (excluding the above cost for 160 Tooley Street) is £80.9m for 2012/13 and this figure is slightly lower than the 2011/12 outturn figure of £84.2m.
12. The variation of expenditure to budget in 2011/12 was 37% and this has increased slightly to 44% in 2012/13 indicating that some of the budgets within the capital programme had been over-programmed to accommodate an element of expenditure re-profiling that may be required on large and complex projects over the course of the year.
13. The total Housing Investment Programme expenditure for 2012/13 was £85.6m against a budget of £92.6m and this is a 60% increase in the expenditure figure of £53.5m for 2011/12. The variation of expenditure to budget in 2011/12 was 49% and this has reduced significantly to just 7% in 2012/13 and this illustrates the increased and accelerated investments being made on the Warm, Dry and Safe programmes within the Housing Investment Capital Programme.
14. The sections below provide commentary on the outturn position by departments for 2012/13.

GENERAL FUND (APPENDIX A)

Children's and Adult Services

15. In summary the capital programme across Children's and Adults Services for the period 2012/13 to 2021/22 is £93.4m with a total budget of £33.5m and expenditure incurred of £8.5m for 2012/13.

Children's Services

16. The revised capital programme at Quarter 3 2012/13 was £81.2m. The forecast outturn for 2012/13 at Quarter 3 was £9.7m against the budget of £31.2m and the final outturn was £8.3m against a budget of £31.5m.
17. As highlighted in the quarter 3 monitor there was a risk of programme re-profiling due to the contract for Southwark Park Primary School not being awarded in the year. This was indeed the case and so the final outturn of £8.3m reflects this re-profiling.
18. The major expenditure categories for 2012/13 included £6.4m investment in primary school places at St. Anthony's, Haymerle and Crampton and temporary expansion classes for 300 places at eight schools. A further £0.2m was spent on additional kitchen equipment to enable the provision of free healthy school meals. The remaining £1.7m was spent on smaller schemes, final account payments for finished schemes and investment in the fabric of the existing school environment.
19. There continues to be a pressure for primary school places and a further paper will be presented to Cabinet to detail the emerging primary strategy for places and the available funding.

Adult Social Care Services

20. The total Adults' Social Care Capital programme for the period 2012/13 to 2021/22 is £12.2m with £231k spent in 2012/13 against an annual budget of £2.0m. The £231k expenditure during 2012/13 was incurred in the post completion and equipment costs at Southwark Resource Centre and renovation works on Stones End.
21. The slippage in the 2012/13 budget will be rolled forward to support plans for the Centre of Excellence. The main movement from Quarter 3 forecast expenditure was due to revised plans around the renewal of Orient Street which is now expected to be undertaken in 2013/14.

Southwark Schools for the Future

22. The budget for the year was agreed at £47.2m. The forecast outturn at quarter 3 was for £39.3m and the actual outturn was £35.1m.
23. The variation between the original budget and final outturn total was £12.1m of which £7.9m was identified at quarter 3. The main reason for the variation to the Q3 forecast is the slippage of milestones for St Michael's and All Angels College and the co-located Highshore school at £3.5m and the remaining smaller slippage on the main ICT programme and Walworth Academy drawdown of ICT funding.
24. Key variances that have occurred during the year include budget rolled forward at the beginning of the year being re-profiled to better reflect the anticipated

programme totalling £8.2m; the £3.5m described above and minor slippage account for the remaining variance.

25. During the year the programme has delivered the following achievements:
- the New School Aylesbury design and build was completed ready for Sacred Heart to take up occupation in September 2012 enabling the new PFI school at Sacred Heart to commence on a cleared site
 - the major refurbishments at Notre Dame school are now complete; and further
 - the final phase two for the PFI school at St Thomas the Apostle College completed in November 2012.
26. In December 2012 the phase 3c for SILS KS3/4 contract was awarded for construction start in the spring 2014.

Finance and Corporate Services

27. The capital programme of this department focuses on two key areas: information technology infrastructure projects and premises improvements to council buildings.
28. The total value of the capital budget for the department over the period 2012/13 to 2021/22 period is £203.0m.
29. The budget for 2012/13 was £182.1m with the final outturn expenditure of £179.7m at the end of quarter 4 and most of this expenditure related to the cost of £178.1m incurred by the Council for the freehold acquisition of 160 Tooley Street in December 2013, following cabinet approval on 11 December 2012. There was also expenditure of £1.1m incurred during the year on IT projects including upgrade of the technical infrastructure, upgrade of Citrix and an increase in data storage.
30. This recent freehold acquisition of the council building, 160 Tooley Street now gives the council increased scope as freeholder to consider targeted investment in works to the building that will increase the utilisation of the building both to improve service delivery and offer increased community use of facilities where possible.
31. The procurement of a new Facilities Management (FM) services supplier has been approved by cabinet with the 5 year contract commencing on 1 February 2013.
32. To address the future FM capital requirements of the council's operational estate, a bid of £10.25m was approved by cabinet in the capital programme refresh. This reflects the anticipated cost of undertaking a co-ordinated PPM and compliance programme on council property fabric and services from 2013/14. Work is currently underway on analysis of the existing conditions surveys of the operational estate to develop a targeted investment programme of services replacements, upgrades and compliance related remedial works. The first elements of this programme, which consist of phase 2 & phase 3 of the fire related remedial works are anticipated to be completed in 2013/14.

33. The key achievements during the period 2012/13 were to upgrade the technical infrastructure, and also introduce a more secure and resilient environment. The upgrade was a necessary prerequisite to enable core projects to be introduced in the coming few months. These projects include the introduction of an upgraded Citrix solution, increased data storage and the provision of improved applications such as Microsoft Office (2010). All legacy data lines are now able to be upgraded which will improve accessibility, increase capacity at the same time as reducing the overall revenue costs. In addition to the above, the activities include the movement of the computer data centre from the Town Hall to a purpose built and secure environment. This work was essential in order to allow for the disposal of this and other similar buildings
34. Capital spend in 2012/13 from the residual Property Capital Works and DDA capital budgets was focused on relatively small urgent capital works and services replacement projects that deliver reduced revenue running costs and improved environmental performance.

Environment & Leisure

35. The department carried out a detailed review of the capital programme during the third and fourth quarters of 2012/13. Projections and profiling of spend were scrutinised to ensure realistic estimate of expenditure for the year. The latest capital outturn for 2012/13 is £16.2m against the final agreed budget of £24.2m giving a variance of £8.0m, which will be carried forward into 2013/14. The progress of major schemes are outlined below.

Sustainable Services

36. 2012/13 was the first full year of operation at the new Integrated Waste Management Facility (IWMF) at the Old Kent Road and it has already been recognised for innovation at an industry awards ceremony. The facility won an award for Excellence in the category of Innovation in Design of a Waste Management Facility. The award was sponsored by Letsrecycle.com with the ceremony hosted by TV broadcaster and journalist, Jon Snow.
37. The division is currently working with Facilities Management to decommission Manor Place Depot. It is expected that all the division's operations would be out of the depot by the end of June 2013.
38. The budget for the scheme covers the costs of site acquisition and preparation for the new facility and an access road. The facility itself was financed by Veolia and repayable through the PFI unitary charge.
39. The 2012/13 budget for the scheme was £711k. Actual spend at the year end was £680k leaving a net favourable variance of £31k. The remaining planned items covered by this budget are predominantly planning related costs which may be payable to planning and highway authorities (LBS and TfL). Most of these items are conditional on the results of a number of road traffic surveys.
40. The remaining budget includes £520k in respect of the obligation to provide an Off-Site Renewable Energy Infrastructure. This is almost certain to be discharged by the Southwark Heat Network from South East London Combined

Heat and Power plant (SELCHP) project. Although the project is well underway, until it is deemed to be successful, the division has taken a prudent view and projected the £520k as a liability. The pipe work is being laid currently with an expected operational date of October 2013.

Public Realm

41. In spite of the challenges caused by the Olympics embargo and the adverse weather, all the scheduled projects in the Non Principal Road (NPR) Programme for the year 2012/13 have been completed on time. These have been achieved at a lower cost than forecast i.e. spent £4.4m against a budget of £5.2m leaving a variance of £0.8m. The remaining capital allocation for 2012/13 will be rolled forward for allocation to schemes in the 2013/14 programme.
42. There was an urgent need for bridge strengthening and retaining wall works to be undertaken in 2012/13. The Division received a grant of £509k from London Bridges Engineering Group (LoBEG) and this has been fully spent.
43. Cleaner Greener Safer (CGS) end of year spend was £1.9m against a full year allocation of £1.9m and a total budget including carry forward from previous years was £4.4m. This is due to a number of projects being delivered under budget, delays in the receipt of some external grants and delays in delivery of grant funded projects. Community Councils decided not to reallocate favourable variance to new projects until they had made decisions on the 2013/14 programme. These decisions were taken in April 2013.
44. The Southbank Accessibility project was successfully brought in significantly under budget generating savings compared to the original estimate of approximately £300k - the exact outturn awaits completion of final account for works recently completed. Any unspent money will be returned to GLA.
45. The CONNECT2 project concluded in the last quarter of 2012/13. This is the successful culmination of a project that has been planned for many years. The Council has worked successfully with Sustrans, BIG lottery and local community groups to deliver a new pedestrian and cycle bridge across Rotherhithe New Road improving access to South Bermondsey station, which replaces a redundant railway bridge that had been derelict for many years. Full spend has been achieved although some outstanding contractor invoices are still awaited. Sustrans have agreed that these invoices can be paid from 2012/13 grant allocation.
46. Phase 1 of the Burgess Park Revitalisation project was completed in July 2012. The project has been a resounding success with positive feedback from stakeholders, the wider community and increased usage. The remaining funds in this phase are re-profiled to spend in 2013/14 and represent the retention payments on the project due next year plus an amount to rectify drainage issues. £200k was allocated in the capital programme for a borehole within the Park, however the Environment Agency is currently reluctant to provide a license for abstraction from the water table. Officers will provide advice in the next capital refresh on the viability of this plan.

47. Currently, Burgess Park Revitalisation project budgets are spread across four capital cost codes. It is proposed that all these budgets be combined into one cost code to ensure effective monitoring and management of the budget.
48. Phase 2 of the Revitalisation project is currently being finalised but includes the delivery of the new BMX track in Burgess Park. The track received planning permission in March 2012 with most of the expenditure funded from external sources. The project is due for completion in the summer of 2013.
49. Cemetery Development – There has been some delay in our Cemetery capital projects in 2012/13. Mercury Abatement at the crematorium was delayed from April 2013 to June 2013 due to the delays with planning and listed building consent. An access road between the Cemetery and Crematorium (£100k) has been completed.
50. Initial planning has commenced on the remediation of the contaminated area at the Honor Oak and Camberwell Old cemeteries and the works will commence in 2013/14. The preparation of a new burial area at site F at Camberwell Old Cemetery work was delayed due to poor weather and will now be operational from August 2013.
51. Currently, cemetery investment related budgets are spread across a number of capital codes. It is proposed that all these budgets be combined into one cost code to ensure effective monitoring and management of the budget.

Culture, Libraries, Learning & Leisure

52. Dulwich Leisure Centre and Camberwell Leisure Centre phase 2 works were completed on target. Leisure Centre phase 3 works to provide two new sports halls were also completed in December 2012, but the contractor retention date is not until June 2013.
53. Work at Pynners Sports Ground involves rebuilding the pavilion that was destroyed by a fire number of years ago. The project has slipped because of ongoing issues with external contractors regarding energy supplies to the pavilion but is expected to be completed in 2013/14.
54. The Thomas Calton Centre refurbishment was started late in 2012/13 and will complete in 2013/14. The works are to address longstanding maintenance issues to the roof and fabric of the building. Spend is profiled over 2 years for this project.
55. Olympic Legacy Fund - The capital programme was a provision of £2m over 2 years for the Southwark 2012 Olympic capital legacy fund 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 project spend has been re-profiled so more than £1m) appears in the second year. All the projects except Southwark Park Athletics Track (SPAT) are now in their construction phase. This spend has successfully attracted £991k of external funding.

56. Implementation of RFID equipment (Radio Frequency Identification) at Dulwich and Peckham were completed in 2012/13 and two more libraries (Newington and new Camberwell library) are scheduled for 2013/14 onwards.

Community Safety & Enforcement

57. CCTV Digital Upgrade –digital upgrade at the CCTV monitoring suite at Southwark police station was completed in June 2012.
58. The division is now focusing on the Housing refresh programme which is a key element of the digital upgrade. This phase of the project is designed to link the housing estates camera networks to the control suite. The project is underway and expected to be completed by 31 March 2014. The funding for this contract is within the capital allocation of £1.4m approved by the Cabinet for the Housing CCTV Refresh programme. There is a variance of £187k as the contribution from Housing to this budget for the full 2 years was received in 2012/13.
59. Installation works on the Aylesbury Estate which included the installation of 4 re-deployable CCTV cameras in the Thurlow/Kinglake Street area are now complete. These cameras are operational and connected to the new digital CCTV control room. The lifecycle cost of the CCTV project is projected to be within budget.

Chief Executive's Department

60. The Chief Executive's department consists of four main project areas, namely planning, framework and implementation, regeneration, and other regeneration projects. Though distinct, the project areas are collectively responsible for leading the council's overall vision of transforming the borough's landscape through the delivery of key regeneration projects such as Elephant & Castle leisure centre, Gateway to Peckham, Revitalise⁵ Camberwell, and Office Accommodation strategy amongst others.
61. The total programme budget for the department over the 2012/13 to 2021/22 period has increased from £70.1m to £70.9m since quarter 3 monitor was presented to the Cabinet. The budget increase of approximately £800k is due to a combination of additional funding (grants, s106) secured in the quarter, and reserves contribution of £659k for site preparation works at the Elephant & Castle Leisure centre. Currently, the projected expenditure over the same period is £70.6m. This creates a projected favourable variance of approximately £300k which is in the main due to savings achieved on the delivery of Canada Water development projects.
62. In 2012/13, the department incurred expenditure of £16.3m against a budget of £28.7m. The positive variance of £12.4m is largely due to the re-profiling of key projects into future years, the most significant being Elephant & Castle leisure centre.
63. The Elephant & Castle leisure centre had a positive variance of £4.5m which is being re-profiled into 2013/14 due to the necessary archaeological works to the site and the resultant discovery of significant human remains requiring further

sensitive excavation.

64. In addition to the above, the negotiation of the contractual interface with the neighbouring residential development meant that it was not possible to reach contract close until April 2013. The contractual arrangement with 4 Futures, the council's supplier for these works and services, meant that payments prior to contract close are limited and therefore a relatively small slippage in time resulted in a large change in the profiled budget for 2012/13.
65. There were also some smaller variances across other projects such as improving local retail environments, office accommodation strategy and Bermondsey Spa improvements which contributed to the overall departmental variance on the 2012/13 budgets. These projects are being re-profiled and will be progressed through our delivery partners and most of them will complete in the next financial year.
66. Details of divisional expenditure and key achievements in project delivery are outlined in the following paragraphs.
67. The planning division has a total budget of £8.2m; of which £7.5m (91%) is funded by TfL to deliver transport improvement programme contained within the borough's transport plan. In 2012/13, the division spent £2.6m to deliver various transport improvement schemes. This includes improvements to East Walworth and Faraday (Green Links) and the installation of Estate Cycle Parking on a number of the council's estates.
68. Other schemes aimed at delivering improvements for pedestrians and cyclists were progressed. These include Green Link schemes in Camberwell, East Walworth and Faraday as well as the Greendale link. The division continues to work with Southwark Cyclists to identify further improvements to cycling infrastructure through the Joint Cycling Steering Group.
69. Revitalise5 Camberwell, a £7m scheme to transform the streets in Camberwell was in the second year. With an allocation of £650k from Transport for London, concept designs and associated transport models were developed and consulted in early 2013. From this, a preferred option will be developed and detailed design undertaken in 2013/14 with construction in 2014/15. Alongside this, work has commenced on developing a master plan for Camberwell Green, which will be consulted alongside the Revitalise Camberwell programme.
70. Planning permission to construct a new library in Camberwell was granted on 4 June. When completed, the new library will be a modern, flexible space providing a range of activity to meet local needs. Based on experience, it is anticipated that use will increase very significantly compared to the current library and given the increased activity the new library will bring, there is a desire to increase security measures through the installation of 3 CCTV cameras.
71. Work is on going to finalise the building's internal designs, fit out, internal ventilation systems and detail design for civic space. Final costs for all elements of the scheme will be established in October and the Cabinet will be informed of any additional request for funding.

72. The council progressed Gateway to Peckham, an £11m capital project jointly funded by the council and the GLA. This project will unlock the potential of Peckham Rye Station by creating a public forecourt, reconfiguring the retail layout and ensuring there is a vision for the future of the station and surrounds.
73. Framework and Implementation within planning division has a budget of £6.5m, largely funded by s106 and capital receipts. In 2012/13, the unit spent £2.9m to deliver various projects across the borough. These projects include Legible London scheme in Bankside and Bermondsey, the refurbishment of St John's Churchyard and 2 shopping parades in East Street as part of the Improving Local Retail Environments (ILRE) programme.
74. Other schemes completed include the public realm improvements at Great Suffolk Street, the construction of a green roofed extension to the Flat Iron Square cafe (both funded by a £300,000 grant from the GLA) and the Dog and Pot public art project on the corner of Blackfriars Road and Union Street to commemorate Dickens bi-centennial. The remaining seven ILRE sites - the 3 parades in Jamaica Road, the 2 parades in Southampton Way (designed to complement the public realm improvements completed 2011/12), Rotherhithe New Road and Lordship Lane have been completed amongst others.
75. A variety of schemes are ongoing as part of the Greater London Authority's Outer London Fund programme in Nunhead. A new pop-up shop has been opened utilising one of the Council's own properties, which has been totally renovated. Public Realm completed resurfacing part of Evelina Road and new highway lighting was installed. Consultants have been appointed for the next phase of shop front improvements and designers have also been appointed to look at Nunhead Green.
76. A number of events took place as part of the Elephant to the Nun Festival was supported and in addition, a community website is now in operation. Further work is programmed for delivery in 2013/14 in Nunhead including the implementation phase of the shop fronts and park improvements, new lighting to the Railway Bridge and way finding in the vicinity of the station. Further support to implement a festival programme is also planned.
77. A series of schemes are currently under development for delivery in 2013/14. These include the public realm improvements in Webber Street and in the vicinity of Barons Place; Rothsay/Alice Street improvements; Lamb Walk improvements; the Nelson Square Play Area re-design; and Mint Street Park refurbishment, all of which are being designed by the Public Realm Department.

Market Place Customer Service Point (My Southwark)

78. The former Bermondsey One Stop Shop was replaced by a new retail style service point at 11 Market Place branded My Southwark. Works were completed during quarter three and the new facility was opened on 18 December, allowing for the capital disposal of the site at 17 Spa Road for redevelopment as part of the Bermondsey Spa regeneration scheme. Staff and customer feedback on the design and new provision of service is positive.

Queens Road Block F (Queens Road 1)

79. Practical completion was achieved on 30 July 2012 providing a modern, flexible office space with 210 desks spread over 4 floors and a range of public facing meeting rooms for pre booked appointments on the ground floor. Staff moves commenced 13 August 2012 and concluded in December 2012. The facility now accommodates approximately 360 staff from across Adult Social Care, Housing Management and Community Safety on a desk to staff ratio of 6:10. The building is now operational. Development of this site has allowed the vacation of a range of small and medium sized properties including important sites at Mable Goldwin House and the Chaplin Centre.

Queens Road Block J (Queens Road 2)

80. The council is progressing with development for a generic office fit out at Queens Road 2. The site will deliver 86 workstations spread over four floors. The programme for fit out is due to be completed by end of 2013 with works due to commence in June 2013.

Queens Road Block C (Queens Road 3)

81. Negotiations for a lease for a third site at Queens Road were completed in September 2012. Fit out works commenced on 5 November 2012, with practical completion achieved ahead of schedule in April 2013. The first occupation was on target on 22 April with full occupation on track for 31 May.
82. This site has been brought forward in order to rapidly deliver a high quality 120 desk customer contact centre, delivered in time for the provision of a new in-house service from 1 June 2013.

Children Looked After Accommodation

83. Final works were completed during 2012 at children's specialist sites in Peckham. The development allowed for the complete vacation of the former poor quality council officers at Bradenham Close and Harper Road.

Housing General Fund

84. The total budgets for the Housing General Fund capital programme for the period 2012/13-2021/21 is £28.7m and the budgets for 2012/13 was £6.3m. The final outturn expenditure for 2012/13 was £3.2m indicating a variance of £3.1m.
85. The variances relates to various schemes across the Area Renewal, Housing Renewal and Travellers sites projects and these will be reviewed and re-profiled across the following years.
86. The sections below provide a detailed commentary on the major areas of activity across the various capital projects within the Housing General Fund areas.

Area Renewal

87. The East Peckham renewal area group repair scheme for Goldsmith Road, Marmont Road and Furley Road started on site in August 2011 and was completed in December 2012. There was some delay in the completion of the scheme due to the area being in the Olympic exclusion zone for works affecting the public highway.
88. The overall scheme covered 139 properties including 43 council, 35 housing association and 61 private homes, all of which benefited from brick cleaning and garden walls, while low income home owners and council properties also received new doors, windows and roofs. The scheme also included insulation works to some of the properties, attracting grant funding through the community energy saving programme (CESP).
89. In addition to the insulation of properties, further energy saving works started on site in September to provide solar heating to approximately 60 homes. These works were grant funded (£420k) by the GLA.
90. A successful bid was made to secure additional resources from the Outer London Fund for shop front works and environmental improvements within the Nunhead area. The Planning Projects and Area Renewal teams have re-programmed works to maximise the benefit of the projects and to tie-in to other development in Nunhead such as the construction of a community centre and new homes on the former Early Years site and eight new council houses on the former community centre site.
91. The responsibility for delivery of some of the housing renewal area projects is complete, and the profiling of the forecast has been adjusted from 2013/14 onwards.

Housing Renewal

92. Grant funding of £449k was made available for 2012/13 through the South East London Housing Partnership (SELHP) for empty homes grants. £95k was spent in 2012/13 with the remainder re-profiled and committed for spend from 2013/14 onwards. The scheme is directed toward reinstatement of empty homes via GLA funding, and provision of loans.
93. An additional £198k has been confirmed by HCA/GLA for 2013/14 for the Empty Homes fund round 1 to develop 13 units. It has been preferable to use these additional funds first and so reduce the immediate call on the corporate budgets, which will be carried forward to continue the programme meeting future demand, as HCA/GLA funding is not guaranteed after this year.
94. Demand for disabled facilities grant remains high, with a profiled budget of £998k and £515k government grant funding received in 2012/13; spend at the end of the year was £1.1m with £340k of commitments. Other changes have been agreed to budget profiles to reflect demand across various grant types.
95. An overall sum of £4.655m is anticipated to be available from government grant funding for Disabled Facilities Grants (DFGs) to 2021/22 to cover housing

renewal works. It is likely that there could be significant pressure if the council is to meet ongoing demand in this service area from 2013/14 with the resources available solely through DFG with spend and commitments of £1.5m in 2012/13 and around £1.7m for 2013/14. The call on resources from registered providers in the borough in addition to Southwark residents has been managed through a series of agreements to contribute at least 50% towards the cost of works.

96. From 2013/14 it is proposed to make savings adjustments to the level of assistance available under the various grants and loans schemes operated by the housing renewal section, in light of resource availability. A number of cases have rolled forward to 2013/14 due to anticipating the revised levels of assistance coming into place. There will also be a move towards more loan based products than grants. These schemes offer financial support this year in the £5k-£15k region, subject to award criteria of each regime.

Travellers' Sites

97. The Gateway 2 to appoint contractors for the Springtide travellers' site is currently being finalised. Expenditure has therefore been re-profiled for two years from 2013/14 in line with the anticipated start on site in the summer of 2013. This will utilise the government funding received for the programme along with approved match funding from the council.
98. The railway embankment retaining wall at the Ilderton Road site boundary has been established as the responsibility of Network Rail, who have attended the site to assess the work required. Discussions are ongoing with Network Rail to ascertain the extent of these works. Consequently the budget provision has been moved into 2013/14 to cover any liability to LBS which may rise on conclusion of these discussions.

Affordable Housing Fund

99. Progress at Family Mosaic's development at Ivydale Road is ongoing and is expected to complete in autumn 2013. Affordable Housing Fund allocation for this scheme was £1.138m, with the initial tranche being claimed in 2011-12 prior to start on site. The balance of £455k is expected to be claimed in 2013/14. AHF funding for the scheme is entirely from developer S106 contributions.

Housing Investment Programme (APPENDIX B)

100. The overall budgets for the Housing Investment Programme for the period 2012/13 to 2015/16 are £403.7m. The 2012/13 final capital outturn was £85.6m against a budget of £92.6m, resulting in a variance of £7m which produces an in-year variation of expenditure to budget of just 7% for 2012/13.
101. The variance relates to several schemes within the Housing Investment Programme and these will be reviewed for re-profiling in 2013/14. The section below provides a detailed commentary on the major areas of activity across the various capital projects within the Housing Investment Programme.

HIP: Warm Dry and Safe

102. Despite the delayed start to the programme and the mutual conclusion of two of the partnering contracts, spend target for 2012/13 WDS of £63m was achieved with expenditure of over £64m. A spend target of £80m has been set for 2013/14 and the programme remains on course to be fully committed by the end of 2015/16.
103. The 2011/12 programme is now largely on site. It is currently behind schedule mainly due to the delayed decision by Lands Tribunal in December 2011 and replacing of Wates (partnering contractor). The remaining two schemes in 2011/12 programme which were previously under Wates, are expected to be on site in 2013/14.
104. Over half of the schemes in 2012/13 programme are on site. Due to the suspension of the Breyer contract, the Brandon estate will now be on site in 2013/14. The Dickens estate previously under Wates will also be on site in 2013/14. This has meant lower expenditure this year, however, agreed costs for the schemes are higher than estimated in the stock condition survey and the WDS contingency fund is being used to meet the budget shortfall, so the actual expenditure on these schemes is expected to rise.
105. Expenditure on individual heating systems was brought forward from 2015/16 meaning that more residents were able to benefit from more efficient boilers earlier than expected.
106. Our partner contractors have been commissioned on the 2013/14 programme and we expect majority of the works to be on site by the end of 2013 with the exception of Aylesbury as we are waiting for the scheduling of works. We are also bringing forward £14.9m of works from future years to start in 2013/14 subject to conformation of the 2013/14 Decent Homes Backlog Funding.
107. All high rise blocks with a substantial risk from the fire risk assessments have been completed as part of the FRA Programme. The majority of the higher moderate risk high rise blocks are also complete; however, a few schemes are now due to complete in early 2013/14 meaning that some of these works will be re-profiled. Gloucester Grove has also been added to the programme and is currently being funded from the WDS contingency budget. Whilst the programme has addressed the higher risk properties, there are still lower moderate risk high rise blocks requiring work. In addition further surveys are being undertaken on FRA works required for street properties and lower rise blocks. Work is being undertaken to prioritise these assets in discussion with the London Fire Brigade. Once the work required is confirmed, approval will be sought for the additional resources required.
108. After the 1,189 homes falling into non-decency at the start of the financial year, the overall level of decent homes had a net increase of 3.8% during the year, giving a level of 60.31% at year end.
109. As more schemes are on site and completing in 2013/14 there is expected to be a larger rise in the levels homes meeting the decency standard.
110. The budgets for some of the above programmes that are currently being funded from WDS contingency budgets to meet the additional costs, will be adjusted

between programme and contingency budgets to ensure the budgets reflect the expected costs of the programmes for effective monitoring and reporting of programme expenditure against budgets.

HIP: Housing Regeneration

111. The favourable variance of expenditure to budgets in the Housing Regeneration Programme is due to fewer buy backs than anticipated across the programme. These affect the Aylesbury and Elephant & Castle regeneration projects, and schemes at Bermondsey Spa and Abbeyfield. The council's approach to negotiate voluntary agreements rather than rely on compulsory purchase orders means that while the funding needs to be in place, the timing of expenditure is difficult to forecast, with some £10.2m of planned expenditure now falling into later years.
112. There were also some favourable variances on the Aylesbury PPM budget areas which are mainly due to budget profiling issues and these areas will be reviewed for accurate profiling for 2013/14 onwards.
113. The programme includes provision for new build hostel provision originally intended for two developments at Willow Walk and Southampton Way. The current proposal is to provide a combined scheme at Willow Walk to provide a new 50 bed unit.
114. Planning permission for the new hostel was obtained in March 2013 and contractors subsequently appointed. The scheme is now scheduled to start on site in the summer of 2013/14. In light of the spend against budget allocation for this year, the remainder of the budget will be re-profiled for expenditure over the next two years.
115. This development will be forward funded from a budget allocation of £4.5m contained within the programme and reimbursed from capital receipts from the sale of land at Southampton Way and a proportion of the site at Willow Walk due to be sold on completion of the new hostel.
116. The Lindley new build scheme is nearing completion with handover due in the summer of 2013 and therefore the balance of £600k from the £2.6m budget allocated to this scheme has been re-profiled for expenditure next year. The HCA agreed a revised completion date in 2012/13 for Lindley which meant that the grant funding position was not affected.

HIP: Other Housing Programmes

117. The Void Disposal Strategy has impacted on the number of properties identified for inclusion in the major voids programme resulting in a slight variance of expenditure to budgets during the year. There are however, a number of properties in the pipeline next year with the emphasis on trying to retain large family homes. As these homes require more investment than smaller properties, it is anticipated that expenditure in this area will increase for 2013/14.
118. The favourable variance £897k of expenditure to budgets in the new build hostel accommodation scheme was due to a review of contract award for the delivery

of each phase and the need to complete further surveys which affected the progress of the programme. Works are now due to commence on site in autumn 2013, resulting in the completion of two new hostels.

Resource implications

119. The council's capital resources are comprised of the following:

- capital receipts from disposal of property
- grants
- external contributions
- section 106 contributions
- housing major repair reserve
- contributions from revenue
- contribution from reserves
- internal borrowing
- external borrowing

120. After financing the capital expenditure for 2012/13, the council had accumulated cash balances of £128m, as reflected in the draft statement of accounts which will be used towards the funding of the capital programme. The balance consists of:

- capital receipts reserve balance of £29.3m
- capital grants unapplied balance of £98.7m (of which £74.9m relates to S106 funds used to fund both capital and revenue programmes)

121. In relation to the balance of unapplied capital grants (£98.7m), £4.7m consists of HRA funding and the remaining balance of £94m relates to General Fund grants.

122. These balances are committed against existing capital projects but were unapplied as at 31 March 2013 and could be subject to minor adjustments following the finalisation of the 2012/13 accounts.

Housing Services HRA Resources

123. The final expenditure on the Housing Investment Programme was financed by £11.8m from revenue, £12.6m from capital receipts, £48.6m from Major Repairs Reserve and £12.7m from capital grants.

124. Revenue funding of capital at £11.8m included £6m made available from a flexible funding budget of £7m, where only £1m was required for revenue cyclical and central repairs.

125. The additional revenue support enabled use of capital receipts for capital funding to be reduced to £12.6m and with around £31m received during the year led to an increase in unused capital receipt balances to be carried forward.

126. Funding from Major Repairs Reserve at £48.6m is mainly from the annual depreciation charge, with some use of previously earmarked balances.

127. The capital grant funding at £12.7m was mainly the first of three years funding for Decent Homes backlog works, with smaller amounts for completed new build dwellings

Resource Re-profiling

128. Due to the size of the capital programme and the number of projects involved, it is inevitable that unforeseen delays can occur leading to some variation against planned expenditure. As noted in the preceding paragraphs, the 2012/13 outturn position has resulted in a general favourable variance across the programme which it is recommended be re-profiled in the new financial year 2013/14, in light of the outturn position. Detail of this is shown at Appendix D.
129. Some of the forecasts will require further re-profiling when the programme is subject to a more detailed review by service managers during 2013/14 in terms of expected spend for the year based on the latest information available on procurement and contract management issues.
130. During 2012/13 there have been a number of funded and agreed variations to the capital programme budgets. These have been included in the total budgets against which the outturn expenditure is set, in order to provide an up-to-date position of the budgets available at 1 April 2013. Detail of this is shown at Appendix C.

Risks

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

Community impact statement

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

Legal implications

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

Financial implications

134. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at the end of 2012/13.

Consultation

135. 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

136. 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.
137. 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	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	General fund capital programme summary 2012/13 at Outturn
Appendix B	Housing revenue account capital programme summary – 2012/13 at Outturn
Appendix C	Funded virements and variations for approval
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	Jay Nair, Senior Finance Manager	
Version	Final	
Dated	5 July 2013	
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	5 July 2013	

APPENDIX A

General Fund Capital Programme Summary - 2012/13 at Outturn

Department	2012/13			2013/14			2014/15+			Total Programme 2012/13-21/22		
	Budget	Outturn	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Total Budget @ 01/04/2012	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	31,433	8,288	(23,145)	19,748	38,521	18,773	29,979	34,351	4,372	81,160	81,160	0
Southwark Schools for the Future	47,276	35,180	(12,096)	8,937	12,472	3,535	25,981	34,542	8,561	82,194	82,194	0
Finance and Corporate Services	182,155	179,653	(2,502)	3,713	6,023	2,310	17,160	15,936	(1,224)	203,028	201,612	(1,416)
Environment	24,244	16,159	(8,085)	14,360	22,980	8,620	65,780	65,245	(535)	104,384	104,384	0
Adult Social Care	1,995	231	(1,764)	10,200	11,964	1,764	0	0	0	12,195	12,195	0
Housing General Fund	6,318	3,240	(3,078)	5,628	8,541	2,913	16,729	17,386	657	28,675	29,167	492
Chief Executive	28,756	16,316	(12,440)	30,433	32,976	2,543	11,745	21,302	9,557	70,934	70,594	(340)
TOTAL	322,177	259,067	(63,110)	93,019	133,477	40,458	167,374	188,762	21,388	582,570	581,306	(1,264)
FINANCED BY:												
Corporate Resource Pool	29,281	29,281	0	29,507	29,507	0	124,427	113,933	(10,494)	183,215	172,721	(10,494)
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Reserves	4,917	3,072	(1,845)	7,260	9,605	2,345	3,251	2,751	(500)	15,428	15,428	0
Revenue	635	435	(200)	3,094	4,025	931	731	0	(731)	4,460	4,460	0
Capital Grants	81,120	45,494	(35,626)	30,214	58,533	28,319	63,657	71,189	7,532	174,991	175,216	225
Section 106 Funds	11,488	1,369	(10,119)	4,262	14,381	10,119	6,087	6,087	0	21,837	21,837	0
External Contributions	1,199	972	(227)	929	1,156	227	0	0	0	2,128	2,128	0
Internal Borrowing	179,860	178,444	(1,416)	0	0	0	0	0	0	179,860	178,444	(1,416)
TOTAL RESOURCES	308,500	259,067	(49,433)	75,266	117,207	41,941	198,153	193,960	(4,193)	581,919	570,234	(11,685)
Forecast variation (under)/over	13,677	0	(13,677)	17,753	16,270	(1,483)	(30,779)	(5,198)	25,581	651	11,072	10,421

HRA Capital Programme Summary – 2012/13 at Outturn

APPENDIX B

Programme	Project description	2012/13			2013/14		
		Budget	Outturn	Variance	Budget	Forecast	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	WDS carry-over schemes	2,210	2,793	583	115	222	107
	WDS 2-year programme	15,310	16,014	704	19,354	21,251	1,897
	WDS 2012 major works	9,628	7,128	(2,500)	8,943	19,734	10,791
	WDS 2013 major works	4	791	787	33,261	30,008	(3,253)
	WDS 2014 major works	0	0	0	0	0	0
	WDS 2015 major works	0	0	0	0	0	0
	WDS future major works	0	0	0	0	0	0
	FRA works	19,487	16,663	(2,824)	1,582	2,764	1,182
	M&E electrical	1,305	233	(1,072)	1,104	1,604	500
	M&E heating	6,058	10,574	4,516	10,962	12,189	1,227
	M&E lifts	1,975	2,682	707	1,373	1,800	427
	WDS voids works	4,159	4,009	(150)	4,000	4,000	0
	WDS Leathermarket JMB	1,441	1,441	0	1,100	1,081	(19)
	HINE schemes	HINE WDS works	664	2,503	1,839	11,341	11,732
HINE additional works		0	0	0	2,420	2,420	0
Regeneration	Aylesbury Estate PPM works	5,855	3,529	(2,326)	3,390	3,976	586
	Aylesbury Estate regeneration	7,697	2,350	(5,347)	14,650	12,668	(1,982)
	Bermondsey Spa refurbishment	333	333	0	919	0	(919)
	East Dulwich Estate	744	242	(502)	1,387	1,398	11
	Elmington Estate	1,280	699	(581)	1,508	1,300	(208)
	Heygate Estate	5,866	1,516	(4,350)	10,665	14,815	4,150
	Hidden Homes	399	307	(92)	294	586	292
	Hostels new build	200	642	442	2,800	2,750	(50)
	Local authority new build	2,279	1,615	(664)	64	64	0
	Misc regen, acquisitions and home loss	842	273	(569)	600	357	(243)
Other programmes	Adaptations	1,843	1,684	(159)	2,000	2,000	0
	Affordable housing through commuted sums	0	0	0	0	0	0
	Cash incentive scheme	207	159	(48)	207	207	0
	Digital switchover	1,534	1,348	(186)	0	0	0
	Disposals costs	574	440	(134)	500	450	(50)
	Energy	400	0	(400)	200	200	0
	Environmental / play areas	0	0	0	0	0	0
	Fire damage reinstatement	2,898	2,841	(57)	604	645	41
	Group repairs	354	1,002	648	0	0	0
	Hostels accommodation	1,054	157	(897)	1,114	1,161	47
	Leasehold / freehold acquisitions	375	305	(70)	525	525	0
	Major voids	988	221	(767)	1,000	1,000	0
	Office accommodation	305	0	(305)	250	250	0
	Scheme management costs	1,000	828	(172)	1,000	1,000	0
	Security	302	280	(22)	3	0	(3)
	Sheltered accommodation	3	6	3	0	0	0
T&RA halls	487	73	(414)	500	500	0	
Adjustment	Expenditure in revenue	(7,395)	0	7,395	(7,395)	(7,395)	0
TOTAL		92,665	85,681	(6,984)	132,340	147,262	14,922
FINANCED BY:							
Corporate Resource Pool		0	0	0	5,857	5,857	0
Housing receipts		16,887	12,646	(4,241)	22,383	22,383	0
Major Repairs Allowance		44,873	44,255	(618)	45,488	45,488	0
Supported Borrowing		0	0	0	0	0	0
Reserves & Revenue		16,059	16,057	(2)	43,138	58,062	14,924
Capital Grants		12,196	12,723	527	15,471	15,472	1
Section 106 Funds		50	0	(50)	0	0	0
External Contributions		2,600	0	(2,600)	3	0	(3)
TOTAL RESOURCES		92,665	85,681	(6,984)	132,340	147,262	14,922
Forecast variation (under)/over		0	0	0	0	0	0

HRA Capital Programme Summary – 2012/13 at Outturn

Programme	Project description	2014/15+			Total Programme 2012/13-15/16		
		Budget	Forecast	Variance	Total Budget @ 01/04/2012	Total Forecast	Total Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	WDS carry-over schemes	0	0	0	2,325	3,015	690
	WDS 2-year programme	2,921	1,869	(1,052)	37,585	39,134	1,549
	WDS 2012 major works	113	208	95	18,684	27,070	8,386
	WDS 2013 major works	281	251	(30)	33,546	31,050	(2,496)
	WDS 2014 major works	41,643	37,643	(4,000)	41,643	37,643	(4,000)
	WDS 2015 major works	49,408	46,495	(2,913)	49,408	46,495	(2,913)
	WDS future major works	0	0	0	0	0	0
	FRA works	45	165	120	21,114	19,592	(1,522)
	M&E electrical	5,400	5,400	0	7,809	7,237	(572)
	M&E heating	14,425	13,707	(718)	31,445	36,470	5,025
	M&E lifts	4,000	3,439	(561)	7,348	7,921	573
	WDS voids works	8,000	8,000	0	16,159	16,009	(150)
	WDS Leathermarket JMB	2,200	2,222	22	4,741	4,744	3
						0	
HINE schemes	HINE WDS works	13,642	11,040	(2,602)	25,647	25,275	(372)
	HINE additional works	16,004	16,004	0	18,424	18,424	0
Regeneration	Aylesbury Estate PPM works	2,138	2,934	796	11,383	10,439	(944)
	Aylesbury Estate regeneration	8,301	13,284	4,983	30,648	28,302	(2,346)
	Bermondsey Spa refurbishment	0	0	0	1,252	333	(919)
	East Dulwich Estate	50	50	0	2,181	1,690	(491)
	Elmington Estate	3,520	3,708	188	6,308	5,707	(601)
	Heygate Estate	3,317	4,028	711	19,848	20,359	511
	Hidden Homes	592	300	(292)	1,285	1,193	(92)
	Hostels new build	1,500	1,500	0	4,500	4,892	392
	Local authority new build	0	0	0	2,343	1,679	(664)
	Misc regen, acquisitions and home loss	400	400	0	1,842	1,030	(812)
					0		
Other programmes	Adaptations	4,000	4,000	0	7,843	7,684	(159)
	Affordable housing through commuted sums	0	0	0	0	0	0
	Cash incentive scheme	312	312	0	726	678	(48)
	Digital switchover	0	0	0	1,534	1,348	(186)
	Disposals costs	1,000	1,000	0	2,074	1,890	(184)
	Energy	400	400	0	1,000	600	(400)
	Environmental / play areas	0	0	0	0	0	0
	Fire damage reinstatement	1,200	1,200	0	4,702	4,686	(16)
	Group repairs	272	0	(272)	626	1,002	376
	Hostels accommodation	1,800	2,029	229	3,968	3,347	(621)
	Leasehold / freehold acquisitions	600	600	0	1,500	1,430	(70)
	Major voids	2,000	2,000	0	3,988	3,221	(767)
	Office accommodation	500	500	0	1,055	750	(305)
	Scheme management costs	2,000	2,000	0	4,000	3,828	(172)
	Security	300	300	0	605	580	(25)
	Sheltered accommodation	306	268	(38)	309	274	(35)
	T&RA halls	1,000	1,000	0	1,987	1,573	(414)
Adjustment	Expenditure in revenue	(14,828)	(14,828)	0	(29,618)	(22,223)	7,395
TOTAL	178,762	173,428	(5,334)	403,767	406,371	2,604	
FINANCED BY:							
Corporate Resource Pool	5,000	5,000	0	10,857	10,857	0	
Housing receipts	60,583	60,583	0	99,853	95,612	(4,241)	
Major Repairs Allowance	92,356	92,356	0	182,717	182,099	(618)	
Supported Borrowing	0	0	0	0	0	0	
Reserves & Revenue	(31,512)	(37,038)	(5,526)	27,685	37,081	9,396	
Capital Grants	52,335	52,527	192	80,002	80,722	720	
Section 106 Funds	0	0	0	50	0	(50)	
External Contributions	0	0	0	2,603	0	(2,603)	
TOTAL RESOURCES	178,762	173,428	(5,334)	403,767	406,371	2,604	
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 31/12 OUTTURN REPORT	54,125	81,655	7,419	90,610	1,995	27,868	62,258	3,26,830	396,133	723,023
New Bids approved at Q1 Refresh report										
Children's Services	16,400							16,400		16,400
Finance and Corporate Services			15,248					15,248		15,248
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 30/12/13 Q1 REFRESH REPORT	70,525	81,655	23,168	102,866	12,195	27,968	68,708	396,685	396,133	782,878
CHANGES IN DEPARTMENTAL RESPONSIBILITY										
RESTRUCTURED BUDGETS	70,525	81,655	23,168	102,866	12,195	27,968	68,708	396,685	396,133	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 already 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)
Dunwich Leisure Centre				(213)				(213)		(213)
Thomas Colton Centre				232				232		232
Thomas Colton Centre refurbishment				(73)				(73)		(73)
Total virements approved at Qtr 2	270	0	0	(270)	0	0	0	0	0	0
Q3 - Virements requested to be approved										
Total virements requested to be approved Qtr 3	0	0	0	0	0	0	0	0	0	0
Q4 - Virements requested to be approved										
Union St/ Blackfriars Rd Junction Improvements							(20)	(20)		(20)
Blackfriars Road Design							(3)	(3)		(3)
The Cut Lighting							(50)	(50)		(50)
Banksia Urban Park Projects							(50)	(50)		(50)
Elephant & Castle Cycle Bypass							(11)	(11)		(11)
Mint Street Park							2	2		2
Great Suffolk Street BUP Project							5	5		5
							1	1		1

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 Total Programmed Expenditure Programme		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Peckham Park Road																			
The Blue (SF 15)																			
Southampton Way 1																			
Southampton Way 2																			
Crosswell Avenue (SF33)																			
Heme Hill (SF38 & SF39)																			
Gibson Road (SF28)																			
Evax Street 12																			
Jamaica Rd 1																			
Jamaica Road (SF10)																			
Nunhead Lane 1 & 2																			
Commercial Way 2																			
ILRE-Additional Bid																			
Blackfriars Rd Environmental Improvement																			
Sustainable Travel Infrastructure																			
Consort & Copeland Roads - S106																			
Canada Water Library																			
Canada Water Ancillary Costs																			
Preliminary Works																			
Project Execution																			
Market Place Customer Service Point(M Southwark)																			
Decommissioning, Disposals & Contingency																			
Preliminary Works																			
Stamp Duty & Fees																			
Non-works Contract																			
Acquisition Costs																			
Non-works Contract																			
Acquisition Costs (Legal & Property Fees)																			
Non-works Contract																			
Grange Yard																			
Thurland Road/St James Churchyard																			
CBS Dulwich CC - Leyton Square playground																			
Rye Oak Children's Centre																			
Gummonds Community Nursery																			
Anne Barnard Floor Renewals																			
Phoenix (Evelina Lowe)																			
Southwark Park																			
Michael Faraday																			
Alison 2012 Temp Expansion																			
Belenden 2012 Temp Expansion																			
Charles Dickens 2012 Temp Expansion																			
Crawford 2012 Temp Expansion																			
Ivydale 2012 Temp Expansion																			
John Donne 2012 Temp Expansion																			
Keyworth 2012 Temp Expansion																			
Langbourne 2012 Temp Expansion																			
Belenden Challenge																			
Charles Dickens Challenge																			
Combar Grove Challenge																			
Crawford capital challenge																			
Lynhurst Challenge																			
Fleas Challenge																			
Hamlets Challenge																			
Alison Primary CRC																			

Funded virements and variations for approval

	Children's Services				Finance and Corporate Services				Environment				Adult Social Care				Housing General Fund				Chief Executive				General Fund Programme Total				Housing Investment Total Programmed Expenditure								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000						
Carbon reduction - unallocated		(2)																																			
Robert Browning Primary School				182																																	
Alma School PCP				5																																	
Durwich Hamlet Junior				(6)																																	
Don Kennel Hill Sch 23846(A)/CS 30/11				(6)																																	
Crepton - additional places				(23)																																	
Lynchhurst additional School Places				(6)																																	
St Anthony's major exp. & refurb to 2 PCP 1A 11-12 bulge classes				705																																	
Cherry Garden Special School new build with expansion				50																																	
PCP - Polymere				(149)																																	
Goose Green Prim F D and Kitchen				28																																	
Hoydale Kitchen works				58																																	
Ivydale Primary School				1																																	
Langbourne PR&M				(4)																																	
Pilgrims Way healing				171																																	
Townsend Brickwork & Kitchen				141																																	
St George's disabled toilets				110																																	
Durwich Wood Roof				32																																	
Oxford & Bemondsey Youth Centre				(25)																																	
Calor Street				55																																	
HRDC (Short Breaks for Disabled Children Grant) 2011/12				(15)																																	
2010 primary school expansions				(407)																																	
Items subject to further approve				807																																	
Access Fund				(150)																																	
DfE additional basic needs (Nov 2011)				(70)																																	
Additional school places				(98)																																	
Pupil Development (prev inc in PCP)				(4)																																	
Kniters Way NS				(1)																																	
Peckham CC				(25)																																	
South Bromondsey CC				(3)																																	
Birmingham Park Pla				(3)																																	
Crawford Primary School				(23)																																	
Victry Primary School				(45)																																	
Langbourne - Office relocation				(35)																																	
St John & St Clement Bulge Classes (spend)				(6)																																	
Waverley Quick Win (Harris girls Academy)				(218)																																	
Cherter Quick Win				(14)																																	
Kingsdale Quick Win				(211)																																	
Heber Primary School				(197)																																	
Bassam Grange				0																																	
Goose Green Primary School				(450)																																	
Durwich Village Kitchens Fund				(1)																																	
Heber Entrance & additional pl				(13)																																	
Rotherhithe Primary Academy c				(100)																																	
The Charter Kitchens Fund 50%				(6)																																	
Waiworth Academy				64																																	
Tuke Special School				(218)																																	
St Michael's PFI				108																																	
SMAA				68																																	
STAC PFI St Thomas the Apostle college				145																																	
New School Aylesbury				34																																	
Notre Dame (VA)				153																																	
Swood Heart CEF				63																																	
Beechhurst (budget loaded on KCS)				(4,153)																																	

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
SSSO (VA) St Saviours and St Olaves		155						155		155
KS3/KS4 SILS (budget loaded on Bredifighus)		5,824						5,824		5,824
ICT		(89)						(89)		(89)
Unallocated Projects		(2,715)						(2,715)		(2,715)
Total virements requested to be approved Qtr 4	(140)	0	0	40	0	0	0	0	0	0
TOTAL VIREMENTS	230	0	0	(20)	0	0	0	0	0	0
PROGRAMME FUNDED VARIATIONS										
Q1 - Variations already approved										
Southbank Accessibility Improvements				1				1		1
Brommsley CGS				5				5		5
Rotherhithe CGS				7				7		7
Camberwell CGS and Parks				(6)				(6)		(6)
Peabody Square Estate Improvements										
Great Suffolk Street BIP Project										
Northeast Quarter London Funding Programme										
Canalside Square Improvements										
Camberwell Town Centres S18										
Condon's, Neighbourhoods & Supporting Measures										
Pyebury Estate PPW works										
Total approved at Qtr 1	0	0	0	8	0	0	0	8	0	8
Q2 - Variations already approved										
Camberwell LC - phase 2				15				15		15
Camberwell LC - phase 2				98				98		98
OLF Trinity College sports area				5				5		5
Burgess Park Revitalisation Project				732				732		732
DfE Basic Needs 2012/13	4,919							4,919		4,919
DfE Maintenance spend 2012/13	2,719							2,719		2,719
DfE Additional Basic Needs 2012/13	1,592							1,592		1,592
Condon's, Neighbourhoods & Supporting Measures (E/C Travel Awareness)								(60)		(60)
Condon's, Neighbourhoods & Supporting Measures (Olympic Smarter Travel)								(20)		(20)
Condon's, Neighbourhoods & Supporting Measures (Surreys)								(30)		(30)
Condon's, Neighbourhoods & Supporting Measures (Cycle Training)								(156)		(156)
Condon's, Neighbourhoods & Supporting Measures (Travel Awareness, Campaigns & Events)								(40)		(40)
Condon's, Neighbourhoods & Supporting Measures (Sustainable modes of Travel Strategy)								(118)		(118)
Condon's, Neighbourhoods & Supporting Measures (Road Safety & Implementation)								(77)		(77)
Condon's, Neighbourhoods & Supporting Measures (Travel Plan Support & Implementation)								(40)		(40)
Queens Road Peckham								87		87
Office Accommodation Strategy								1,200		1,200
Adult PSS Capital Allocations								3		3
Total approved at Qtr 2	9,230	0	0	850	0	0	0	751	0	10,834
Q3 - Variations already approved										

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 Total Programmed Expenditure		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
George Mathers Road Improvements																			29
Major Schemes																			267
Camberwell LC - phase 2																			37
NPR Programme																			509
HA - DFG need (60% db)																			98
Acquisition of 1607 (today SI)																			178,160
DE Two-year old grant 2012/13																			1,175
FRA works																			1,175
Mylebury Estate PPM works																			4,545
Digital switchover																			363
Conditions, Neighbourhoods & Supporting Measures																			304
Major Schemes																			(26)
Local Transport Funding																			(24)
Dulwich CGS																			(37)
																			1
Total approved at Qtr 3																			180,086
																			5,214
																			185,300
Q4 - Variations to be approved																			
Adult PSS Capital Allocations																			(9)
Backside Storage Strategy																			(12)
Car Club																			(2)
White Cube																			33
Elephant & Castle Cycle Bypass																			(2)
Mill Street Park																			6
Borough & Bainside Tourism Infrastructure																			59
Principal Road Renewal																			(13)
Priz Bus Stop Lengthening																			(20)
Area Based Sharler Travel																			(10)
Belviden Area																			(19)
Beiter Pavements																			113
Camberwell Greenlinks																			(41)
Community Streets																			35
East Dulwich Grove																			(2)
East Dulwich Road																			(2)
Elephant & Castle Travel Awareness -50k																			50
Lant Street/Ment Street																			(20)
Phoenix Green																			(50)
Reversible Traffic Management																			(63)
Signal Scheme Competition-10k																			(40)
Sustainable Travel Infrastructure																			(44)
Walking & Cycling Permeability																			135
Queens Road Peckham Station																			2
Elephant & Castle Leisure Centre																			(67)
Peckham Rye Station Redevelopment (Gateway to Peckham)																			659
Peckham Rye Station Redevelopment (Gateway to Peckham)																			(21)
Camberwell LC - phase 2																			21
Green Chain Walk																			35
Commet 2																			3
																			65
SURREY SQUARE PARK REGENERATION																			41
Upgrade and Refurbishment of Essential CCTV																			41
HEPWORTH REPLACEMENT																			(260)
																			400
Brandon Farmers' Garden and Public Square - Phase II																			70

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reckham Rye Station redcovering Grand Staircase				9														9
St Michael's PFI		110													110			110
Nore Dame (VA)		429													429			429
Acquisition of 160 Tooley St			1,700												1,700			1,700
160 Tooley Street Fit-Out/Office Accommodation Strategy			17												17			17
160 Tooley Street Fit-Out/Office Accommodation Strategy			(17)												(17)			(17)
Items subject to further approve															0			0
Always Telephone System									837						837			837
Felix Park & Nurseries Lighting									122						122			122
Bromley Spa refurbishment																1,000		1,000
Total requested to be approved Qtr 4	0	539	1,700	343	0	1,009	801	4,389	1,000	1,107	2,226	70,324	195,885	4,389	1,000	7,574	203,459	
Total Budget Variations	10,405	539	179,860	1,748	0	1,107	2,226	195,885	0	26,675	70,324	862,570	403,767	7,574	179,860	203,459		
REVISED BUDGETS	81,160	82,194	203,028	104,384	12,195	26,675	70,324	862,570	12,195	26,675	70,324	862,570	403,767	7,574	179,860	203,459		
VARIATIONS REQUESTED TO BE APPROVED																		
FINANCED BY:																		
Capital Receipt	661			722								1,179	2,572	1,000				3,572
Reserves			(17)	120						486	659	1,248	1,248	6,574				7,822
Revenue			17							401		418	418					418
Capital Grant				889						981	(185)	11,207	11,207					11,207
Section 106 Funds	10,405										573	568	568					568
External Contribution	(661)			12														12
Internal Borrowing			179,860												179,860			179,860
TOTAL RESOURCES	10,405	539	179,860	1,748	0	1,107	2,226	195,885	0	26,675	70,324	195,885	403,767	7,574	179,860	203,459		

General Fund Capital Programme Details

APPENDIX D

Capital Programme 2012/13 - 2021/22	Environment			Total
	2012/13	2013/14	2014/15+	
Description of Programme / Project	£'000	£'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	951	27	0	978
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	0	72
Peckham Pulse Option 1 & 2	50	916	1,400	2,366
Leisure centres Lifecycle maintenance	0	120	295	415
Community Safety	344	399	731	1,474
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	6,104	5,000	33,050	44,154
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	380	0	380
Other parks projects	1,834	75	0	1,909
Parking -CPZ Reviews	73	81	0	154
Southbank accessibility improvements	2,303	0	0	2,303
Connect 2	665	0	0	665
Rye Lane improvements	189	0	0	189
Other public realm projects funded by S106	405	100	0	505
Cleaner Greener Safer programme	4,401	1,880	13,160	19,441
Integrated Waste Solutions Programme	400	2,789	0	3,189
Southwark Heat Network	312	0	0	312
Environment Total	24,244	14,360	65,780	104,384

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	1,548	2,679
Upgrade of IT infrastructure	0	1,000	4,000	5,000
Property Works Programme	372	0	450	822
Works to Council Buildings - DDA	283	422	912	1,617
Essential upgrade of Carefirst system	645	2,155	0	2,800
PPM & Compliance Programme	0	0	10,250	10,250
Acquisition of 160 Tooley st	179,860	0	0	179,860
Finance and Resources Total	182,155	3,713	17,160	203,028
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	380	0	0	380
Bermondsey Streetscape Improvements	744	59	0	803
Framework & implementation	2,580	699	12	3,291
Improvements to Local Retail Environments	2,047	0	0	2,047
Planning and Transport	3,348	4,943	0	8,291
Canada Water Library	122	0	0	122
Canada Water Development	1,083	0	0	1,083
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	7,078	19,816	2,340	29,234
Peckham Rye Station	51	1,746	8,203	10,000
Office Accommodation Strategy	9,753	3,110	155	13,018
Chief Executive Total	28,756	30,433	11,745	70,934

General Fund Capital Programme Details

Capital Programme 2012/13 - 2021/22	Children's Services			Total
	2012/13	2013/14	2014/15+	
Description of Programme / Project	£'000	£'000	£'000	£'000
Children's Centres - All Phases	266	232	0	498
Planned maintenance schemes	1	0	0	1
Quick win schemes	1	0	0	1
Eveline Lowe Primary School	305	0	0	305
Southwark Park Primary	3,833	5,000	382	9,215
Michael Faraday	263	0	0	263
St Anthony's expansion and refurbishment	4,780	0	0	4,780
Haymerle	667	0	0	667
Cherry Garden Special School	50	5,327	7,100	12,477
Lynhurst expansion and refurbishment	731	3,469	1,300	5,500
Crampton additional places	521	0	0	521
Other primary projects	563	174	97	834
Youth Services Projects	560	0	0	560
Playbuilder schemes	14	0	0	14
Cator Street	203	0	0	203
Capital Works for Free Healthy School Meals	421	0	0	421
Camelot PF&M	200	0	0	200
Other grants projects	662	0	0	662
Goose Green primary school	0	0	0	0
Carbon Reduction Fund	323	0	0	323
Primary school expansions	0	0	0	0
Access fund	0	0	0	0
Plant fabric and modernisation	137	0	0	137
Snowsfield early years accommodation	76	0	0	76
Additional school places	0	4,802	10,000	14,802
Peckham One O'clock Club	270	500	0	770
Carbon Reduction in schools	250	250	0	500
Troubled Families	0	400	0	400
	10,404	0	0	10,404
DfE Basic Needs and Maintenance Grants 2012/13				
Other allocations	5,932	-406	11,100	16,626
Children's Services Total	31,433	19,748	29,979	81,160

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	1,617	0	0	1,617
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	1,995	10,200	0	12,195
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	756	152	0	908
Tuke Special School	22	0	0	22
St Michael's PFI	223	0	0	223
St Michaels and All Angels (SMAA)	18,763	1,347	5,600	25,710
Highshore (SMAA special school)	0	0	0	0
Spa school	0	0	0	0
St Thomas the Apostle college	226	0	0	226
New School Aylesbury	4,301	34	0	4,335
Rotherhithe (CW new school)	0	2,943	16,679	19,622
Notre Dame (VA)	2,807	1,313	0	4,120
Sacred Heart PFI	5	59	0	64
KS4 SILS	5,014	0	0	5,014
St Saviours and St Olaves	3,680	352	0	4,032
Bredinghurst / KS3 SILS	6,426	1,065	583	8,074
ICT	4,376	-68	0	4,308
Contingency yet to be formally allocated	677	1,740	3,119	5,536
Southwark Schools for the Future Total	47,276	8,937	25,981	82,194

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	1,125	1,553	1,076	3,754
Empty Homes Grant	521	0	0	521
Homes Improvement Grant	278	411	1,516	2,205
Homes Improvement Agency	1,457	1,301	10,245	13,003
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
Avaya Telephony System	887	0	0	887
Housing General Fund Total	6,318	5,628	16,729	28,675
Capital Programme 2012/13 - 2021/22	Total General Fund Programme			
	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Total Expenditure	322,177	93,019	167,374	582,570
Total Resources	308,500	75,266	198,153	581,919
Forecast variation (under)/over	13,677	17,753	(30,779)	651
Cumulative position	13,677	31,430	651	

Item No. 17.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		East Dulwich Estate – Badminton House Options Appraisal	
Ward(s) or groups affected:		South Camberwell Ward	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Housing Management and Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT AND COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

The regeneration of East Dulwich Estate has been ongoing for a considerable time and the scheme has faced a number of adjustments due to changing circumstances. The construction of new council homes is expected to commence early 2014; works to the first phase of the drying room conversions is imminent and the estate wide environmental and drainage works are expected to start in Autumn 2013. A number of elements of the regeneration programme have been achieved, with decisions on the way forward for other elements now agreed.

The final element of the scheme is for cabinet to make a decision on the retention and refurbishment of Badminton House, a relatively small block that houses a number of family sized units. Residents of the estate and ward councillors are keen for the council to retain and refurbish the block. Retaining the block returns large family sized homes to council stock and identifying a small number of units for private sale generates a capital receipt that can be offset against the refurbishment costs.

We would like to thank the East Dulwich Estate Regeneration Project Team for all their dedication and hard work to the success of this scheme and all residents of the estate for their patience in what has been a very lengthy process. The regeneration of East Dulwich Estate has been ongoing for a considerable time and the scheme has faced a number of adjustments due to changing circumstances. The construction of new council homes is expected to commence early 2014; works to the first phase of the drying room conversions is imminent and the estate wide environmental and drainage works are expected to start in Autumn 2013. A number of elements of the regeneration programme have been achieved, with decisions on the way forward for other elements now agreed.

The final element of the scheme is for cabinet to make a decision on the retention and refurbishment of Badminton House, a relatively small block that houses a number of family sized units. Residents of the estate and ward councillors are keen for the council to retain and refurbish the block. Retaining the block returns large family sized homes to council stock and identifying a small number of units for private sale generates a capital receipt that can be offset against the refurbishment costs.

We would like to thank the East Dulwich Estate Regeneration Project Team for all their dedication and hard work to the success of this scheme and all residents of the estate for their patience in what has been a very lengthy process.

RECOMMENDATIONS

That the cabinet:

1. Notes the consideration of the options for refurbishing and retaining Badminton House.
2. Notes the financial implications of the three options.
3. Approves the revised strategy of retention for Badminton House, and agrees option 2, to refurbish and relet with private sale of 2 x 2 beds and the drying room conversion, described in paragraph 14, as the way forward for the block.

BACKGROUND INFORMATION

4. The East Dulwich Estate was first identified for regeneration in 1997 and formed part of the Southwark Estates Initiatives (SEI) originally agreed by Housing Committee on 15 December 1998. The scheme initially proposed redevelopment and refurbishment to the estate of 753 properties, which is arranged in 24 blocks. The scheme has evolved over time as circumstances have changed. Significant elements of the regeneration programme have been delivered; there are several elements still to complete for which arrangements have been agreed. The future of Badminton House is the last remaining issue to resolve in order to complete the regeneration of the estate.
5. Badminton House is located in a corner of the East Dulwich Estate at the junction of Quorn Road and Grove Vale. The block was built in 1934, and comprises eleven flats and two commercial units arranged over five floors. The block is comprised of 3 x 2 bed flats, 1 x 2 bed maisonette, 5 x 3 bed flats and 2 x 4 bed maisonettes. On the fourth floor there is a drying room which has potential for conversion into a 1 bed flat. The last household in the block moved out in May 2011 and the block was secured.
6. Badminton House was originally earmarked for refurbishment as part of the estate wide contract carried out by Durkan, but was omitted because the contract was overspending and reductions were needed. Also, the block had become largely empty, so its place in the overall scheme was re-evaluated. In 2011, three options were appraised:
 - Dispose
 - Refurbish and Retain
 - Refurbish, Retain and Dispose of 1 & 2 bed units.

The outcome of the appraisal was that the preferred option was to dispose of the block.

7. Following the options appraisal, cabinet made a decision in May 2011 to dispose of Badminton House. The council was required to seek consent from the Secretary of State for the Department of Communities and Local Government to approve any disposal and duly agreed to seek consent by decision of council

assembly in January 2012. Approval was then sought from the Secretary of State, which was granted in 2012. A preferred buyer was selected, following a marketing and tendering exercise in September 2011. Terms were agreed and a contract drawn up, during which time the preferred bidder submitted a planning application to change the entrance to the block and install a lift, which was granted consent. In December 2012, the preferred bidder unexpectedly backed out of the purchase and the council was left with two options: a) try to agree terms with the under bidder who was still interested or b) start the whole process again and seek a further cabinet decision. This matter was not resolved by the time the cabinet were considering the overall scheme report in March 2013. However, in the light of the information, the cabinet requested a further report to reconsider the sale of the block.

8. In March 2013, cabinet agreed a number of variations to the approach for delivering the remainder of the works across the estate. In response to objections raised by residents to the continued disposal of the block and in light of the new information about the Badminton House disposal, cabinet also made a decision that further options appraisal work should be carried out on the feasibility of retaining and refurbishing the block.

KEY ISSUES FOR CONSIDERATION

9. The March 2013 cabinet report reported the previously agreed finance plan for the scheme i.e. that the projected £30,917,049 cost to the council of the regeneration scheme were to be met from capital receipts, with £15,110,000 from off-estate resources and £14,273,950 from on-estate resources. The finance plan projected that £2.2m of the on-estate resources was to be met from the disposal of Badminton House.
10. Badminton House is currently in a poor state of repair. The residential part of the block has been vacant since May 2011 and there has been considerable damage to the property from rain penetration following metal theft on the roof. The block has also suffered from pigeon and vermin infestation. Obviously very little planned or routine maintenance has been undertaken for a number of years.
11. Following the cabinet decision to review options, council officers commissioned a cost feasibility report, attached as Appendix 2, to determine the costs involved in refurbishing the block. The report considered the following two refurbishment options to compare with the currently approved option of disposal:
 1. Full refurbishment and relet of all existing units as socially rented and the sale of a converted drying room.
 2. Refurbishment of the block with 9 x units for social rent and the sale of 2 x 2 bed units and the drying room conversion. This option would result in Badminton House broadly reflecting the tenure mix of the rest of the estate.
12. The works required to return the block to a lettable standard and meet the decent homes obligation will involve a 55 week extensive refurbishment programme.
13. Option 1, full refurbishment and relet with private sale of drying room conversion, would bring all existing 11 units back into council stock at a cost of approximately £1,586,323. This figure includes the cost of a 1 bed drying room conversion, along with environmental and drainage works to Badminton House which is in common with the works to the rest of the estate under the regeneration scheme. A capital receipt of approximately £175,000 from the sale of the drying room

conversion is anticipated. The revenue from rents has been estimated at £82,000 over 10 years.

14. Option 2, full refurbishment with private sale of 2 x 2 beds and drying room conversion, would bring 9 units back into council stock at a cost of approximately £1,652,823. As for option 1 above, this figure includes the cost of a 1 bed drying room conversion, along with the environmental and drainage works. A capital receipt of approximately £575,000 from the sale of 2 x 2 bed units and the drying room conversion is anticipated. The 10 year rental yield of the 9 units for relet has been estimated as £68,000.
15. The receipt anticipated from the disposal option was £2.2m. However, the Head of Property is confident that in the current climate the disposal could now achieve a receipt in excess of £2.5m.
16. When the decision was taken in May 2011 to dispose of the block, the scheme was under pressure to reduce costs and generate receipts to minimise its impact on the Housing Investment Programme, with its many competing priorities.
17. The refurbishment contract was projecting an overspend of £3.46m. A savings exercise and improved contract management was put in place to seek to control the overspend. Badminton House featured because of the estimated £481,000 cost to refurbish at the time. In the event, the overspend on the refurbishment programme was reduced to £1.36m, achieved in part by the omission of Badminton House from the contract. The option appraisal exercise led to the conclusion that disposal of Badminton House was the most appropriate course of action, partly because it was already empty and also because of the estimated disposal valuation of £2.2m. It should also be noted that the estimated cost to refurbish the block had been provided by the contractor as part of a tender exercise in 2006 for the estate wide refurbishment scheme. In addition, the block was in a better state of repair than now and did not include the drying room conversion or the environmental and drainage works and the cost was built up from estimated void and decent homes works.
18. The May 2011 cabinet decision to dispose of the block was taken within context of the pressure on resources of the Housing Investment Programme at the time and the significant overspend of the scheme as a whole. The costs outlined in paragraphs 13 and 14 are significantly more robust than the initial cost provided as part of the estate wide contract in 2010, despite the difficulties in carrying out a full visual inspection of the interior for health and safety reasons. For this reason, the current estimate includes a significant proportion of contingency. The financial summary of the options is set out in Appendix 1. The summary shows the relationship between estimated costs, capital receipts, and rental income.
19. Whilst a decision to refurbish and retain the block would result in a significant initial outlay, it compares relatively well with the cost of new build provision, and there is an additional benefit of returning large family homes to the stock to assist with meeting housing need. Moreover, the private sale of a fixed number of units would generate some capital receipt and would also contribute to the objective of enabling a more mixed and balanced community. For this reason, option 2 is recommended as the appropriate way forward.
20. Retaining the block will also keep the two commercial units in council ownership – ensuring a greater degree of control over the types of commercial use as both landlord and licensing authority.

Consultation

21. The East Dulwich Estate Regeneration Project Team (EDERPT) has been central to the delivery of the regeneration scheme, and has met regularly throughout the life of the scheme, currently on a monthly basis. The group has therefore been involved as the various changes of circumstances have occurred. EDERPT were first consulted on the future of Badminton House in 2011 prior to the initial options appraisal. Although they were not in favour of the disposal option, their views were taken into account when the decision to dispose of the block was made.
22. Regular meetings with EDEPRT took place in the build up to the March 2013 report where council officers went back to cabinet with an update on the overall scheme to seek approval on variations to the delivery approach. Whilst Badminton House did not form part of the March 2013 report as it was going through the disposal process, a number of residents from EDERPT spoke in favour of refurbishing and retaining the block as opposed its continued disposal.
23. The retention of the block has wide community support. It aligns with residents' priorities and aspirations for the estate, whilst tackling issues of antisocial behaviour associated with the block.

Community impact assessment

24. The refurbishment and retention of Badminton House will bring back between nine and eleven homes into council stock, of which seven are family size units which will help meet the housing need in the borough. Residents of the estate are keen for the council to retain the block and use it to house families in need.
25. By replicating the tenure split on the estate we avoid a mono tenure block which is compliant with our mixed community policy and aspirations.
26. Bringing homes back into use would be beneficial and would also minimise any form of antisocial behaviour associated with an empty residential block.
27. There is also the added benefit that the council will have control over the refurbishment works bearing in mind there are tenanted commercial units situated within the block and the close proximity of a neighbouring block.
28. The social benefit of retaining large family housing can be regarded as outweighing the capital gain to the Housing Investment Programme from the sale of the entire block. Capital receipt would still be generated from the sale of 3 x private units.
29. The decision on the future of Badminton House will be the final phase in completing the East Dulwich Estate regeneration scheme, which has been ongoing for a considerable amount of time.

Financial implications

30. The cost of following option 2 of a full refurbishment and re-let with the sale of 2 x 2 beds and drying room conversion will incur a total cost of approximately £1.65m. The sale from the 2 x 2 bedrooms and drying rooms is expected to generate capital receipts of approximately £575k and therefore the net cost of

this proposal is expected to be £1.07m. However, it should be noted that in addition to this cost, the council will not generate the £2.2m capital receipts initially estimated within the East Dulwich regeneration programme from the disposal of Badminton House.

31. Current estimates indicate that this additional cost can be contained within the overall Housing Investment Programme due to the additional capital receipts that may be triggered by the increased discounts available to Right to Buy applicants. However, the Housing Investment Programme will need to be updated to take account of the revised cost and reduced capital receipts from this proposal.
32. The proposal will also generate annual rent income to the Housing Revenue Account which is expected to achieve a total income of £68k after 10 years.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

33. There are no particular legal implications to bring to members attention at this time.

Strategic Director of Finance and Corporate Services (FC13/042)

34. This report is requesting cabinet to note the options for Badminton House and approve the revised strategy for full refurbishment and re-let with private sale of 2 x 2 beds and drying room conversion.
35. It is noted that the cost of refurbishment is £1.65m and will generate capital receipts of approximately £575k, but this proposal will reduce the capital receipts of £2.2m initially anticipated from the sale of Badminton House.
36. It is also noted that current estimates indicate that this cost can be contained within the overall Housing Investment Programme (HIP) but the programme needs to be updated to take account of the revised costs and resources available.
37. The proposal is also expected to generate additional rent income which will need to be incorporated within the annual revenue budgets within the Housing Revenue Accounts.

BACKGROUND PAPERS

Background Papers	Held At	Contact
East Dulwich Estate Regeneration Scheme Update and Proposals for Revision 31 May 2011	http://moderngov.southwark.gov.uk/documents/s19489/Report%20East%20Dulwich%20Estate%20Regeneration%20Scheme%20Update%20and%20Proposals%20for%20Revision.pdf http://moderngov.southwark.gov.uk/documents/s1949	Diana Hall 020 7525 7724

Background Papers	Held At	Contact
	0/Appendix%201%20East%20Dulwich%20Estate%20Regeneration%20Scheme%20Update%20and%20Proposals%20for%20Revision.pdf	
East Dulwich Estate Regeneration Scheme & Scheme Finance Update 19 March 2013	http://moderngov.southwark.gov.uk/documents/s36276/Report%20East%20Dulwich%20Estate%20Regeneration%20Scheme%20and%20Scheme%20Finance%20Update.pdf http://moderngov.southwark.gov.uk/documents/s36277/Appendix%201%20Scheme%20finance.pdf	Diana Hall 020 7525 7724

APPENDICES

Appendix	Title
Appendix 1	Badminton House Cash Flow
Appendix 2	Badminton House Feasibility Report

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Housing Management and Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Diana Hall, Project Coordinator, Estate Regeneration Team	
Version	Final	
Dated	4 July 2013	
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
Head of Property	Yes	Yes
Cabinet Members	Yes	
Date final report sent to Constitutional Team	4 July 2013	

Badminton House Cashflow												
Retain (Full Ret)												
Inputs	Total	Year 0 (2013/14)	Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)	Year 4 (2017/18)	Year 5 (2018/19)	Year 6 (2019/20)	Year 7 (2020/21)	Year 8 (2021/22)	Year 9 (2022/23)	Year 10 (2023/24)
1 COSTS												
1a Professional Fees	0.00											
1b Feasibility Report	4,875.00	4,875.00										
1c External works	9,948.00	9,948.00										
1d Internal works	1,571,500.00	1,571,500.00										
Total Costs	1,586,323.00	14,823.00	1,571,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 REVENUE												
2a Open Market Sales	-175,000.00	0.00	0.00	-175,000.00								
2b Social Rents	-655,702.44	0.00	0.00	-64,543.32	-66,479.62	-68,474.01	-70,528.23	-72,644.07	-74,823.40	-77,068.10	-79,380.14	-81,761.55
Total Revenue	-830,702.44	0.00	0.00	-239,543.32	-66,479.62	-68,474.01	-70,528.23	-72,644.07	-74,823.40	-77,068.10	-79,380.14	-81,761.55
Net Cost / -Revenue	755,620.56	14,823.00	1,571,500.00	-239,543.32	-66,479.62	-68,474.01	-70,528.23	-72,644.07	-74,823.40	-77,068.10	-79,380.14	-81,761.55

Badminton House Cashflow												
Retain (Part Ret/Part Sale)												
Inputs	Total	Year 0 (2013/14)	Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)	Year 4 (2017/18)	Year 5 (2018/19)	Year 6 (2019/20)	Year 7 (2020/21)	Year 8 (2021/22)	Year 9 (2022/23)	Year 10 (2023/24)
1 COSTS												
1a Professional Fees	0.00											
1b Feasibility Report	4,875.00	4,875.00										
1c External works	9,948.00	9,948.00										
1d Internal works	1,638,000.00	1,638,000.00										
Total Costs	1,652,823.00	14,823.00	1,638,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 REVENUE												
2a Open Market Sales	-575,000.00	0.00	0.00	-575,000.00								
2b Social Rents	-548,811.77	0.00	0.00	-54,021.63	-55,642.27	-57,311.54	-59,030.89	-60,801.82	-62,625.87	-64,504.79	-66,439.98	-68,432.98
Total Revenue	-1,123,811.77	0.00	0.00	-629,021.63	-55,642.27	-57,311.54	-59,030.89	-60,801.82	-62,625.87	-64,504.79	-66,439.98	-68,432.98
Net Cost / -Revenue	529,011.23	14,823.00	1,638,000.00	-629,021.63	-55,642.27	-57,311.54	-59,030.89	-60,801.82	-62,625.87	-64,504.79	-66,439.98	-68,432.98

Badminton House - East Dulwich Estate London SE22 8BH

Feasibility Options and Budget Costs Report



Proposed Refurbishment of Existing Building and Conversion of Roof Level Drying Room

Badminton House

East Dulwich Estate
Quorn Road
London
SE22 8BH

Potter Raper Partnership
Duncan House
Burnhill Road
Beckenham
Kent BR3 3LA

Tel: 020 8658 3538
Fax: 020 8658 5668
www.prp.gb.com

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 - all as the existing layout
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- Full refurbishment of existing for mixed social and private, including rooftop conversion
 - all as the existing layout
 - reconfigured layouts to comply with current design standards
 - external and internal ground floor alterations to provide new entrance
 - installation of a lift to the rear of building with associated alterations

Option Budget Costs

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Introduction

Potter Raper Partnership has been instructed by the London Borough of Southwark to undertake to provide a feasibility report, with costed options, for the refurbishment works to restore the currently vacant Badminton House for residential use, including the conversion of the roof top drying room.

This report has been prepared following an initial outline enquiry, subsequent issue of the Authority's Project Brief and a limited inspection of the property.

The purpose of the survey was to ascertain the existing condition of the structure, fabric, finishes and above ground services and confirm the existing room sizes.

The objective of the report is to advise the Authority as to the costs involved in restoring the property all as the existing layout, of possible layout solutions to meet current design standards and for building entrance and vertical circulation improvements.

The refurbishment and conversion costs are to be for fully social rented units with private sale of the existing drying room and for a mixed tenure option.

Badminton House - East Dulwich Estate London SE22 8BH

Executive Summary

The following budget costs for the options to be considered are outlined below.

- A** – Complete refurbishment of the existing accommodation layout for social rent including the conversion of the existing drying room for private sale

Estimated Value of Works - £1,571,500.00

- B** – Complete refurbishment of the existing accommodation layout for social rent and for private sale of the two bedroom flats and the converted drying room

Estimated Value of Works - £1,638,000.00

- C** – Complete refurbishment of the existing accommodation layout for social rent including the conversion of the existing drying room for private sale reconfigured to comply with current residential design standards

Estimated Value of Works - £1,543,000.00

- D** – Complete refurbishment of the existing accommodation layout for social rent and for private sale of the two bedroom flats and the converted drying room reconfigured to comply with current residential design standards

Estimated Value of Works - £1,603,000.00

- E** - External and internal ground floor alterations to provide a new entrance and the installation of a lift to the rear of the building with associated alterations.

Estimated Value of Works - £214,000.00

All refurbishment options include for external improvement works to the paving, footways, car parking areas and boundaries but exclude any drainage works. The estimated value of these external works is £141,000.00 which can be omitted if to be undertaken within the environmental and drainage contract.

These costs include for all preliminaries and contingencies but exclude VAT, statutory or legal fees and duties, professional fees and any further surveys or investigations.

Executive Summary (Cont'd)

Schedule of Accommodation				
Floor	Unit	Type	Existing	Proposed
Ground	1	Flat 1	3B/4P	2B/3P
		Flat 1		(1B/2P)
First	2	Flat	3B/4P	2B/3P
	3	Flat	2B/4P	1B/2P
	4	Flat	3B/4P	2B/3P
Second	5	Flat	3B/4P	2B/3P
	6	Flat	2B/4P	
	7	Flat	3B/4P	2B/3P
Third	8	Maisonette	4B/5P	3B/4P
	9	Flat	2B/4P	2B/3P
	10	Maisonette	4B/6P	2B/3P
	11	Maisonette	2B/3P	1B/2P
Fourth	12	Drying Room	-	1B/2P
Total Number of Bedrooms			31	20
Total Occupancy			46	31

The 1B/2P Ground Floor Flat (indicated in brackets) is the alternative unit resulting from the proposed new ground floor entrance, off Quorn Road, with an internal entrance lobby to the existing staircase and new lift at the rear of the property.

Survey Appraisal

Badminton House is a 5 storey, masonry walled, pitched roofed building being constructed in the 1930's and located in the south west corner of the East Dulwich Estate.

The building is bounded by public footways to Quorn Road to the north and Dog Kennel Hill/Grove Vale to the west. Vehicular and pedestrian access is provided off Grove Vale to the south east facing building entrance. There is a narrow walled off area to the north elevation.

The accommodation is comprised of 2 ground floor commercial units with the remainder being residential flats and maisonettes, including a communal drying room to the fourth floor.

The property was designed for and has been used for social housing but, with the exception of the commercial units, has been vacant for approximately 2 years. The ground floor entrance has a metal security door and the windows to the ground and first floor have external metal security panels fitted. Many of the upper floor and roof level dormers have windows which are either damaged or are open.

Despite all of the individual flat/maisonette/drying room entrance doors being open the extent of the survey internally was extremely limited due to the high level of pigeon infestation and presence of other vermin. In addition, due to all sanitary appliances and kitchen fittings being disconnected and taken down, internal access and circulation was very limited.

However, from this internal visual inspection it was possible to determine that full refurbishment will be required including, but not limited to, window and door replacement, new kitchens and bathrooms, replacement heating and hot and cold water services, new electrical installations, repairs and upgrading of the structure and fabric, replacement joinery, complete redecoration with floor coverings together with external repairs, cleaning and resurfacing of paved surfaces.

In addition, where access was obtained, room dimensions were taken to verify areas to evaluate requirements for compliance with current residential design standards. In particular it was noted that the double or twin bedrooms, with only 3 exceptions, were undersized.

Recommendations

The existing accommodation, following vacation, was made secure for disposal purposes with a subsequent scheme for conversion being prepared by a prospective purchaser. Planning approval has been obtained for replacement windows and doors and for a new entrance to the Quorn Road elevation and installation of a lift to the rear with associated alterations. However the Authority has decided to review this option and consider further appraisals of the property.

Disposal

Due to the extent of works required to restore this property from its current derelict condition this option should still be considered.

The proposed regeneration works to the estate should increase the value of this property on the open market. The main advantage of disposal is that it would provide instant access to funding which may be preferable to investment due to the high conversion costs, being above those for new build schemes. Other than the shared vehicular access to the adjoining Authority owned housing block, the loss of this property, due to its location, would not affect the remainder of the estate and the street scene would remain unchanged.

It would be necessary to obtain valuations in order to fully assess this option.

A - Full Refurbishment as Existing for Social Housing with Conversion of the Drying Room for Private Sale

Although this is an option and current legislation, standards and good practise are not retrospective there are many practical disadvantages in retaining the existing layout. In addition, the costs for carrying out such work are still similar to fully upgrading to meet all requirements.

The only advantage of this option is that the current occupancy level is maintained.

The disadvantages, being undersized rooms, minimal storage, bedrooms off living rooms, insufficient wc's, narrow and steep staircases and bathrooms to the lower level only to maisonettes, may not be acceptable to future residents or leaseholders.

Refer to the existing floor layout drawings – B7274-E.1.0 – 4

B - Full Refurbishment as Existing for Mixed Social and Private, including the Conversion of the Drying Room for Private Sale

Although the standard of fittings and finishes would be higher for the private sale units the disadvantages highlighted above would still apply and would not possibly be appealing to prospective purchasers.

Recommendations (Cont'd)

C - Full Refurbishment with Reconfigured Floor Layouts for Social Housing with Conversion of the Drying Room for Private Sale

The existing flat/maisonette configurations and room sizes do not comply with the current Southwark Residential Design Standards.

Indicative floor layouts showing units with increased room sizes are shown on the proposed floor layout drawings – B7274-P.1.0 – 4.

These proposals not only provide for compliance with the design standards but also improved layouts and adequate storage. Due to the minimal internal wall alterations and a reduction in walls the costs are similar to those for refurbishing as existing.

The only disadvantage of these proposals is that the total occupancy level of the accommodation is reduced by over 25%.

D - Full Refurbishment with Reconfigured Floor Layouts for Social Housing and for Private Sale of the Two Bedroom Flats together with Conversion of the Drying Room for Private Sale

The advantage of this option is that the increased room sizes would be to provide units which will certainly be marketable for private sale.

E - External and Internal Ground Floor Alterations to provide a New Entrance and the Installation of a Lift to the rear of the building with associated alterations

This option has been granted planning approval and provides for an improved, safe and secure entrance to the residential units, compared with the existing rear access and which will certainly be more attractive to the freehold residents.

The installation of a lift will provide easier access for all and by being external will not affect any of the units or be detrimental to the rear elevations.

Option Budget Costs

All of the options include for the following works:

External

- replacement roof coverings
- relining of parapet gutters and replacement outlets
- overhaul of rainwater goods
- removal of aerials, satellite dishes, cables, brackets, flue pipes, etc.
- brickwork repairs, repointing and cleaning
- overhaul of rainwater goods
- replacement windows and doors
- formation of new main entrance including new paving, steps and alterations to walling
- construction of new rear access steps and landing with opening into building
- construction of enclosure and installation of lift to all access landings
- resurfacing of defective and uneven paving
- resurfacing of paved vehicular access and parking areas
- repairs/replacement of defective boundary fencing
- replacement/new lighting and signage

Internal

- formation of new ground floor entrance lobby and installation of security doors
- installation of door entry system
- new mechanical and electrical installations including Landlords supplies
- new electrical, gas and water mains
- new cold water storage tank and distribution pipework in roofspace
- new TV aerial/satellite and telephone cabling
- new lighting to communal landings and staircases
- full cleaning and redecoration of communal landings and staircases
- full repairs to all structure and fabric
- repairs alterations to existing and construction of new partition and party walls
- upgrading of thermal insulation to external walls
- upgrading of soundproofing to ceilings, floors and party walls
- construction of new staircases to the maisonettes
- installation of new kitchens, bathrooms and wc's
- new floorcoverings and decorations throughout
- conversion of existing roofspace drying room including all structural alterations

Additional Surveys and Investigations

In order to fully ascertain the full extent of works required it will be necessary to carry out a full environmental clean of the property to enable the following further survey work to be carried out.

- asbestos survey
- timber treatment and damp survey
- structural survey
- drainage survey

Outline Programme

Due to planning approval having been obtained for the replacement windows and doors and the new entrance with lift it may not be necessary to apply for further approvals.

If this is the case then a minimum of 16 weeks pre-contract period should be allowed for followed by a minimum of 39 weeks contract period.

Drawings

Existing

- B7274-E.1.0 – Ground Floor
- B7274-E.1.1 – First Floor
- B7274-E.1.2 – Second Floor
- B7274-E.1.3 – Third Floor
- B7274-E.1.4 – Fourth Floor

Proposed

- B7274-P.1.0 – Ground Floor
- B7274-E.1.1 – First Floor
- B7274-E.1.2 – Second Floor
- B7274-E.1.3 – Third Floor
- B7274-E.1.4 – Fourth Floor
- B7274-E.1.5 – Alternative Ground Floor

Item No. 18.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		143 Copleston Road, East Dulwich SE15 4AQ - Disposal of Freehold interest	
Wards affected:		South Camberwell	
From:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends that the cabinet agree to put the council's freehold interest in the house at 143 Copleston Road up for sale. The property is in a poor state of repair, due to structural movement, that makes bringing it back into use as council housing uneconomical. The sale of the property will raise capital to invest in the council's programme to make every council home Warm, Dry and Safe.

As this sale could raise over £500,000, it is compliant with the disposal policy agreed by the previous executive in March 2009 and reaffirmed by the cabinet report of 31 May 2011.

RECOMMENDATIONS

That the cabinet authorises

1. The head of property to dispose of the council's freehold interest in 143 Copleston Road, East Dulwich, SE15 (the "Property"), for a sum that equates to the market value of the Property.
2. The earmarking of the capital receipt for the purposes of funding the Housing Investment Programme.

BACKGROUND INFORMATION

3. On 17 March 2009 the then executive received a report from officers, entitled 'Capital Income Generation for the Housing Investment Programme and Hidden Homes'. Amongst the recommendations of this report the executive noted the funding gap to meet its investment needs for its housing stock, to deliver a Southwark Decent Homes Standard for all tenanted homes. Further to this the executive noted the considerations for different funding options which were identified in the April 2008 executive report (Southwark's Decent Homes Standard), and agreed the disposal of empty homes (voids) – in line with paragraphs 16-25 of the March 2009 report.

4. Executive further resolved on the 17 March 2010 'that 100% of the receipts generated from the additional disposal of voids and land proposed by this report are used to fund both the housing investment programme to deliver Southwark's Decent Homes Standard and to deliver new housing through a Hidden Homes strategy and potentially some new build'.
5. The property has been identified as suitable for disposal as it meets the value requirements of the amended criteria set out in the 31 May 2011 cabinet decision which reviewed the void strategy, i.e. it is considered that the property has a value in excess of £300,000.
6. The property comprises a two storey Victorian double fronted end of terrace house. The property has suffered from structural movement and requires comprehensive refurbishment. It is estimated that in order to fully address all the structural and disrepair issues, together with a full refurbishment to a modern standard for occupation or letting, would cost in the region of £75,000; dependent on the specification and finish.
7. The property is identified in bold outline on the attached ordinance survey extract at Appendix 1.
8. The property is currently empty and is at further risk of deterioration and becoming squatted.
9. The property is held in the housing revenue account (HRA).
10. Authority to sell is delegated to the head of property in individual cases where the sale price is below £500,000. The sale price of the property may exceed this limit and cabinet approval is therefore required.
11. The property was declared surplus to the council's requirements by the director of regeneration on 07 May 2013.

KEY ISSUES FOR CONSIDERATION

12. In accordance with the principles and policy of good asset management laid down by government, together with local authority regulations, councils are required to dispose of surplus property assets subject to best consideration and/or market value requirements. The sale of the property will comply with these requirements.
13. It is considered that due to the structural problems found at the property and its general condition, a sale by auction to be the most appropriate method of sale in this instance. The auction route is also quick and transparent. Prior to the auction a suitable reserve price representing market value will be agreed by the head of property in consultation with the auctioneer. A sale will only proceed if the reserve price is met or exceeded.
14. The sale of the property to owner occupiers, developers and/or investors should ensure that it is brought back into beneficial use.

15. This report recommends that the receipt from the sale of the property be earmarked for the Housing Investment Programme.

Policy implications

16. The disposal of this property will generate a substantial capital receipt, which will be used to provide capital funding in support of the council's key priorities as set out in paragraphs 3-5 of this report. This includes the provision, refurbishment and redevelopment of affordable housing. This assists the council in meeting its commitment to regeneration and sustainability in housing as demonstrated through the 2009-2016 Southwark Housing Strategy.
17. As previously stated the disposal of the property is consistent with the recommendations contained within the report considered by Executive on the 17 March 2009 entitled 'Capital Income Generation for the Housing Investment Programme and Hidden Homes' as further endorsed by the 31 May 2011 cabinet report referred to above which noted the progress made to date and resolved to continue the void strategy.
18. The sale of properties within the HRA stock will have a negative impact on the number of council properties available to let. However, this will be offset by gains through the Hidden Homes programme and investment to retained stock, especially where decent homes have not yet been delivered.

Community impact statement

19. Increased investment into Southwark's stock to provide warm, dry and safe homes will have a positive impact on disadvantaged and minority communities, who are statistically more likely to be council tenants than the general population as a whole.
20. As this property sale is considered to be non-contentious, consultation is thought not to be appropriate.
21. The proposed sale of this property will likely have a positive impact on the immediate community, in the event that the new owner subsequently refurbishes and/or improves it.

Resource implications

22. This report recommends the disposal of the property on the open market for a sum that equates to the market value of the property. The property has been declared surplus to the council's housing requirements.
23. There will be a loss of rental income for this property in 2013/14 following the sale but the HRA rent budget for 2013/14 allows for stock loss through void sales. There are no current recurring costs.
24. As this property is being disposed of under the void strategy, set out in the report to executive on 17 March 2009 and endorsed at cabinet on 31 May 2011, the impact of loss of rental potential and on subsidy has been considered within the cumulative impact on the Housing Revenue Account of this strategy.

25. Disposals expenditure would include reasonable incidental management and legal charges which would be reimbursed from receipts as a percentage of the value of the receipt which is standard, as well as sales and marketing costs.
26. There are no other risks or costs involved.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

27. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute that imposes limitations on the council's power to dispose of property.
28. The property is within the council's housing portfolio so the disposal can only proceed in accordance with section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
29. A number of general consents have been issued in the General Housing Consents 2012.
30. Consent A 3.1.1 states that "A local authority may, subject to paragraph 3.1.2, dispose of land for a consideration equal to its market value." "Land" includes buildings.
31. The exclusions in paragraph 3.1.2 apply to:
 - a) A disposal of land which is subject to a tenancy to occupy from the local authority to a landlord who is not another local authority; or
 - b) A disposal of land to a body in which the local authority owns an interest except:
 - i) Where the local authority has no housing revenue account; or
 - ii) In the case of a local authority with a housing revenue account, the first five disposals in a financial year.
32. Neither of the exclusions apply to the property.
33. The report indicates that the property is held in the councils housing portfolio and that a surplus declaration has been obtained.
34. If the cabinet is satisfied that the consideration that will be obtained for the property as referred to in paragraph [9][12] of this report represents market value, then the cabinet may approve the recommendation.

Strategic Director of Finance and Corporate Services (FC13/035)

35. This report proposes that cabinet approve the sale of the council's freehold interest in 143 Copleston Road, SE15, with the capital receipt being earmarked for the Housing Investment Programme. This forms part of the council's void strategy as per paragraph 23.
36. The strategic director of finance and corporate services understands that the council will endeavour to obtain market value for these properties. No rental income is currently received as the property is empty and so there are no implications to rent collection rates in the housing revenue account.
37. Reasonable costs associated with the disposal will be met from receipts and officer time to implement this decision will be contained within current resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	OS plans, indicating 143 Copleston Road in bold

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tim Surry, Surveyor	
Version	Final	
Dated	13 June 2013	
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	13 June 2013	



TITLE. 143 Coplestone Road, SE15 4AQ.

DRAWING No. LBS_2950

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DRAWN BY. MMANKTELOW Property Division

Original Scale - 1:1250

DATE. 21/5/2013

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Item No. 19.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Disposal of Property at Wood's Road, SE15	
Ward(s) or groups affected:		Nunhead	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends the sale of land at Wood's Road that was previously the site of Tuke School. Since the enlargement and relocation of that school, this site is surplus to educational requirements and has been identified in the Peckham and Nunhead Area Action Plan for residential use.

This decision will return land to Cossall Park that had been used by the school and will generate a capital receipt that will be invested in improvements for schools and other children's facilities.

RECOMMENDATIONS

That the cabinet

1. Approves the disposal of the site at Wood's Road Peckham as shown hatched black on the attached plan ("the Site") to the bidder and on the terms identified on the closed agenda report, subject to any further negotiations considered necessary by the head of property;
2. Approves the disposal of the site to an alternative buyer on terms to be approved by the head of property at not less than the best consideration that can reasonably be obtained should the preferred disposal not proceed within a reasonable time.

BACKGROUND INFORMATION

3. The council owns the site hatched black on the attached plan. This is part of the site of the former Tuke School which has moved to new premises nearby at Daniel Gardens built with funding secured under the Southwark Schools for the Future Project. The new school is now open.
4. The Site has been declared surplus to requirements by the director of children's services and cleared pending redevelopment.

KEY ISSUES FOR CONSIDERATION

5. The Southwark Plan identifies both the site hatched black and the adjoining site for new housing. This allocation is confirmed in the emerging Peckham and Nunhead Area Action Plan. It also helps to replace housing capacity lost when

the school was moved to its new site.

6. The adjoining land and property edged black is in private ownership and together with the council site makes up the housing proposal area in the Southwark Plan. Assembling the combined site would enable both owners to benefit from enhanced value as well as delivering a regeneration priority.
7. The head of property provisionally agreed terms with the adjoining owner for a joint disposal of the combined site. These terms are described in the closed agenda report for reasons of commercial confidentiality. The council's land in the proposal site is 0.66 acres and the combined total 1.6 acres.
8. National property consultants Colliers were appointed to market the combined site on behalf of both landowners. The development opportunity was advertised nationally in print and on-line media. A closing date was set for offers which are summarised in the closed agenda report, again for reasons of commercial confidentiality. There was strong interest in the Site and in developing housing in the area, including affordable and family housing.
9. As this is the location of a former school, it has been necessary to obtain consent from central government for a disposal. This was secured prior to marketing but the regulations then changed and a further application had to be made. Consents were finally secured in June 2013.
10. The disposal will be subject to planning consent and the combined site will deliver around 115 new homes as well as a substantial receipt to contribute to the capital programme. The new homes will be subject to the planning application process and will need to meet adopted policy on affordable homes, tenure and unit mix including family housing.
11. It is confirmed that the terms recommended are the best consideration reasonably obtainable for the Site at this time and follow an open competitive marketing procedure. It is recommended that the sale now proceed in order to secure the capital receipt and a regeneration priority for the Peckham area.

Policy implications

12. The recommendation is in line with the strategy of disposing of surplus sites and property for optimum use of resources and securing receipts for the capital programme. It will assist with delivery of the council's adopted planning policies for the regeneration of the Peckham area.

Community impact statement

13. The community impact of proposals has been considered through the development of the Peckham and Nunhead Area Action Plan as well as the relocation of the former school. Provision of new housing will assist with delivery of affordable, private and family housing in an area of high demand.
14. There is no net loss of school places and facilities as the new, larger building has been provided for Tuke School. Provision of additional school places to meet demand is being met using other sites. The proposed scheme will help to replace land in residential use that was given up for the new site for Tuke School. An existing primary (John Donne School) will continue to operate from another site on the opposite side of Wood's Road.

15. An area of amenity land adjoining the Site which had been used on loan from Cossall Park by Tuke School is being returned to Park use and is not included in the disposal. This follows agreed planning policy and will increase the area and amenities of Cossall Park.

Resource implications

16. This proposal will generate a capital receipt which is expected in the financial year 2014/15.
17. A contribution is being paid by the buyers towards the council's administrative costs.

Consultation

18. Development will require planning consent and the usual consultation necessary as part of that process. Consultation has already been undertaken in respect of relocating the school. The emerging Peckham and Nunhead Area Action Plan is subject to several stages of consultation which are ongoing although the principle of residential use at this site is well established from the earlier Unitary Development Plan.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

19. Schedule 1 of the Academies Act 2010 (as amended by Section 63 (Schedule 14) of the Education Act 2011) requires that the consent of the Secretary of State for Education is required to dispose of community school land to include all land in which a freehold or leasehold interest is held by a local authority and which has been used for any school in the last 8 years. Consent for the disposal of this property was given by the Secretary of State on 3 June 2013.
20. Section 77(1) of the School Standards and Framework Act 1998 ("SSFA") applies to the disposal of playing fields where the playing fields are used by a maintained school for the purposes of a school at any time during the preceding 10 years. The definition of playing fields is contained in section 77(7) of the SSFA meaning land in the open air which is provided for the purposes of physical education or recreation other than any prescribed description of such land the department of education has taken the view that informal and social areas are included in this definition. A number of general consents have been provided in the Schedule to the School Playing Fields General Disposal and Change of Use Consent (No 4) 2012. Paragraph 1 of that schedule enables disposal of hard play areas and enclosed social areas and other ancillary social and recreation or habitat areas that surround the buildings at closed or closing school sites provided that either :
 - (a) No other schools share or border the site, or
 - (b) The body seeking to dispose of the land can satisfy the Secretary of State that the areas in question are not needed by any other schools which share or border the site. This consent is applicable to this property and that has been acknowledged by the Department of Education School Assets Team on 4 June 2013.

21. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State, a council shall not dispose of land under that section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
22. The report confirms in paragraph 9 that the consideration is the best that can reasonably be obtained. Cabinet may proceed with the approval of the Recommendation.

Strategic Director of Finance and Central Services (FC13/045)

23. This report recommends that cabinet approve the disposal of property at Woods Road, SE15 for an agreed sum. The report also recommends that cabinet approves the sale to another bidder on comparable terms should the original sale not proceed within a reasonable time.
24. The strategic director of finance and corporate services notes the closing of the sale is subject to planning approval and therefore if planning negotiations become protracted, there is likelihood, albeit minimal, that receipts from the sale may extend beyond 2014/15. This should be reflected in the capital receipts.
25. The staffing resources necessary for the completion of the sale will come from existing staffing resources, with the buyer also making a contribution towards total costs. There are no other financial implications.

Strategic Director of Children's and Adults' Services

26. Tuke School was rebuilt on an alternative site as part of Southwark's Building Schools for the Future (BSF) programme and the disposal of the Woods Road site supported the funding for that programme. The site was declared surplus by children's services in 2011. A detailed strategy for meeting primary place demand is to be considered by cabinet in July 2013 and this site is not considered to be required to support the delivery of the necessary new places identified in that strategy.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Peckham and Nunhead Area Action Plan (Draft). The document is available to view on this web page: http://www.southwark.gov.uk/info/2/00315/peckham_and_nunhead	Southwark Property 160 Tooley Street London SE1 2QH	Christopher Rhodes Principal Surveyor 020 7525 5480

APPENDICES

No.	Title
Appendix 1	Site plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Christopher Rhodes, Principal Surveyor	
Version	Final	
Dated	4 July 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Strategic Director of Children's and Adults Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 July 2013	

Date 18/6/2013



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Item No. 20.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Disposal of former Car Pound at Mandela Way, London SE1	
Ward(s) or groups affected:		Grange	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends the disposal of the council's 250 year leasehold interest in its former car pound on Mandela Way. The council's new parking contract means that there is no longer a need to retain a car pound for Southwark. As a consequence, the strategic director of environment and leisure has previously declared this site as surplus to requirements. This land is reserved for industrial use under the Southwark Plan agreed in 2007.

A previous report on this sale was withdrawn from the January 2013 cabinet meeting as a result of that previous potential purchaser being unable to proceed with their offer at that time.

This proposal will develop the site for commercial use, providing in excess of 100 employment opportunities on site which are likely to be predominantly filled by people living locally. This use will also generate business rates that will help the council mitigate the loss of government funding. The capital receipt for this land will contribute to the council's £383.8m capital programme.

RECOMMENDATIONS

That the cabinet approves

1. The disposal of the 250 year leasehold interest in the Car Pound at Mandela Way, London SE1("the Property"), as shown edged with the bold line on the attached plan, to the purchaser identified and on terms set out in the accompanying closed agenda report, subject to any further negotiations considered necessary by the head of property.
2. That should the sale not proceed to completion within a reasonable time as determined by the head of property, the Property be offered to an alternative bidder or subsequent to that be offered for sale on the open market and sold on terms to be approved by the head of property for a sum that represents best consideration.

BACKGROUND INFORMATION

3. The Property is located on Mandela Way just off the Old Kent Road in Bermondsey. It is situated to the south of Mandela Way at its junction with

Dunton Road, which is a one way road leading off Old Kent Road.

4. The Property is a site, broadly rectangular in shape and extends to an area of approximately 0.79 hectares (1.95 acres). The net area of the car pound and associated buildings is approximately 0.65 hectares (1.61 acres).
5. The Property was previously used as a car compound operated by the council's Environment and Leisure Department. There are approximately 230 car parking spaces as well as a small area for bicycles and motorcycles. The car park is largely surfaced in tarmac with some concrete hard standing areas. Environment and Leisure confirmed that the Property ceased to be used as a car pound and was vacated in spring 2013. As such it is no longer required for operational requirements.
6. With vacant possession forthcoming, the council has received offers for the site, which has been independently valued to comply with Section 123 of the Local Government Act in respect to obtaining best consideration.
7. The property was formally declared surplus to operational requirements by the director of environment on 11 January 2013.
8. The closed agenda report carries details of the offers received and for reasons of commercial confidentiality it is not possible to report these on the open agenda. The transaction being recommended will contribute to the promotion or improvement of the economic, social or environmental well-being of the area as a result of the construction of new industrial and commercial buildings, more efficient use of the land as well as providing new employment opportunities for a significant number of local people which is expected to exceed 100 jobs. The alternative offer, whilst higher does not provide for new facilities and would be used as yard for storage. Consequently, the head of property confirms that the recommended offer represents best consideration.
9. The recommended offer represents open market value as verified by independent valuation.
10. The head of property recommends that the sale proceeds as it meets the relevant financial criteria for best consideration and will result in a capital receipt for council's general fund. The buyer's proposals are subject to planning consent in the usual way, and the sale of the Property is conditional on planning consent being granted.
11. It is intended to complete the sale of the Property as soon as possible. If the sale does not proceed for whatever reason, this report also seeks authority for the Property to be offered to the alternative bidder, failing which to be placed upon the market, and sold for a consideration that represents at the relevant time, the best consideration reasonably obtainable for the Property.

KEY ISSUES FOR CONSIDERATION

Policy implications

12. The Property if sold will be used for commercial and industrial purposes, as permissible under the terms of the proposed lease. Under the Core Strategy – Strategic Policy 1A, the Property is within one of the council's Core Strategy Preferred Industrial Locations as providing places for small businesses and

industry. Similarly, Strategic Policy 10 – Jobs and Businesses, seeks to protect industrial and warehousing floor space, enabling growth in new sectors such as green manufacturing and technology in local preferred industrial locations.

Community impact statement

13. With the Property being restricted to commercial and industrial use, it will provide opportunity for more jobs for local people and assist in enhancing the local economy.

Resource implications

14. This proposal will generate a capital receipt which is hoped to be in the financial year 2013/14.
15. The buyers will also contribute towards the council's administrative costs.
16. The disposal of the property will release revenue currently put towards its maintenance and security.
17. The proposal will generate additional business rates to the Borough

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

18. The council cannot generally dispose of land for less than the best consideration reasonably obtainable in accordance with the provision contained in section 123, Local Government Act 1972.
19. The Local Government Act 1972, General Disposal Consent (England) 2003 introduced certain circumstances where a local authority may dispose of land even though the consideration received may be less than the best consideration reasonably obtainable.
20. The 2003 Consent requires that the difference between the unrestricted value of the land to be disposed of and the consideration of the disposal does not exceed £2,000,000 (two million pounds). In addition, one of a number of specified circumstances must apply. These circumstances are that the local authority considers that the purpose for which the land is to be disposed of is likely to contribute to the promotion or improvement of the economic, social or environmental well being in respect of the relevant area.
21. In this instance, the report outlines that in excess of 100 jobs will be created by this scheme and that new industrial and commercial units will be constructed. Furthermore, the proposal will generate additional Business Rates. Accordingly, this disposal falls within the well being provisions of the 2003 General Disposal Consent (England)

Strategic Director of Finance & Corporate Services (FC13/043)

22. The strategic director of finance & corporate services notes that this report recommends the disposal of the 250 year leasehold interest in the Property, generating a capital receipt representing the market value of the property.

23. The sale is subject to planning approval being awarded and will result in a capital receipt for the council's general fund.
24. The strategic director of finance and corporate services notes that the buyer will contribute 0.5% of receipt value to cover the council's administration costs. In addition there will be some further revenue savings from the release of resources which are currently being expended on maintenance and security of this property.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tom Hanman, Graduate Surveyor	
Version	Final	
Dated	4 July 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
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Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 July 2013	

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TITLE.

Land at Mandela Way, SE1.



DRAWING No.

LBS_2887

DRAWN BY.

MMANKTELOW
Property Division

DATE.

7/1/2013

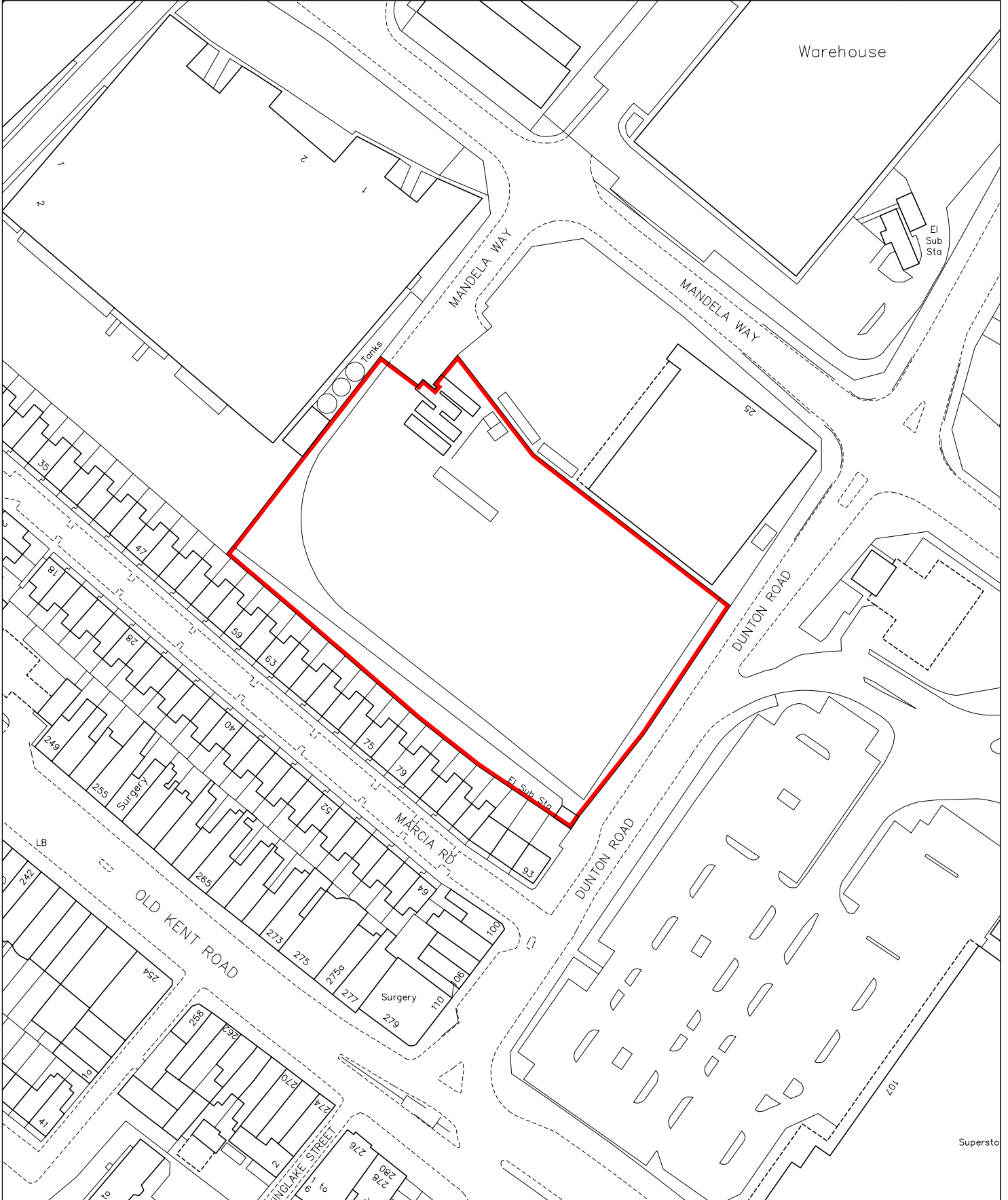
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