

Cabinet

Tuesday 28 January 2014

4.00 pm

Ground Floor Meeting Room GO1A, 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

INFORMATION FOR MEMBERS OF THE PUBLIC

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

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 20 January 2014



Cabinet

Tuesday 28 January 2014

4.00 pm

Ground Floor Meeting Room GO1A, 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 - 10
	To approve as a correct record the minutes of the open section of the meeting held on 10 December 2013.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
8.	CABINET MEMBERS RESPONSE TO DEPUTATION FROM THE SOUTHWARK ASSOCIATION OF STREET TRADERS (SAST) AND THE WALWORTH TOWN TEAM	11 - 18
	To note the response to the six point action plan proposed by a deputation of the Southwark Association of Street Traders (SAST) and the Walworth Town Team.	
9.	SELECTION OF A PREFERRED PARTNER TO WORK WITH THE COUNCIL TO DELIVER THE REGENERATION OF THE AYLESBURY ESTATE	19 - 49
	To approve the selection of Notting Hill Trust (Walworth Unlimited) as the council's preferred development partner for the regeneration of the Aylesbury Estate.	
10.	HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2014/15	50 - 96
	To approve an average rent increase of 5.4% in accordance with the government's required formula rent guidance to be applied to all housing revenue account dwellings. To set tenant service charges, standard charges for non-residential property (garages etc.), heating & hot water charges and sheltered housing charges at the same level as 2013/14. To note the information relating to water and sewerage charges and the revised HRA budget for 2014/15.	
11.	POLICY AND RESOURCES STRATEGY 2014/15 TO 2016/17 - PROVISIONAL SETTLEMENT	97 - 176
	To note the current general fund budget proposals for 2014/15 following work undertaken to identify savings and efficiencies.	
12.	VISION FOR A NEW HOUSING STRATEGY FOR SOUTHWARK	177 - 188
	To agree the vision for a new thirty year housing strategy for Southwark for the period 2015-2045.	

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13.	DEVELOPING LONG TERM PLANS FOR THE DELIVERY OF NEW COUNCIL HOMES	189 - 238
	To note the new homes housing investment plan report independently prepared and its conclusions and the ongoing development of a new long term housing strategy and local plan for the borough that will support delivery of the investment plan. To also instruct the strategic director of housing and community services to further develop the investment plan.	
14.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITY SCHOOL BUS TRANSPORT	239 - 252
	To approve the procurement strategy for the special educational needs and/or disability school bus transport service to undertake a competitive tender process to appoint a contractor to provide these services.	
15.	CONSISTENT RESPONSES TO ANTISOCIAL BEHAVIOUR	253 - 269
	To note the findings of the systemic service review undertaken by officers from across the council of antisocial behaviour responses and to agree to the implementation of a Southwark Landlords Charter for handling all reports of antisocial behaviour.	
16.	BLACKFRIARS ROAD SUPPLEMENTARY PLANNING DOCUMENT	270 - 341
	To adopt the Blackfriars Road supplementary planning document.	
17.	LAND AT SOUTHAMPTON WAY AND NEW CHURCH ROAD CAMBERWELL	342 - 357
	To agree to make a compulsory purchase order under section 226(1) of the Town and Country Planning Act for the acquisition of the land highlighted in the report.	

18. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

358 - 372

To consider motions referred from council assembly 27 November 2013:

- Local business and enterprise
- Small business Saturday
- Introducing a supermarket levy
- Payday lenders
- Bermondsey business improvement district
- Whitworth House
- Pop up shops on Canada Water Plaza
- Ending council investment in tobacco and arms
- Fairtrade
- Stop the delay on Southwark Park athletics track
- Support for the British Nuclear Test Veterans' Association

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

19. MINUTES

To approve as a correct record the minutes of the closed section of the meeting held on 10 December 2013.

Item No.

Title

Page No.

20. SELECTION OF A PREFERRED PARTNER TO WORK WITH THE COUNCIL TO DELIVER THE REGENERATION OF THE AYLESBURY ESTATE

21. LAND AT SOUTHAMPTON WAY AND NEW CHURCH ROAD CAMBERWELL

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

Date: 20 January 2014

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

Cabinet 28 January 2014

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 28 January 2014 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: 20 Selection of a Preferred Partner to Work with the Council to Deliver the Regeneration of the Aylesbury Estate

Item: 21 Land at Southampton Way and New Church Road, Camberwell

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: 20 January 2014



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 10 December 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

There were no apologies for absence.

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

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

Item 7 – Deputation requests

Item 20 - Lakanal Inquiry – Sprinkler feasibility study

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 19 November 2013 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as the requests had been submitted in line with the constitutional deadline for the receipt of deputation requests and was therefore eligible for consideration by cabinet.

RESOLVED:

That the deputation requests be heard.

Summary of the deputations heard.

Local residents with regard to the lack of signage indicating the location of the Rose archaeological site

The deputation addressed cabinet to draw attention to the lack of signage indicating the location of the Rose archaeological site and to request that this be rectified as soon as possible.

The deputation advise that the Rose Theatre was the first theatre to be built in the Bankside in 1587 and that the remains of the theatre (discovered in 1989) are a major tourist attraction. The deputation advise that many visitors to the site have complained of the difficulty in finding it as there are no signposts indicating the theatre's location.

The cabinet acknowledge that the site was of great historical importance and It was agreed that the leader and cabinet member for transport, environment and recycling explore what can be done, including making further representations to Transport for London, the body responsible for signage along Bankside.

Herne Hill Forum and Herne Hill Traders

The deputation raised the issue of the problems that Herne Hill Traders and businesses face since the flood due to a burst water main in August 2013. The deputation advised that Herne Hill was an area being regenerated with new businesses starting up and the establishment of a strong local community. Feedback from the residents was that the area had improved immensely. However the flood had set this back with potential long term damaging effects. The deputation explained that the flood had not only affected the

traders and businesses whose properties had been flooded, footfall for the whole area had been affected significantly. The deputation thanked the council for what it had done so far, however they were now asking the council for its support in terms of lobbying/adding pressure on Thames Water not just for recompense for the water damaged businesses but also for Thames Water to contribute to getting the whole area back to what it was to ensure there is a viable community.

The deputation informed the cabinet that help had been provided to shops directly affected by water damage, but shops which had not received water damage had been ignored.

The leader indicated that the council would be happy to provide lobbying support and informed the deputation that a fund of £100,000 had been set aside and that any businesses affected by the flood could apply for assistance, this did not need to be as a direct result of water damage.

The cabinet member for communities and economic wellbeing advised that she would ask the Strategy and Partnership Manager to look at what can be done.

Local residents request for a local levy on large supermarkets within the borough

The deputation addressed the meeting to outline the potential impact large supermarkets have upon the retail and community infrastructure of a locality. It was suggested that 95% of revenue is taken out of the local economy; money of which is not recycled within that economy.

The deputation outlined the experience of others in introducing a levy, for example Northern Ireland. The levy has been distributed to assist small to medium enterprises for the benefit of the local economy. It was felt that the impact on the large supermarkets is minimal with significant benefits for business and the local community. The deputation asked the council to look into the prospect of lobbying for such a levy and to undertake a preliminary assessment.

The cabinet informed the deputation that this is something they would like to be done, however felt it would only be achievable if it was done in conjunction with neighbouring boroughs / South East London wide basis. The cabinet indicated that they would welcome the deputation working with the council on this.

8. BULLYING - SCHOOL AND COUNCIL POLICY TO SUPPORT VULNERABLE CHILDREN AND TO REDUCE POOR AND ABUSIVE PEER RELATIONS (EDUCATION, CHILDREN'S SERVICES AND LEISURE SCRUTINY SUB-COMMITTEE)

Councillor David Hubber, chair of the education, children's services and leisure scrutiny sub-committee presented the report to cabinet.

RESOLVED:

That the recommendations of the review of bullying - school and council policy to support vulnerable children and to reduce poor and abusive peer relations be noted 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.

9. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITY (SEND) TAXIS FOR CHILDREN, YOUNG PEOPLE AND VULNERABLE ADULTS

RESOLVED:

That the procurement strategy outlined in the report for the special educational needs and/or disability (SEND) taxis for children, young people and vulnerable adults service which is to undertake a competitive tender process for a four year framework agreement commencing on 1 September 2014 with an estimated annual value of £1.29m and therefore with an estimated total contract value of up to £5.2m be approved.

10. FAIRER FUTURE INTERIM PERFORMANCE REPORT 2013/14

RESOLVED:

That progress in the first half of 2013/14 against the ten fairer future promises and portfolio performance objectives in the council plan be noted.

11. HOUSING REVENUE ACCOUNT - INDICATIVE RENT SETTING AND BUDGET REPORT 2014/15

RESOLVED:

1. That with regard to rents it be noted that the rent increase implied by the government's rent guidance would be 5.4% (as set out in paragraphs 14 to 18 of the report), to be applied to all housing revenue account (HRA) dwellings (including estate voids and hostels), with effect from 7 April 2014, and that the average dwelling rent in 2014/15 under such an increase would be £101.61 per week (an increase of £5.21 per week on average).
2. That officers explore options regarding the rent increase for 2014/15, setting out its effects on the HRA for that year, and also their medium and longer-term implications.
3. That with regard to other HRA-wide charges, it be noted on a provisional basis that there will be no increase to tenant fixed service charges as set out in paragraph 39 of the report with effect from 7 April 2014.
4. That it be noted on a provisional basis that there will be no increase to the standard charge for garages or other non-residential charges, as set out in paragraphs 40 to 41 of the report with effect from 7 April 2014.
5. That it be noted on a provisional basis that there will be no increase to district heating and hot water charges as set out in paragraph 42 to 43 of the report with effect from 7 April 2014.

6. That it be noted on a provisional basis that there will be no increase to sheltered housing service charges as set out in paragraph 44 of the report with effect from 7 April 2014.
7. That it be noted that water and sewerage charges levied by Thames Water are liable to an inflationary uplift as set out at paragraph 45 of the report, but as yet the council has not been informed by Thames Water of what that increase will be.
8. That officers provide a final report on rent setting and the HRA budget for 2014/15 after due consultation processes have been followed for consideration at their meeting on 28 January 2014.

12. RESPONSE TO THE HOUSING, ENVIRONMENT, TRANSPORT AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE ON THE REVIEW OF MAJOR WORKS AT DRAPER HOUSE

RESOLVED:

That the responses to the recommendations of the housing, environment, transport and community safety scrutiny sub-committee's investigation into the major works at Draper House be noted and agreed.

13. SOUTHWARK PRIVATE RENTAL STANDARD AND ACCREDITATION OF TEMPORARY ACCOMMODATION

RESOLVED:

1. That the proposed Southwark private rental standard be approved and adopted as the council's minimum expectation of property management and maintenance in the letting and management of private rented property.
2. That the standard becomes a baseline for the procurement and sourcing of all domestic property the council acquires for the discharge of its duties, statutory or otherwise.
3. That the standard be adopted for further work developing, regulating and managing the private rental sector.

14. LONDON COUNCIL'S GRANTS SCHEME 2014-15

RESOLVED:

That Southwark council's contribution to the London councils grants scheme of £289,701 for 2014/15 be approved subject to approval of the council budget by the council assembly in February 2014.

15. VIOLENT CRIME STRATEGY PROGRESS REPORT

RESOLVED:

1. That the progress made in delivering the recommendations set out in the violent crime strategy 2010-15 be noted.
2. That it be noted that violent crime has fallen by 25% (from 8007 to 5968 recorded offences) during the first three years of the violent crime strategy.
3. That the 40% reduction in most serious violence offences during the first three years of the violent crime strategy, which equated to 292 fewer recorded crimes be noted.
4. That it be noted that whilst the long term trends for reported incidents of domestic abuse are down by 22% between 2009/10 and 2012/13, there has been a rise in reported incidents between April and September 2013/14. That a review of this is carried out to ascertain if there are any specific underlying trends.
5. That it be noted that the cost of violence in Southwark has reduced by £12m in 2012/13 compared to 2009/10 and a further £1.8m in the first six months of 2013/14 according to the Home Office economic cost of crime figures calculator.
6. That the cabinet member for finance, resources and community safety, continues to make the case with senior officials in the Mayor's Office for Policing and Crime, that Southwark receives the policing numbers and level of resources required to continue its progress in addressing violent crime in the borough.

16. COMMUNITY INFRASTRUCTURE LEVY (CIL) REVISED DRAFT CHARGING SCHEDULE

RESOLVED:

1. That the community infrastructure levy (CIL) revised draft charging schedule (Appendix A) and the draft "Regulation 123 List" (the list of infrastructure items which will not be funded by section 106 planning obligations, once CIL has been adopted) (Appendix B) be published and representations invited.
2. That the draft infrastructure delivery plan (Appendix C), the equalities analysis (Appendix D), the consultation plan (Appendix E), the consultation report (Appendix F) and house price heat map (Appendix G) be noted.
3. That approval be given to the submission of the community infrastructure levy (CIL) revised draft charging schedule to the Planning Inspectorate for an examination-in-public, provided no substantive changes are necessary following consultation.
4. That the approval of any minor amendments resulting from consultation on the community infrastructure levy (CIL) revised draft charging schedule and the draft "Regulation 123 List" be delegated to the director of planning in consultation with the cabinet member for regeneration and corporate strategy.

17. DRAFT SECTION 106 PLANNING OBLIGATIONS AND COMMUNITY INFRASTRUCTURE LEVY SUPPLEMENTARY PLANNING DOCUMENT

RESOLVED:

1. That the draft Section 106 Planning Obligations and Community Infrastructure Levy (CIL) Supplementary Planning Document (SPD) (Appendix A) be approved for public consultation.
2. That the consultation plan (Appendix B) and the draft equalities analysis (Appendix C) be noted.
3. That it be agreed that a sustainability appraisal and environmental assessment are not required and the publication of the related screening assessment (Appendix D) be agreed.
4. That it be noted that following consultation, the final version of the SPD will be reported back to the cabinet for formal adoption, prior to the Southwark Community Infrastructure Levy Charging Schedule coming into force.

18. WALWORTH ROAD BUSINESS MIX - RESPONSE TO OVERVIEW AND SCRUTINY COMMITTEE

RESOLVED:

That the responses from the cabinet member for regeneration and corporate strategy; cabinet member for finance, resources and community safety; and cabinet member for communities and economic wellbeing on the set of recommendations in respect of the report 'Walworth Road Business Mix: report of the overview and scrutiny committee' (July 2013) be noted.

19. SURREY DOCKS STADIUM SE16: ACQUISITION OF FORMER STADIUM, SALE OF NORTHERN AND EASTERN CAR PARKS AND RETURN OF FISHER FOOTBALL CLUB TO ST PAULS GROUND

RESOLVED:

That the following be agreed (all in accordance with the terms set out in the closed cabinet report and subject to Fairview Homes obtaining planning consent):

1. The acquisition of the former Surrey Docks Stadium land (as shown in Appendix A of the report) for use as a public park;
2. The disposal of the adjoining former Northern and Eastern car park sites to Fairview Homes;

3. The re-instatement of the St Pauls ground as a community football ground allowing the return of Fisher FC to Rotherhithe;
4. That the head of property be authorised to negotiate the sale, acquisition and development agreements with Fairview Homes and to agree lease terms for the St Pauls facility.

20. LAKANAL INQUIRY - SPRINKLER FEASIBILITY STUDY

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as the council committed to undertake a 6 month feasibility study ending in November 2013 and to report back to the next cabinet meeting on 10 December 2013. The next cabinet meeting after the 10 December was not until the end of January 2014. In light of the sensitivities and importance of addressing the coroner recommendations and significant public interest the council needs to respond to the recommendations as soon as possible.

RESOLVED:

1. That the contents of the report be noted and approved.
2. That approval be given for the installation of sprinkler systems in all existing sheltered housing schemes by September 2016, and any built in the future, using the option 1 model set out in paragraph 39 of the report.
3. That approval be given for the installation of sprinkler systems in all existing temporary accommodation hostels by September 2016, and any built in the future, using the option 1 model set out in paragraph 39 of the report.
4. That approval be given for the installation of LD2 type automatic battery powered smoke/heat detection to all the council homes forming part of this study by March 2015.
5. That approval be given for the installation of LD2 type automatic battery powered smoke/heat detection to council homes across the borough over the next 10-15 years through the major works investment programme.
6. That the strategic director of housing and community services explore ways in which leaseholders could be provided with similar early detection and warning, considering the likely funding, management and other issues.
7. That the strategic director of housing and community services work with the Southwark SAIL (safe and independent living) project in order to consider alternative fire safety solutions for vulnerable residents, as set out in paragraphs 52 and 53 of the report.

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 104 of the Access to Information Procedure Rules of the Southwark Constitution.

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

21. SURREY DOCKS STADIUM SE16 - ACQUISITION OF FORMER STADIUM, SALE OF NORTHERN AND EASTERN CAR PARKS AND RETURN OF FISHER FOOTBALL CLUB TO ST. PAULS GROUND

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

The meeting ended at 5.53pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, THURSDAY 19 DECEMBER 2013.

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

Item No. 8.	Classification: Open	Date: 28 January 2013	Meeting name: Cabinet
Report title:		Cabinet Members Response to Deputation from the Southwark Association of Street Traders (SAST) and the Walworth Town Team	
Ward(s) or groups affected:		East Walworth, Faraday, Newington	
Cabinet members		Councillor Victoria Mills, Communities and Economic Wellbeing; Councillor Barrie Hargrove, Transport, Environment and Recycling; Councillor Fiona Colley, Regeneration and Corporate Strategy Councillor Richard Livingstone, Finance, Resources and Community Safety	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR COMMUNITIES AND ECONOMIC WELLBEING

The council is committed to supporting all our high streets including the Walworth Road and the surrounding areas. We want Walworth to be a great place to visit, to have thriving shops, a busy market and for the area to offer a good mix of shopping and services to local residents.

We welcomed the deputation from the Southwark Association of Street Traders (SAST) and the Walworth Town Team because we know that improving our high streets is about working in partnership with businesses. By using their knowledge and expertise of an area and the leadership they have within their local communities, we know we can together find the solutions to bring real change across our borough.

The Council's relationship with businesses needs to be an open and honest and sometimes we need to be a critical friend. In our response to the deputation it is only right that we challenge the presumption that free or cheap and readily available parking is the key to the success of areas like Walworth. Focusing on one issue like changing parking, especially in an area that is well served by public transport and where most people walk to the shops, is very unlikely in itself to make a town centre more attractive. Working with local businesses we want to see a good mix of shops, market stalls and services and a quality environment as we know these are some of the most important factors for attracting shoppers to an area. We must also support local businesses to make the most of the regeneration that is happening, which will generate huge numbers of potential new customers.

The Town Centre Growth Fund (the 'High Street Challenge') provides an immediate opportunity to build on the events and promotions undertaken by the Walworth Town Team and funded through the Council's Community Restoration Fund. The CRF work saw the council invest the sizeable amount of £184,000 in Walworth. This helped to support a range of activities including direct support for the East Street market traders and local events to increase the number of people coming to the area, as well as allowing local young people to get valuable business experience through running a pop up shop. We look forward to seeing the Town Team's ideas to revitalise Walworth's shopping areas and to build on the successes of the CRF.

The regeneration of the Elephant and Castle and Walworth areas will bring unprecedented opportunities to businesses in these areas but it will also bring challenges. We want to make sure that traders and the Council are ready to respond to these changes in the most coordinated way. The council is in the process of developing a 'vitality, viability and vulnerability' study for the area. This will assess the underlying challenges for the Walworth Road and any barriers to growth. Most importantly, it is our intention to work closely with local residents and the business community and to make sure that they are central to our planning for the future.

RECOMMENDATION

That the cabinet

1. Note the response to the six point action plan proposed by a deputation of the Southwark Association of Street Traders (SAST) and the Walworth Town Team.

BACKGROUND INFORMATION

2. A deputation from SAST and the Walworth Town Team addressed the cabinet on 19 November 2013 to outline issues relating to Walworth town centre, including East Street Market and adjoining streets.
3. The deputation asked cabinet to consider urgent action to address the following six points:
 1. Parking - more parking to be made available and the introduction of lower flexible parking charges
 2. Business rate reductions
 3. Events and promotions to increase footfall
 4. Business support
 5. Cleaner, Greener, Safer Walworth (refuse from commercial rubbish bins)
 6. Better co-ordination: Asking Southwark council to work better with the whole community in Walworth to ensure sustainable local regeneration.
4. It was agreed that a report on the issues raised by the deputation be received at a future cabinet meeting. This report is now being presented to cabinet.
5. Also and within a wider context, earlier this year the Walworth Society asked the Overview & Scrutiny Committee to carry out a scrutiny review of the trading environment on the Walworth Road. The Overview and Scrutiny Committee submitted a report to cabinet in September which set out nine recommendations for cabinet to consider. A response to these recommendations, some of which reflect similar issues to those raised by the deputation, was agreed by cabinet in December. This report is listed as a background document and is available to view on the council's web site on the link provided.
6. Officers have reviewed the six point action plan proposed by the Walworth Town Team and attached is a response to each area.

1: Parking

More parking to be made available and the introduction of lower flexible parking charges during the weekdays

7. On-street parking is currently free at weekends. The Stead Street car park previously provided 200 off-street parking spaces which were also free at weekends. However its closure on 7 January 2014 removed off-street parking provision in the area.
8. The Stead Street car park has been identified for redevelopment since 2004. The site is to be redeveloped to provide 140 residential units 85 of which are for social rent and these will be made available to former Heygate residents in the first instance. In the long-term this regeneration of Walworth will provide a huge opportunity for traders to increase footfall in the shopping areas.
9. Stead Street car park was not closed until after Christmas in direct response to requests from local traders. Free parking was also provided in the period up to Christmas on 23 and 24 of December. However evidence suggests that parking is not a significant barrier to local economic growth.
10. The transport assessment submitted as part of the Stead Street planning application included a car parking study which assessed the extent to which existing on street parking bays could accommodate vehicles displaced from the car park as a consequence of its redevelopment.
11. The report concluded that during the week when the Controlled Parking Zones (CPZ) are in operation [Mon-Fri] displaced car parking could be accommodated within the spare capacity on local streets. During the weekend when the CPZ is not operating the study concluded that there was enough capacity to accommodate increased demand
12. Increasing the amount of car parking for shoppers will always be a challenge and may not be practical in a dense urban environment where there is competing demand for land use, particularly for new homes.
13. The future prosperity of the Walworth shopping centre is to a high degree dependent on it being able to attract customers from a relatively local catchment area the vast majority of whom will continue to access the centre by foot, public transport or bike.
14. A recent survey was carried out in regards to 'Visiting and Shopping in East Street Market' Research for Action November 2013'. This illustrated that only 12% of shoppers travelled by car to shop at East Street Market. Of the remainder walking was most popular (40%), then bus (38%) followed by other public transport (6%) and then cycling and other (4%).
15. The only market day when significant numbers of shoppers travel to the market by car is Sunday and the report highlights that there is also a different mix of shoppers on that day from the other market days. However, this does not appear to lead to either increased footfall or spend.
16. During the survey shoppers were asked what could improve East Street Market and parking was not identified as the most important factor. Most of those surveyed felt that better quality food and drink, cleaner streets and pavements

and cheaper prices across the market were important factors. Cheaper parking and ease of parking rated low in the survey responses.

17. The evidence from shoppers suggests that lower parking tariffs or even free parking are not essential to the economic viability of this area, and that parking is only one variable and many other factors are more dominant, although the report acknowledged that some shop keepers thought otherwise.
18. The council has clear policies to reduce the number of car journeys and increase walking, cycling and public transport. Whilst some people may need to drive to the area, the impact of increased traffic and congestion needs to also be carefully considered. The area is well served with 20 bus routes of which 11 pass through the Walworth Road and nine which serve the other end of East Street on the Old Kent Road; as well as the Elephant and Castle underground and over ground lines.
19. The regeneration of the Walworth area will result in a significant increase in the residential population and this will generate significant numbers of new potential customers. Business support should in part be directed towards helping businesses take advantage of this opportunity.

2: Business Rate Reductions

There is a need to recognise Walworth as a special case for tapered business rate relief.

20. There is an opportunity to consider how recent changes to business rates as announced in the Autumn Statement could be used as a constructive policy tool to potentially deliver social and economic value.
21. Issues associated with the use of business rates to influence high street business use are addressed under recommendation 1(ii) of the *Cabinet Members Response to Overview and Scrutiny Committee Recommendations Report* (paragraphs 11-15).

3: Events and promotions

A continuation of the promotion of the area to increase footfall.

22. Business Extra was awarded £100,000 from the Community Restoration Fund in August 2012, to establish a business network in Walworth, develop and market a theme and brand for the area, and improve East Street Market. The Walworth Town Team was established using this fund. £45,000 of the funding was allocated to supporting marketing and events in the area and 13 themed and cultural events were run including a Christmas Fair, Easter Procession, Charlie Chaplin Festival and Food Festival. A further £84,000 was awarded to the Creation Trust to run a pop up shop in the area
23. The proposed Town Centres Growth Fund (the 'High Street Challenge') will provide an opportunity for local businesses to bid into funding to undertake initiatives that promote local economic vitality and increase the number of shoppers coming into the Walworth area. Details of the Town Centre Growth Fund are also addressed under recommendation 4 of the *Cabinet Members Response to Overview and Scrutiny Committee Recommendations Report* (paragraphs 24-27).

24. Details of the fund and a 'call for projects' will be made in February 2014. It is intended that the fund will be flexible enough to ensure opportunities for business-led groups and interested organisations to effectively address problems and explore solutions specific to their own town centres and high streets.

4: Business support

Continuing business support for the local small businesses and market traders.

25. The Town Centres Growth Fund referenced above is also targeted towards specific business support initiatives in local areas like the Walworth Road. In addition, the council has commissioned, or is in the process of commissioning, other business support activity available to small and medium sized enterprises from across the borough. These include:

- Supply Southwark which supports Southwark businesses to tender for public and private sector contracts
- Investment Readiness which will support new start businesses and existing SME's to access sources of business investment. With delivery to commence in March, the initiative will help start-up and existing businesses to access a range of finance from start up loans to equity investors, and everything in between including bank finance and crowd-funding.

5: Cleaner, Greener Safer Walworth

More support for local action to clean the dirty [pavements, green the streets, screen unsightly commercial rubbish bins and move them off the main roads.

26. The survey referred to in paragraph 14 supports the importance of a cleaner Walworth, which 19% of shoppers cited as being something that needed to be improved. The council has recently increased the overnight cleaning in the area with funds to improve the town centres and have seen real improvement, but this remains a challenge for our street cleaning team because of the amounts of litter and waste generated in the area.
27. Although pavement jet washing has never been included in the overall street cleaning specification, since the spring of 2013 we have undertaken a quarterly jet-wash of the pavements along the main retail areas of Walworth Road to try to deal with the staining on the pavement surfacing.
28. The issue of unsightly trade waste bins is one that blights many retail areas but simply removing them will have an impact on local businesses as they require a place to store their trade waste prior to collection. The screening of the waste bins may be a more practical solution to this problem, subject to resource availability.
29. Business Extra has been awarded £17,000 CGS (Capital and Revenue Grant) in 2013/14 for street cleaning and bin screening on the Walworth Road. This money has not yet been spent. An application for further CGS funding for 2014/15 (amounting to £56,000) has been received. Local community councillors are expected to announce their decision on 1 February 2014.

6: Better coordination

Southwark Council to work with the whole community in Walworth to ensure sustainable local regeneration in the area that recognises, supports and values local people and businesses and the rich cultural heritage of the area.

30. The council is committed to ensuring the regeneration of the area benefits the local community. Plans are progressing well across the area and the council will continue to engage with local communities including businesses. The council will also shortly commence the process of community consultation on the New Southwark Plan, which has as its focus town centres and high streets. Local people and businesses in the Walworth Road area will be a key consultee in this process. The preparation of the New Southwark Plan will provide an opportunity to review planning policies relating to retail and town centres, and their contribution to securing a balanced mix of uses and the viability of town centres.
31. The council has already taken steps to strengthen its position through the implementation of Article 4 Directions which remove “permitted development” rights for changes of use to A2 class uses (financial and professional services which include betting shops and pay-day loan shops) from other retail uses, ensuring that such changes require planning permission.
32. The council intends to commission a study to explore the longer term viability of the Walworth Road and assess underlying challenges and how these might be addressed in a coordinated way. Extensive consultation with local residents and the business community, and the impact of wider regeneration initiatives, will be central to this study. This is also addressed under recommendation 7 of the *Cabinet Members Response to Overview and Scrutiny Committee Recommendations Report* (paragraphs 34-35).

Community impact statement

33. The Town Centre Growth Fund (‘the High Street Challenge’) will be open to a wide variety of individuals and organisations representing town centres and high streets from across Southwark. These will include: business networks; groups from the arts or creative sectors; educational establishments such as schools, colleges and universities; voluntary sector, community or residents groups; and individual businesses if supported by other local businesses. Promoting diversity in Southwark’s town centres and encouraging wider community participation will be key themes to the fund.

Financial implications

34. The report makes reference to the Town Centre Growth Fund, which is a £600,000 fund to be drawn from the Business Support Fund and from the £100,000 High Street Innovation Fund.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

35. The report requests that the cabinet notes the response prepared by officers in relation to an action plan proposed by a deputation of the Walworth Town Team.

36. Section 1 of the Localism Act 2011 confers upon local authorities a general power of competence, which allows them to do anything that an individual can do that is not specifically prohibited. This general power provides the council with more freedom to work with others in new ways to drive down costs and to do creative and innovative things to meet the needs of the local community.
37. The Public Sector Equality Duty set out under Section 149 of the Equality Act 2010 requires the council to have “due regard” to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic, as part of the process of decision-making. This duty must be complied with before and at the time that a particular policy is under consideration or a decision is taken. The duty is a continuing duty and the council must also have due regard to its aims when the policy or decision is being implemented or reviewed.
38. Advice should be sought from the Director of Legal Services in connection with any specific legal issues arising from the response to the action plan and any proposals which may be developed

Strategic Director of Finance and Corporate Services

39. The financial implications in paragraph 34 above have been noted. The full financial impact of any action arising from the response outlined in this report will be quantified and set out in a separate report if necessary. However, it is observed that funding may be available from the Town Centre Growth Fund, which contains £600k and that an additional CGS capital and revenue grant of £17k for street cleaning on Walworth Road has been received for 2013/14, with a potential further £56k available for 2014/15.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet Members Response to Overview and Scrutiny Committee Recommendations Report (10 December 2013 - Item 18)	Southwark Website	Everton Roberts 020 7525 7221
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4553&Ver=4		
Understanding Visiting & Shopping in East Street Market Report (November 2013). Item 8		
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4		

APPENDICES

No.	Title
	None

AUDIT TRAIL

Cabinet Members	Councillor Victoria Mills, Communities and Economic Wellbeing Councillor Barrie Hargrove, Transport, Environment and Recycling Councillor Fiona Colley, Regeneration and Corporate Strategy Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Authors	Danny Edwards, Strategy and Partnerships Manager Des Waters, Head of Public Realm Jon Abbott, Project Director, Regeneration	
Version	Final	
Dated	16 January 2013	
Key Decision?	Non-key	
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 Members	Yes	Yes
Date final report sent to Constitutional Team	17 January 2014	

Item No. 9.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Selection of a Preferred Partner to Work with the Council to Deliver the Regeneration of the Aylesbury Estate	
Ward(s) or groups affected:		Faraday Ward	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

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

The Aylesbury Estate is unique. There is no other neighbourhood of a comparable size, located so close to the heart of the city, in need of regeneration and with such a committed, active community. Southwark Council is committed to the regeneration of the Aylesbury and to the vision expressed through our Aylesbury Area Action Plan. This commitment transcends political divisions.

Although there have been a number of notable successes to date, including investment in Burgess Park, local schools through Building Schools for the Future, and the completion of over 250 new homes, a new approach to the delivery of the overall programme was required. Together with residents, we took the time to look at possible models for the regeneration and concluded that to deliver this long-term programme, we needed to forge a new long-term partnership with a developer who would bring the experience, skills and financial capacity to work with us to unlock and drive forward the regeneration of the area.

Over the past 18 months, the council has carried out a detailed procurement exercise to secure such a partner. This is a major undertaking for the council and we have structured the procurement to find the very best partner to work with us in the long-term, inviting proposals that responded to our requirements in terms of design and technical implementation, partnering and financial and commercial matters.

Two applicants were shortlisted for the Best and Final offers stage of the procurement and this report recommends that Walworth Unlimited (Notting Hill Housing Trust) is selected as the council's preferred partner.

Walworth Unlimited's proposals include a master plan for the area delivering 3,500 mixed tenure homes within 20 years. 50% of these new homes would be affordable of which 75% would be social rented homes and 25% shared ownership. The proposals include the creation of 1,400 new local employment, apprenticeship and training opportunities, 350 of these within the first five years of the project. The first development area will include a new community building at peppercorn rent; new open spaces including children's play space and youth recreation space and 50 affordable Extra Care homes for residents with long term conditions or disabilities.

The proposals also include providing additional local homes on nearby Notting Hill Housing Trust developments to help tenants and leaseholders in the early phases to find a new affordable home. There will also be an extended shared equity offer to help more resident leaseholders to be able to afford to continue living in the area. The proposals also provide further new community spaces including new health and early years facilities and an enhanced community and economic well-being package including funding of £250,000 per annum for community development for 5 years.

Subject to the decision of cabinet, the next step in the process will be the finalisation of a Development Partnership Agreement with Walworth Unlimited, which is required in order for the council to be able to award the contract. Following which, we look forward to closely working with a partner who will work with the community and the council over the next 20 years to develop a strong neighbourhood where local people choose to stay, and new people choose to make their long-term home.

RECOMMENDATIONS

That the cabinet:

1. Approves the selection of Notting Hill Housing Trust (Walworth Unlimited) as the council's preferred development partner for the regeneration of the Aylesbury Estate on the terms set out within this report.
2. Delegates authority to the chief executive to agree the final terms of the development partnership agreement and all associated contract documents with Walworth Unlimited (in consultation with the cabinet member for regeneration and corporate strategy) and to approve the award of the contract (Gateway 2).
3. Approves the selection of the second placed bidder, the consortium of L&Q\Countryside\Peabody (WE) as reserved partner. In the event that it is not possible to agree the final terms of the development partnership agreement with Walworth Unlimited, that cabinet delegates authority to the chief executive (in consultation with the cabinet member for regeneration and corporate strategy), to exclude Walworth Unlimited and revert to WE to agree the terms of a development partnership agreement to reflect its BAFO submission provided that these terms conform with financial and commercial principles and the council's requirements set out in this report.
4. Notes the financial implications set out in paragraphs 137-146.
5. Notes that the proposed Development Partnership Agreement will deliver £1.25m of funding over the years 2015-2020 for community development services in the Aylesbury area plus a long term income stream from the ground rents payable on the new private and intermediate units.

BACKGROUND INFORMATION

6. On 28 February 2011 cabinet agreed a way forward to maintain the council's momentum in progressing the regeneration of the Aylesbury Estate, in line with the Aylesbury Area Action Plan (AAP). It agreed that officers should give further consideration to the possibility of establishing a longer-term development partnership that would deliver the regeneration of the whole area.

7. Development partnerships comprise a long-term partnership (typically 15 to 30 years), whereby an over-arching contractual agreement (a Development Partnership Agreement (DPA)) provides for the partner to draw down parcels of land for development from within a larger development area. The partner also has responsibilities for the development of master-planning and other strategic implementation activities such as delivering infrastructure.
8. In addition, the partner has a major role in ensuring that the development delivers social and economic benefits as part of the regeneration. They have a strong community role, working to make sure that the regeneration is not just about development, but also about people, supporting job creation and vulnerable residents. In the longer term, housing and area management responsibilities will also be led by the partner as more new housing is built to replace the existing blocks.
9. This approach was adopted as it was felt that it would:
 - Bring greater momentum to the regeneration, as a longer-term partner would have a stake in the future of the wider area
 - Bring a wider level of expertise to help with development roll-out
 - Help to ensure a more coherent housing and estate management approach.
10. On 15 May 2012 cabinet approved a Gateway 1 report setting out the procurement strategy for Aylesbury Regeneration Development Partnership. This was to use a 3-stage negotiated procedure under the Public Contracts Regulations 2006.
11. Through this procurement, the council was seeking a partner to support the delivery of the council's vision for the regeneration of the Aylesbury. This vision is to regenerate the area so it becomes a vibrant part of the Walworth neighbourhood with:
 - Homes that have a range of tenure and ownership options that are attractive and affordable for local residents and new people moving to the area
 - A mixed community including families, elderly and vulnerable people
 - Excellent schools, improved transport, community facilities and new businesses
 - High quality architecture and public realm.
12. The Gateway 1 report set out the procurement strategy that would provide the framework for the selection of a preferred development partner. These principles, established and agreed by cabinet in May 2012, have been followed throughout the procurement process and are set out within this report.
13. It is proposed that the DPA with the development partner for the Aylesbury will have an initial focus on Site 1b\1c within Phase 1 of the AAAP (Bradenham, Chartridge, Arklow House and Chiltern) with detailed agreements for the draw down of land and redevelopment of subsequent phases. Site 1b\1c and the total extent of the land included in the agreement is shown in the plan at Appendix 1.
14. Site 10, which is the planned community hub within phase 1 of the AAAP and is shown in the plan at Appendix 1, was included in this procurement but as a

separate element. Whilst the layout of this site was included in the master plan, no detailed design work was required and it was not included in the financial offer for the overall programme. However, it is proposed that it is bought forward as part of phase 1 and delivered by the development partner on the basis of the principles established through this procurement.

15. It is proposed that if the selection of the preferred partner is agreed in accordance with this report, demolition will start on Site 1b\1c early 2015 with construction taking 6 years and completing in 2021 delivering over 800 new homes. A detailed programme for the development of the whole area is set out in paragraph 105.

16. **Procurement project plan**

* provisional target dates

Completed stages shown shaded grey

Activity*	Complete by:
Approval of Gateway 1: Procurement strategy report	15 May 2012
Final evaluation criteria agreed by Director of Regeneration	10 Sep 2012
OJEU notice	12 Sep 2012
Stage 1: Combined Pre qualification questionnaire (PQQ) and outline proposal submission	Dec 2012
Stage 1 Evaluation and preparation for Stage 2	Jan 2013
Stage 2: Detailed proposals submission (max 3 applicants)	May 2013
Stage 2 Evaluation and preparation for Stage 3 (inc. forward plan for Cabinet decision).	Jul 2013
Stage 3: Best and Final offer submission (max 2 applicants)	1 Nov 2013
Stage 3 Evaluation and Cabinet decision to appoint preferred partner and to award contract within agreed commercial and financial parameters. Issue of preferred bidder letter.	28 Jan 2014
Contract finalisation period	3 Feb-14 March 2014*
DCRB/CCRB review	27 March 2014*
Approval of Gateway 2 Contract Award report	11 April 2014*
Standstill Period Scrutiny Call-in period and notification of implementation of Gateway 2 decision	25 April 2014*
Contract award and start	28 April 2014*
Contract completion date (20 year contract)	April 2034*

Procurement process to date

17. It was noted in the Gateway 1 that a further report would be submitted to cabinet to seek approval to appoint a preferred partner for the Aylesbury regeneration partnership at the end of stage 3 (BAFO) but that the short listing of applicants at the end of stage 1 (PQQ and ISOP) and stage 2 (ISDP) would be dealt with through the delegated approval of the director of regeneration.
18. The Gateway 1 set out that the maximum number of applicants shorted listed for each stage would be three for stage 2 and two for stage 3.
19. Stage 1 of the procurement combined a Pre-Qualification Questionnaire (PQQ) and Invitation to Submit Outline Proposals (ISOP). This stage started on 10 September 2012 with the publication of the OJEU notice and lasted 3 months.
20. Four proposals were submitted. The proposals were evaluated and all applicants passed. However, in accordance with the agreed procurement process which set out that a maximum of three applicants could be taken forward to the next stage, the lowest scoring applicant was not shortlisted.
21. The other three applicants were taken forward to stage 2 the Invitation to Submit Detailed Proposals (ISDP). This stage started on 25 January 2013 and lasted 4 months. Proposals were submitted by all three shortlisted parties at end of May.
22. These ISDP proposals were evaluated and all passed. However, in accordance with the agreed procurement process which set out that a maximum of two applicants could be taken forward to the next stage, the lowest scoring applicant was not short listed to go forward to the next stage 3, Best and Final Offers (BAFO).
23. The two applicants shortlisted to submit their BAFO proposals badged their bids and are referred to throughout this report by that name for ease of reference

Walworth East (WE) L&Q/Countryside/Peabody

Walworth Unlimited Notting Hill Housing Trust

24. The procurement has, in the main, been delivered according to the original timescales. Stages 1 and 2 were completed in line with the procurement plan set out in the Gateway 1 report. Stage 3 was completed on 1 November. There was an agreed 6 week extension to this stage to allow for further detailed development of the BAFO documentation to meet the council's requirements. Stage 4, contract finalisation, is due to start in February if cabinet decides to select a preferred partner.

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

25. As set out in the Gateway 1 report, the outcome of the procurement will be the appointment of a development partner that will work with the council to deliver the regeneration of the Aylesbury Estate over a period of 20 years with options to extend in particular circumstances.

26. The aim of the procurement has been to structure the council's requirements and invite proposals from applicants that would best deliver the council's vision for the regeneration of the area.
27. The conclusion of stage 3 of the procurement process is a recommendation for the selection of a preferred and reserved development partner.
28. The preferred development partner will be invited to agree a Development Partnership Agreement (DPA) and a business plan including an implementation master plan that will set out the framework for the delivery of the overall objectives of the project.
29. The business plan will be based on the preferred development partner's proposals and designed to meet the council's objectives. It will be governed by a number of key commercial and financial principles that set out both the partner's and the council's responsibilities.
30. In the event the council is unable to agree the contractualisation of the preferred development partners' tender, the council reserves the right to exclude the preferred development partner and revert to the reserved partner and to repeat the stage 4 process with the reserved development partner.
31. The following paragraphs set out the key principles of the proposed agreement.

Commercial principles

32. The council will enter into a long-term development partnership agreement of approximately 20 years with extension provisions for up to 10 years. This agreement will govern the relationship between the parties and establish the terms of land-transfer.
33. Appendix 1 provides a plan of the area to be covered by the partnership, which includes the entire estate with the exception of sites 7 and 1a, as defined in the Aylesbury Area Action Plan (AAAP), as these sites are already under development.
34. The agreement will give the partner the opportunity to draw-down parcels of land for development across the Aylesbury Estate, subject to pre-agreed conditions and satisfactory performance against milestones on previous phases. The land will be transferred on the basis of the grant of long leases (250 years). The development of plots will only proceed when all the conditions precedent (such as funding, planning, consents, and vacant possession) have been met.
35. The agreement will also require the partner to work with the council to address a range of strategic implementation issues including the provision of community spaces and public realm.
36. Once the partner has drawn-down a parcel of land, they will also become responsible for long-term area and housing management within that parcel.
37. The development will be undertaken in phases with the first development site being Site 1b\1c as shown in Appendix 1. Subsequent phasing of development plots will be on the basis of an agreed implementation master plan taking into

account re-housing of existing residents of the estate, infrastructure constraints, and the remaining life/investment requirements of the existing blocks.

Financial principles

38. The proposed contract will include provisions for the payment of a fixed price for the first development site, payable in instalments as the site is developed.
39. The council has ensured that its "best consideration" obligations on the disposal of land have been covered through the procurement competition and the assessment of applicants' financial proposals on land value. This has also included a requirement for an overage mechanism which will enable the council to benefit from any increased revenue from sales.
40. There will be a commitment to deliver other elements of the proposals for example community space, employment and training places.
41. Land value for subsequent development sites will be established through an agreed financial model under which these and other key financial elements of the agreement will be regulated. The inputs to this model in respect of a fixed profit, investment from the registered provider in the affordable rented units and the council's share of overage have been set as part of the procurement and will form part of the contract.

Council's minimum requirements

42. In addition, the DPA will stipulate core minimum requirements that must be met by the partner. These are based on the key development principles established in the AAAP and other principles that support the council's vision.
43. The procurement documentation was developed to test applicants' response to these requirements. In summary, these minimum requirements included:
 - Minimum of 50% of the housing to be affordable (calculated by habitable room); of which, 75% to be social rent (at target rents); and 25% to be intermediate products (shared ownership or shared equity)
 - Minimum 30% of all units to have three bedrooms or more
 - All affordable units must meet the space standards of either Parker Morris +10% (+5% for intermediate) or the London Plan 2011 as a minimum and include outside space
 - Tenure blind: the development will need to adhere to tenure-blind principles – it should not be possible to distinguish visually between properties with different tenures externally and there should be a good mix of tenure types across dwelling types, for example there should be both affordable and private houses
 - The council will require 100% nominations rights on all target rented units and re-lets while there is still a need to re-house existing Aylesbury tenants
 - Funding of £1.25m for community benefit over the first 5 years and the provision of a new community building on the first development site at a peppercorn rent
 - The ring-fencing of ground rents from private and intermediate units for the maintenance of non-adopted shared spaces (for example, community gardens and play areas) or for other locally based programmes.

44. It should be noted that these requirements are very stringent in the overall context of the development of affordable housing in London with the adherence to target rents and the high percentage of these social rented units in the overall development mix.
45. The council's requirements set out in the agreement also included:
- Shared equity products for Aylesbury leaseholders structured to be affordable and attractive for them
 - Delivery of economic and community benefits for local residents from the regeneration including the delivery of programmes e.g. employment and training
 - A requirement for the partner to finalise key regeneration strategies, including marketing, communications and involvement, economic and community well being and area management (including approach to interim usages and the security of sites pending demolition/development)
 - Agreed marketing, communications and involvement protocols.
46. It is not envisaged that the partner will be responsible for the management and maintenance of the existing estate, however, at some time in the future, the council may wish to agree that the partner takes some responsibilities linked to the existing buildings subject to the scope of this procurement.

Council obligations under the proposed DPA

47. The council will have overall responsibility for land assembly and the delivery of vacant possession of the development sites throughout the agreement.
48. On the first development site (1b\1c) the council will be obliged to continue with the current programme of re-housing tenants and buying back leasehold interests until there is vacant possession of the whole site. This will include making a Compulsory Purchase Order if required.
49. The council will also be obliged to bear the cost of the demolition of the existing blocks to top of slab level. There will be an option in the DPA for the council to procure the demolition of the existing building through the partner. A separate gateway report will be brought for approval after signature of the DPA to either exercise this option or require approval of an alternative route. The financial implications of funding the demolition works and the re-housing commitment on phase 1 (shown edged with the dotted line on the plan at Appendix 1) and phase 2 (all the sites to the east of Thurlow Street including Wendover) are set out in paragraph 145.
50. Over the life of the programme, the council will be obliged to deliver vacant possession of phases and plots as set out within the agreed implementation master plan. However, this obligation will be structured in such a way that the council's obligations will be linked to the partner's obligation to deliver as a minimum, firstly, a pre-agreed level of units at target rent to re-house existing Aylesbury tenants and secondly, intermediate products that meet the needs of existing Aylesbury leaseholders. The agreed approach to vacant possession would be set out in a vacant possession strategy document within the business plan that will form part of the DPA.

51. Statutory consents: The council will be responsible for any necessary statutory consents which only it can obtain, including those relating to land disposal. Examples may include stopping up and adoption of highways.
52. The key principles and the council obligations set out in paragraphs 32-51 above would remain the same whether contracts are finalised with Walworth Unlimited or WE.

Policy implications

53. The procurement of a development partner is intended to ensure continuity of construction in line with works already complete on Phase 1a and underway on Site 7, as well as completing the regeneration of the Aylesbury Estate in line with the principles set out in the Aylesbury Area Action Plan and the council's core strategy. Both the Aylesbury area action plan, approved by council assembly in January 2010, and the core strategy, approved by council assembly in April 2011, set out the council's detailed vision for the future of the Aylesbury and provide the planning policy framework for the area.
54. The regeneration of the Aylesbury Estate is a key priority for the council as identified in promise nine of the Leader's ten fairer future promises in the council Plan adopted by cabinet in July 2011: 'Bring the full benefits and opportunities of regeneration to all Southwark's residents and build new family homes on the Aylesbury Estate and at Elephant and Castle'. The proposed DPA will deliver this promise by providing new homes on the Aylesbury, as well bringing economic and employment opportunities for local residents and businesses.
55. The economic and community proposals developed in line with the council's requirements will also help support the delivery of the ambitions set out in the council's economic wellbeing strategy approved by cabinet November 2012.

Tender process

Development of documentation

56. As set out in the Gateway 1 the procurement documentation through the three stages was structured to test the key attributes of the potential partners and develop proposals that responded to the council's requirements for the delivery of this regeneration programme.
57. These attributes were as follows:
 - Development implementation – ability and capacity to manage the delivery of a major area redevelopment.
 - Design – skills to develop designs for the area and first development site that provided vibrant range of high quality tenure-blind urban design solutions.
 - Area management – ability to manage new housing ensuring a coherent service for residents.
 - Economic benefits – ability to provide tangible economic opportunities for residents through the regeneration and beyond and to provide stimulus to the local economy.
 - Strategic marketing – ability to improve the profile and reputation of the Walworth area, attracting new residents and people interested in the

economic opportunities that the newly developed area presents.

- Partnership working – commitment to working in close partnership with the council and residents, involving residents at each stage, from design through construction, to housing management; and working in partnership to respond to changing circumstances and challenges over the lifetime of the partnership.
- Commercial and financial robustness – willingness and ability to accept a proportional level of commercial risk associated with the redevelopment, and the financial capacity to invest upfront for returns released as a result of successful area redevelopment, delivering housing products that are affordable for Aylesbury residents.

58. Overall the procurement was structured to find a partner who could demonstrate these attributes and deliver a development that meets the council's minimum requirements and addresses the council's expectations within a the set of clear financial and commercial constraints identified in paragraphs 32-41 above.
59. The development of the procurement documentation has closely followed this structure in developing the council's minimum requirements and expectations.
60. The cabinet delegated authority to the director of regeneration to agree the final evaluation criteria to be used to shortlist applicants at each stage. These were approved on 10 September 2012 and circulated to the cabinet for information.
61. The Aylesbury regeneration team worked with officers from legal, finance and procurement and the project's external advisors Eversheds, Grant Thornton and E C Harris to develop the procurement documentation for this project including the detailed evaluation criteria and weightings
62. This documentation was also discussed with officers from the GLA and the focus group of local residents and stakeholders, and their comments included.
63. At all three stages, the documentation was drafted in three parts and applicants proposals were evaluated using criteria designed to test their ability to meet the council's requirements as follows:

Quality elements of the proposals

- Part A – Design and implementation
- Part B – Partnering – including marketing, communications and involvement; economic and community well being; area management and partnership working

Financial and commercial elements of the proposals

- Part C – Financial and commercial robustness

64. The following principles were applied to the weighting of the evaluation criteria.
- 60% of the weighting given to quality as the quality of this contract will influence the physical, social and economic regeneration of this area. This is broken down as follows:

Part A	Design and implementation	30%
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Part B Partnering 30%

- 40% of the weighting given to Part C Financial and commercial considerations.

65. The weightings for each part have been followed through from stage 1 with some minor adjustments to topics within the parts. These adjustments were notified in advance to all applicants at each stage.

BAFO proposals

66. Within Parts A, B and C applicants were invited to submit proposals in response to requirements set out in various topic areas.

67. Part A consisted of plans, drawings and text describing their proposed design master plan and implementation proposals for the Aylesbury area with more details provided in respect of the first development site 1b\1c and details of their re-housing offer. In part B this consisted of proposals in respect of the partnering topic areas set out in the table at paragraph 69 below.

68. Part C was a financial offer for the first development site together with proposals in respect of their profit, investment in the affordable housing and sharing of overage with the council over the life of the programme.

Sub-weighting for topics

69. The weighting for each part, topic area and section is set below.

Part A: Design and Technical 30%			
Topic	Design - Area Master Plan and first development site	55	
	Master plan layout		20
	Site 1b/1c: site layout and organisation; dwelling layouts		20
	Energy and environmental sustainability strategy		5
	Accommodation mix: schedules area-wide; 1b/1c and plots 1-3		10
Topic	Implementation	45	
	Strategy statements (overall phasing, demolition and construction, infrastructure delivery, energy)		25
	Plans and diagrams		
	Implementation programme including 1b\1c		
	Decommissioning/diversion strategy		3
	Response to council VP strategy and re-housing offer		14
	Transition		3
TOTAL PART A		100	

Part B: Partnering 30%			
Topic	Marketing, communications and involvement	25	
	Strategic marketing		5
	Initial marketing, communications and involvement strategy		10
	Marketing, communications and involvement protocol		10
Topic	Community and economic wellbeing	25	
	Employment and training offer		12
	Economic development offer: brief headings		2
	Supply chain management / diversification		3

	Community well being offer- named staff posts and roles		5
	Community involvement - strategy for interim uses area wide-proposals for site 1b/1c		3
Topic	Area management	30	
	Affordability		14
	Accountability		7
	High quality management		5
	Business Plan for non adopted shared spaces		4
Topic	Partnership management	20	
	Staffing strategy		5
	Key job descriptions		5
	Co-location strategy		5
	Project plan - first 250 days		5
TOTAL PART B		100	

Part C: Financial Commercial 40%			
Topic	First development site 1b/1c financial offer	35	
	Fixed Land Value plus Overage [x%] – value based on applicant threshold and council assumption on sales values less Management Fee on demolition		35
Topic	Financial management of programme and inputs to the financial model	30	
	Profit fixed %		12
	RP equity investment		12
	Overage offer		6
Topic	Key Commercial Principles/Heads of Terms	35	
	Response to proposals		35
TOTAL PART C		100	

70. As at previous stages, a clear methodology for evaluation was set out and proposals assessed within a very prescriptive framework. The marking system responded to the council's minimum requirements and baseline requirements.
71. The overall evaluation criteria used at the BAFO stage was the same as at the earlier stages and it was not possible to change these although some small adjustments were made within topic areas.

Tender evaluation

72. The BAFO papers were issued on 2 September 2013 to the two applicants, WE and Walworth Unlimited. This stage has involved a schedule of negotiation meetings over 8 weeks to develop applicants' proposals submitted at the second stage and to enable the preparation of their final proposals.
73. Proposals were submitted by both applicants on 2 November 2013 prior to the stated deadline.
74. The evaluation of the relevant sections of the submissions was carried out by the following officers and advisors:
- Aylesbury regeneration team

- Finance and legal officers
- Aylesbury area housing manager and team
- Housing repairs and maintenance
- Planning and highways departments
- Strategy and partnerships
- Communications
- E C Harris (technical)
- Grant Thornton (financial)
- Eversheds (legal)

75. The GLA and the focus group, whilst not part of the formal evaluation, were also provided with copies of the design and partnering sections of the submissions and their views sought.

Scoring

76. The proposals in each section of the topics in Parts A, B and C were scored out of 5 with a 3 being a pass where the response met the minimum requirements and baseline requirements. A response was marked as a 4 or 5 only where the minimum requirements were exceeded and some or all of the council's expectations addressed and innovative and creative proposals included.
77. Applicants were required to achieve a minimum combined weighted score for each Part of 60%. The scoring system permitted an overall pass of each Part, even where one topic was failed, so long as sufficiently high scores were achieved in other topics within that Part.
78. A minimum aggregate weighted score of 60% overall across Parts A, B and C was also required to pass the BAFO stage.
79. The closed report sets out the scores for the two applicants.
80. Set out below is a brief commentary on the two submissions for Part A and Part B.

Summary of submissions

Part A Design and Technical

81. Walworth Unlimited was strongest overall in the design and technical implementation part.
82. Both applicants' master plans reflected the broad principles of the AAAP in terms of massing, densities and layout but Walworth Unlimited's master plan took the design further to bring character and variation at local level and to stitch effectively the new development into the existing urban context. WE's master plan was a sound proposal. It introduced some design development with well designed open spaces and major routes although their proposal would have benefitted from more character and variety at local level.
83. In respect of the first development site, both applicants presented good proposals with an accommodation mix that included tenures well distributed along the park frontage and across the dwelling types. The Walworth Unlimited scheme demonstrated a coherent massing along the park frontage and good

approach to the building design. WE's proposals were well considered overall with some innovative terrace houses, however the massing of buildings along the park frontage and the facade design of the tall buildings lacked sufficient definition as distinct buildings.

84. In terms of technical implementation, Walworth Unlimited's proposal was good, presenting a clear and considered approach supported by detailed drawing information. Their re-housing offer met the council's requirements. WE's implementation proposal set out a logical and viable approach that gave overall confidence to deliver but some of the information was limited. Their detailed proposals for the first development site included large areas of land for interim uses and their re-housing offer for tenants was good, as the two registered providers within the consortium have significant local stock.

Part B Partnering

85. Walworth Unlimited was also strongest overall in the partnering part, scoring highest in the Marketing, Communications and Involvement (MCI), Community and Economic Well-being and Area Management topics. Both applicants scored equally in Partnership Management.
86. The draft MCI strategy and protocol submitted by Walworth Unlimited demonstrated a clear commitment to involving the local community and set out a consistent and innovative approach. WE's proposals contained some good precedents for a Residents Charter, however some sections of both the strategy and protocol were limited.
87. Walworth Unlimited's economic and community wellbeing submission was strong and exceeded the council's stated requirements in terms of the number of employment and training opportunities offered for local residents, and the additional posts offered to support the council's aims of tackling worklessness, supporting re-housing and community involvement. WE's proposals were good and also exceeded the requirements. However the commitment to supply chain management lacked clarity.
88. Walworth Unlimited area management proposal was clearly and consistently set out, offering transparency to residents and a good approach to cross-tenure management. WE's proposals for area management were satisfactory although some aspects of the submission were not totally clear, in particular the approach setting out how the different landlords would work together to deliver services over the lifetime of the project.
89. Both applicants scored the same in Partnership Management. Walworth Unlimited's approach to staffing was good, with well defined job descriptions for the key project roles and a strong strategy for staff continuity and induction. Their co-location proposal, however, presented limited information only which impacted on their overall score. WE's staffing strategy was sound overall as was their co-location strategy.

Part C Financial and Commercial

90. Walworth Unlimited was also strongest overall in the financial and commercial section. Comments on both applicants' Part C proposals are set out in the closed report.

Overall outcome of evaluation

91. Walworth Unlimited were the strongest applicant. They scored highest both overall and for each part in accordance with the evaluation methodology described in this report. It is therefore recommended that Walworth Unlimited is appointed as the council's preferred development partner.
92. Although WE scored lower marks than Walworth Unlimited, they achieved a strong pass overall and it is recommended that that WE are appointed as the council's reserved partner.

Summary of offer from Walworth Unlimited

Design and implementation

93. Design:
 - Master plan for the area delivering 3500 mixed tenure homes (50% affordable with all rented units at target rents for 250 years) to meet the council's requirements.
 - Detailed proposals for first development site that form a sound basis for consultation and the early submission of a planning application.
94. New mixed tenure housing and community building to meet council requirements – first development site:
 - Proposals for over 800 new homes including over 50% affordable housing
 - tenure mix including affordable units overlooking park
 - mix of unit sizes in line with Aylesbury Area Action Plan
 - a new 250m² fully fitted community building at peppercorn rent
 - 50 extra care units; mixed tenure (additional to 50% affordable homes)
 - 6 learning disabled units.
95. Public realm improvements:
 - extensive works to the surrounding public realm; remodelling Albany Road providing a new Westmoreland Square with new re-designed highways throughout the area
 - new shared spaces including children's play space and youth recreation space
 - excellent tree retention and re-provision.
96. Clear implementation plan:
 - Completion of development of first site by 2021 – 6 years from start on site
 - Deliver of a total of 3500 new homes by 2032 – 17 years from start on site
 - Energy strategy that will provide a good level of energy efficiency.

Partnering

97. Support for council with re-housing:

- shared equity units; (no rent, affordable for Aylesbury leaseholders)
- target rented units off site in Notting Hill's own stock.

98. An enhanced community and economic wellbeing package:

- funding of £250,000 per annum for community development for 5 years as required by the council
- over 1,400 employment, apprenticeship and training opportunities in a range of jobs
- posts dedicated to support community and economic wellbeing in the area
- interim uses for vacant sites
- as required by the council, ring fenced ground rents for the delivery and ongoing maintenance of shared play areas; small parks and community gardens or other community initiatives
- detailed proposals for involving residents and ward members in area management.

Financial and commercial

- In addition to the offer for the land, a £9m payment to the council for infrastructure in accordance with the council's requirements
- Fixed profit over the life of the programme
- Council to receive a share of the overage
- Investment from Notting Hill in the phase 2 rented units.

Selection of a preferred development partner and contractualisation of tender

99. The next stage is contract finalisation and preparation for this is underway. Detailed contract documentation has been prepared including a draft Development Partnership Agreement annexing a draft Business Plan.
100. Following approval of the recommendations in this report, a preferred bidder letter will be issued and this will need to be agreed and signed by both parties. This will include the detailed points for agreement prior to contract award.
101. The draft contract documentation will be developed to incorporate Walworth Unlimited's specific proposals and sent to them along with a detailed timetable of contract finalisation meetings that will take place during February and March with a view to closing contracts in line with the procurement plan.
102. The meetings will be led by the Aylesbury Team with support from specialist council officers and external legal, financial and technical advisors as required. The meetings will be held over a planned period of 6 weeks and will be tightly managed with a legal protocol in place that ensures once agreed detailed points cannot be reopened.
103. A summary of the key points to be detailed in the agreement are set out in the closed report. Authority is sought for the CEO in consultation with the cabinet

member for regeneration and corporate strategy to agree the final details of the agreement and award the contract.

104. Whilst WE were the second placed applicant they scored a strong pass overall and in the event that the council are unable to reach agreement with Walworth Unlimited on completion of the DPA, the council is in a position where it could exclude Walworth Unlimited and revert to WE with a view to appointing them as the council's partner. This report therefore recommends that they are appointed as reserve partner.

Development programme

105. It is planned that development will proceed in line with the dates set out in the table below.

Delivery of regeneration of Aylesbury Area		
Phase 1	Vacant possession of first development site achieved	March 2015
	Demolition	March - Dec 2015
	Construction of 820 new homes and community space	Jan 2016 – Sept 2021
	Construction of community and health buildings and 100 new homes on Site 10	July 2016 – Dec 2018
Phase 2 AAAP Sites 4,5 and 6	Re-housing starting with Site 4 (most southerly site opposite Burgess Park)	April 2014 – end 2018
	Vacant possession and demolition	First sites 2018
	Construction of 885 new homes	2018- 2023
Phase 3	Re-housing starting with Site 4 (most southerly site opposite Burgess Park)	2018-2020
	Vacant possession and demolition	2021
	Construction of 278 new homes	2021-2024
Phase 4	Re-housing, demolition and construction of 1455 new homes	2020-2032

Plans for monitoring and management of the contract

106. A partnership steering group will be established, including senior representatives of the council and the partner. This steering group will act as the key forum for managing the contract and agreeing how to manage emerging challenges.
107. On a day-to-day basis the Aylesbury regeneration team would act as the main contract management interface with the partner. The team includes a post of development partnership broker who would be the principal contract manager.

108. The contract will include clear deliverables and milestones in terms of the implementation of the development including obtaining planning consent and constructing the new buildings, public realm and open spaces
109. In terms of performance management the contract will include provisions in relation to Value for Money and Key Performance Indicators.
110. Value for Money (VfM): Costs for all services delivered through the partnership (both those linked to general obligations and site delivery, including costs for demolition and development costs) will be subject to benchmarking or market testing, in accordance with pre-agreed principles which will be clearly set out in the documentation.
111. Key Performance Indicators (KPIs): A KPI regime has been agreed in principle and the details will be agreed during contract finalisation. The overall objective is to encourage and incentivise the performance of the partner to deliver the contractual requirements and also go beyond these.
112. The KPIs will include target dates for all phases and plots. Other KPIs will cover aspects of the partner's performance, including for example resident involvement and satisfaction with housing management services and the delivery of economic and community benefits.

Identified risks for the new contract

113. The key procurement and contract risks are set out in Appendix 2. This identifies the scenarios that could possibly have an adverse impact on the completion of the DPA and the delivery of the programme and the steps that the council and the partner can take in terms of mitigation.

Community impact statement

114. An Equalities Impact Assessment was carried out as part of the AAAP. While this did not assess all of the groups with protected characteristics identified under the 2010 Equalities Act, the outcomes of that assessment are still valid and are not altered by this contract. The overwhelming impact on local people will be positive from this contract. The realisation of the regeneration vision for the area will bring quality new affordable homes and an improved environment. However, in order to realise this ambition it will require the existing residents (tenants and leaseholders) of Aylesbury to be re-housed. This is a difficult and often stressful process for residents, many of who have lived on the estate for many years. An updated equalities analysis will be produced as part of the process of preparing a planning application for the estate.
115. The housing department through the Aylesbury area housing office leads on the re-housing of the Aylesbury residents. The council is currently actively re-housing site 1b/1c. There are currently approximately 60 secure tenants remaining and it is planned that all tenants will have moved to new homes by the end of March. There are 30 leasehold interests still to buy back. The next phase for re-housing will be Sites 4, 5 and 6 within the AAAP with the details to be agreed with the partner.
116. Tenants are currently re-housed through re-lets of the council's 38,000 properties currently under secure tenancies, in addition to properties at target rent from housing associations. The availability of housing association properties

at target rents will diminish in the future due to the introduction of the new affordable rent regime. The impact of this has been modelled and it is anticipated that it will be possible to re-house the majority of tenants living in phase 1 and phase 2 off-site. The partner will also provide a pre-agreed supply of units over the next 10 years at target rent. Tenants are provided with home loss payments and are given support to move home.

117. The council seeks to negotiate voluntary agreements for lease surrender or repurchase with leaseholders. The council recognises that many of the council leaseholders are not able to easily afford alternative residential accommodation in the local area. To this end, the council offers an enhanced re-housing package for affected homeowners. Subject to certain qualification criteria, they may be re-housed as a council tenant, a housing association tenant, or offered a suitable alternative property from the council on full or shared ownership terms. The council also provides a payment to compensate for disturbance, covers reasonable fees and provides help with moving.
118. The council recognises that even with this enhanced re-housing offer, many leaseholders are still highly reticent about agreeing to voluntary repurchase, to move to a shared-ownership property. To this end, the council has more recently sought to facilitate shared-equity type products that do not have a rental component, with levels of equity investment that are affordable. The council is of the view that it will be critical to securing as many voluntary repurchases as possible, that the partner tailors its intermediate product to the needs of the existing leaseholders. The partner is offering shared equity units from within its own existing stock and in the new Aylesbury units to support the re-housing of Aylesbury leaseholders.
119. On 9 February 2010, the council's then executive resolved to use its CPO powers under section 13 of the Local Government (Miscellaneous Provisions) Act 1976 to acquire land and new rights within the identified phase 1 of the Aylesbury regeneration project. The council uses its CPO powers where it is deemed that it will not be possible to negotiate voluntary agreements for lease surrender or repurchase. It is intended that a further report will come to Cabinet recommending that the resolution to make a CPO is renewed in respect of the first development site (Bradenham, Chartridge, Arklow House and Chiltern).
120. This contract will also deliver significant benefits for local residents in terms of economic benefits to the area, this will include commitment to maximising the use of local supply chains and labour, in addition to offering training and employment opportunities (such as apprenticeships).
121. The council has also secured the partner's commitment to London Living Wage.
122. This agreement will deliver significant community benefits including, dedicated staff for supporting community well-being over the next 20 years, a new community building at a peppercorn rent on the first development site and high quality outdoor spaces.
123. A legacy for long term community benefit will also be provided through the ring-fenced income stream from the ground rents on the private and shared ownership residential units.
124. No additional impacts from those previously recorded in the background papers are likely as a consequence of this decision.

Economic considerations

125. The partner will be providing a significant number of employment and training opportunities over the life of the partnership.
126. Local economic benefits will form a key part of the agreement. The partner will be required to:
- Advertise supply-chain opportunities in local press, and a range of publications to reach small businesses, ethnic minority owned business and social enterprises
 - Require their contractors/suppliers to engage with borough-wide employment programmes such as Southwark Works and Building London Creating Futures to support unemployed residents' access to training, skills and sustainable employment
 - Require their contractors/suppliers to engage with apprenticeship schemes, and commit to providing an agreed level of apprenticeship opportunities per annum
 - Fund and procure a study that will look at how the non-residential space within the new development will support existing businesses and employment and create new opportunities.

Social considerations

127. The scale of the council's requirements have meant that only large developers were able to respond to this procurement process. However, the successful partner will be required to ensure that their supply chain opportunities are accessible to a variety of suppliers including SMEs, BMEs, women and disabled-owned businesses and the voluntary and community sector.

Environmental considerations

128. The proposal sets out an approach to securing environmental benefits for the whole development area and covers energy, water, transport and use of natural resources, water and habitat and sustainable living initiatives. The proposal meets with planning policy requirements, standards set out in the London Plan and current building regulations.
129. As part of the initial planning application, the development partner will be required to submit a full Environmental Impact Assessment (EIA) for the development area, which will include a suite of detailed surveys and reports setting out how the new development will impact, mitigate and improve the existing environmental condition. This assessment will be renewed throughout the development period in relation to site-by-site planning consents.

Market considerations

130. The contract will include a detailed KPI performance management regime which will place the onus on the partner to report on cost-benchmarking and key performance indicators (including resident satisfaction and delivery against milestones).

131. Where the council is making payments for the delivery of capital works (infrastructure and demolition primarily), these will be made according to a pre-agreed schedule of payments linked to milestones, and will be benchmarked to ensure value for money.

Staffing implications

132. The council is committed to funding the dedicated Aylesbury team required to manage the completion of this procurement and the contract going forward.
133. Significant input will also be required from housing, corporate finance, legal, procurement and economic development. These will be managed within existing resources.
134. A procurement project group has been established to oversee the completion of the procurement and includes officers from regeneration, procurement, housing, corporate finance, legal and economic development. External legal and finance advisors are also included in this group.
135. During the contract finalisation stage a core group will be established to tackle strategic multi-disciplinary issues. Each group will include senior representatives from the bidder, senior officers from the Aylesbury regeneration team, external advisors and other officers as appropriate to the agenda.

Financial implications

136. The Gateway 1 approved total procurement costs of up to £2.3m, spread over three financial years from 2012/13 through to 2014/15. Any release from earmarked reserves to meet these costs should be approved by the strategic director of finance and corporate services in consultation with the cabinet member for finance, resources and community safety.
137. The total costs of this procurement to date are £696,000. External advisors have fixed elements of their work from the outset, with other elements of work being fixed as the programme progresses. The budget will be monitored and re-profiled at each key programme milestone, and reported through council financial reporting mechanisms.
138. Current programme staffing costs will be covered by existing budgets for the next five years. Staffing costs of £250,000 per annum will be covered from 2019/20 onwards by the DPA as part of the development costs.
139. The council's financial advisors (Grant Thornton) have assessed the financial viability of the overall development, and concluded that if the sale value of the private housing increases by an average of 3% per annum in real terms, the scheme moves into surplus over its lifetime with no net public sector investment required. Based on historical trends since the second world war, there is a reasonable expectation that such increases will occur and may be exceeded, as the general market improves, the redevelopment progresses and the Elephant & Castle regeneration is completed.
140. It should be noted that the material financial assumptions in the financial model developed by Grant Thornton have been tested through the land transfer of site 7 (1-50 Wolverton) and Site 1a have been demonstrated to be prudent.

141. However, Grant Thornton have concluded that there will be the need for public sector investment in land assembly over the first ten to fifteen years, which subject to market conditions, may be expected to be recouped over the remainder of the development programme.
142. Land assembly is estimated to take 15 years and includes the re-housing of tenants, the buy-back of all non-council owned interests including residential leaseholders and the demolition of the existing blocks. The estimated cost of the land assembly for the whole estate is approximately £150m spread over 15 years. These costs are front loaded to some extent within this period as many of the larger blocks are in the early phases and the council wishes to buy back as many leasehold interests as possible by agreement at an early stage in the regeneration.
143. Land receipts in later years will generate significant income for the council that should offset the total land assembly costs.
144. The council has already made provision in its current 5 year housing investment programme of £76.7m. This means that the council has sufficient funds to for site assembly on phase 1 (including the first development site) and phase 2.
145. The council is in dialogue with the GLA regarding the investment needs of the programme. The GLA regard the project as a priority and are working with the council to look at options for investment in the programme.

Investment implications

146. This project will require significant up front investment from the council to deliver land assembly.
147. Investing at this stage should generate land receipts as well as ensure the provision of new affordable housing at target rents.
148. This project will bring significant investment to the area in terms of not only 3500 new homes but also new public realm and other community infrastructure improving the area as a whole.

Legal implications

149. Please see concurrent at paragraphs 158-168 from the Director of Legal Services.

Consultation

150. Consultation has taken place with the Creation Trust, which includes representatives of the four Tenant and Resident Associations on the estate. As part of this consultation exercise residents were given the opportunity to visit two other estate regeneration projects where long-term partnerships have been established (Woodberry Down, Hackney and Kidbrook, Greenwich).
151. The Creation Trust formally agreed to support the procurement of a long-term development Partner for the estate at its board meeting on 1 March 2012. As part of the consultation process, key concerns raised by the residents were discussed and the approach to their management agreed. This has been incorporated into the procurement strategy outlined in this report.

152. Residents have been involved in the procurement process and their feedback has informed the development of the council's requirements at each stage. A focus group consisting of five local residents and the director of the Creation Trust were involved at all stages and they also met with applicants during the first and third stages and presented information to help applicants further understand community issues/perspectives.
153. The council will also require the partner to involve residents and stakeholders at every stage, from initial design through to area/housing management. The partner's approach to resident involvement and consultation has formed a key part of the evaluation process, and their performance in this area will be a core part of the performance management framework in the contract. To this end, the partner will be required to deploy a range of mechanisms, including on-line mechanisms.
154. Consultation has taken place with representatives of the GLA throughout the process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

155. This report is seeking approval to appoint a preferred partner in the procurement of the Aylesbury Development Partner. This approval will allow officers to enter into the last stage of the process which finalises the final terms of the contract with the preferred partner. The award of the development partner contract will only take place once discussions regarding terms have been concluded and a satisfactory outcome for the council secured. The actual award decision will be covered by a further Gateway 2 report and this report is seeking approval to delegate the award decision to the Chief Executive. In the event that it is not possible to agree the final terms of the contract officers will wish to open discussions with the reserve partner. This report is also therefore seeking approval to appoint WE as a reserve partner.
156. This procurement has followed a 3 stage EU negotiated process, which started in September 2012 with the publishing of the OJEU notice. The procurement process is described in paragraphs 17 - 24 and 56 - 65. Early on in the process, the evaluation panel decided on the key attributes that would be required of a potential partner. This shaped the detailed evaluation criteria which the bids were assessed against at each stage. The process was designed to reduce the number of bidders at stages 1 and 2. Officers held negotiation meetings with two shortlisted bidders which led to their BAFO submissions. The report describes the approach that was taken with evaluation. Because of the complexity of the bid submissions the documentation was divided into sections and individual panels were set up to assess each section. These panels were made up of technical experts and other stakeholders. The scoring process has been well documented and provides a good audit trail of the decisions taken along the way.
157. Paragraphs 99 – 104 outline the next steps in this procurement process. A series of meetings will be held to agree the detailed terms of the contract. The report confirms that a summary of points for the detailed agreement has been compiled and will form the basis for the meetings.

Director of Legal Services

158. This report notes the outcome of the evaluation of the BAFO bids submitted for the regeneration of the Aylesbury Estate, and seeks approval to select both the preferred and reserve partner, and to delegate the process to reach contract award as noted in detail in paragraphs 1-3. At approval of the procurement strategy (Gateway 1 report) it was agreed that a report recommending preferred partner status would be brought back to the cabinet for approval.
159. The nature and value of this procurement is such that it is subject to the full application of the EU procurement regulations. The procurement has been tendered in accordance with the Public Contract Regulations 2006, using the negotiated procedure. The BAFO submissions have been evaluated in accordance with those Regulations and the evaluation criteria set out in the invitation, which were established to identify the BAFO submission which represents the most economically advantageous tender to the council. Walworth Unlimited have obtained the highest score and therefore having submitted the most economically advantageous best and final offer are recommended for selection as preferred partner. WE are the second placed tenderer, but passed all relevant sections and are therefore recommended for selection as reserve partner.
160. Following selection of the preferred partner, there will be a process of contract finalisation which will involve the incorporation of Walworth Unlimited's BAFO proposals into the contract documentation. At the conclusion of this process approval will be sought from the chief executive to award the contract. In the event that the council is unable to reach agreement on that contract documentation with Walworth Unlimited they are in a position where they are able to revert to the reserve partner, WE.
161. The cabinet will be aware of the Public Sector Equality Duty in section 149 of the Equality Act 2010. In exercising its functions (and in its decision making processes) the council must have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation or other prohibited conduct
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age, disability, gender reassignment, pregnancy/maternity, race, religion/belief, sex, sexual orientation. The cabinet is referred to paragraphs 114-124 of this report which note the community impact statement, and they should consider the equalities impact and issues at each stage of the process.

162. All of the land on the Aylesbury Estate which will ultimately be transferred to the partner by way of a long lease pursuant to the DPA is held by the council in its housing revenue account. Accordingly the grant of leases will be subject to the provisions of the Housing Act 1932 which enables local authorities to dispose of land held for housing purposes by way of freehold sale or long lease. The Secretary of State's consent is required to any such land disposal.

163. A number of general consents have been issued in the General Housing Consents 2013.
164. General consent A3.1.1 provides that a local authority may, subject to paragraph 3.1.2, dispose of land for a consideration equal to its market value. Paragraph 3.1.2 of the consent sets out exceptions to this consent, none of which it is anticipated will apply to the leases granted pursuant to the DPA.
165. In addition, General consent A3.2 provides that a local authority may dispose of vacant land. For the purposes of this consent "vacant" means land on which a) no dwelling houses have been built, or b) where dwelling houses have been built, such dwelling houses have been demolished or are no longer capable of human habitation and are due to be demolished.
166. The council therefore has adequate powers to dispose of land by way of leases granted pursuant to the DPA, subject to the requirement in General consent A3.1.1 to ensure that such disposals are at market value. This report confirms that a procedure is in place to establish the value at which the land will be sold, and to recover overage should values increase.
167. The report notes that CPO powers may be used where it is necessary to comply with the council's obligations in the DPA to provide vacant possession of development sites and where it has not been possible to secure vacant possession by voluntary agreement. In those circumstances separate reports will be brought before cabinet to seek approval to the use of CPO powers in respect of those sites.
168. In terms of voluntary acquisitions of leasehold properties, the council has adequate powers under section 120(1) of the Local Government Act 1972 which provides that a local authority may acquire by agreement any land, whether inside or outside their area, for the purposes of a) any of their functions under this or any other enactment, or b) for the benefit, improvement or development of their area. Further, section 120(2) provides that a local authority may acquire land for any purpose authorised by this or any other enactment to acquire land, notwithstanding that the land is not immediately required for that purpose, and until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions.

Strategic Director of Finance and Corporate Services (FC13/087)

169. This report seeks cabinet approval to the selection of Notting Hill Housing Trust (Walworth Unlimited) as the council's preferred development partner for the regeneration of the Aylesbury Estate. The financial implications are contained within the body of this report.
170. The award of this contract is fundamental to moving forward with the regeneration of the Aylesbury Estate and is supported by provision within the council's capital programme for the first phases of this development. The clearance of these sites is a necessary prerequisite for the Aylesbury Area Action Plan.
171. Detailed financial and commercial points will need to be agreed as part of final terms of the development partnership agreement. The strategic director of finance and corporate services will advise the chief executive of the outcome of

these discussions, in consultation with the council's independent financial advisors to the project.

172. Given the scale and importance of this project the strategic director of finance and corporate services will continue to inform the council's external auditors of progress on a regular basis.

Strategic Director of Housing and Community Services

173. The strategic director of housing and community services supports the redevelopment of the Aylesbury Estate, and considers the procurement, establishment and implementation of a long term development partnership as being appropriate in achieving the next steps of this priority objective, and providing continued momentum to this initiative.
174. The development of the overall 'place' vision with the preferred partner, building on the existing Aylesbury Area Action Plan, has been vital in securing support from the local community. Ensuring a long term legacy for the community was an integral requirement and part of the submissions by each bidding partner. There is clarity in the vision for Aylesbury as part of the wider Walworth area, linking to Elephant and Castle, and enhancing the reputation of the area as a 'go to place', considering not just the physical elements of housing provision, but socio economic and transport facilities also. The strategic director of housing and community services also supports the idea of seeking a partner with niche or specialist development skills, particularly developments with associated employment opportunities.
175. The strategic director of housing and community services endorses the target rents commitment secured from the recommended partner, as the newer 'affordable rents' regime is not considered to be appropriate for this particular scheme, given the need to re-house existing tenants and create a sustainable community. It is noted that there will be sufficient number of target rent social housing units that will meet the needs of the existing tenants, and also other affordable housing options for both tenants and homeowners that are vital to meet the needs of the local population.
176. The strategic director of housing and community services supports the focus on ensuring that the local community and stakeholders are fully involved in the procurement and regeneration process. Their feedback has already been used to inform the submissions by prospective partners during the procurement process. It is also critical that the selected partner continues to keep the local community and stakeholders fully consulted and involved as the redevelopment progresses, using a range of mechanisms, such as an on-line facility. The strategic director of housing strongly supports the mechanisms and expectations that have been embedded and evaluated as part of the procurement process.
177. The strategic director of housing and community services takes note of the commercial structure proposed in this report and is supportive of the proposed structure as opposed to the other options considered. The governance and management structure will be important to ensure that the council is able to manage and influence the partnership effectively. Furthermore, the precise terms of the legal agreement which deal with poor performance will need particular focus.

178. The production of a viable business plan for the estate is necessary and the council should secure open book access to this to ensure that it is securing the best deal and terms for the authority and community. The opportunity for re-investment of additional surplus with potential increasing asset values is to be reflected in any contract/agreement.
179. This partnership provides an opportunity to implement an innovatory model of local management that is recognised for its excellence. The strategic director of housing and community services regards it as essential that the partner brings the necessary skills, to establish excellent housing, area and public realm management. An innovative co-ordinated approach is preferred. The housing representative on the procurement steering group has been particularly focused on this aspect of the procurement and its weighting in the evaluation process.
180. The strategic director recognises the importance of ensuring that the council is able to deliver on its vacant possession obligations within the partnership, and ensuring that the estate management services continue to be delivered effectively through the redevelopment process. The dedicated Aylesbury management team has been established to focus on these objectives and is developing management strategies to complement housing services delivery, vacant possession, transitional management and handover stages of the redevelopment.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet Report - Gateway 1 Procurement Strategy Approval Aylesbury Regeneration: Development Partnership	Southwark Website	Jane Seymour 020 7525 4907
Link http://modern.gov.southwark.gov.uk/ieDecisionDetails.aspx?ID=3061		

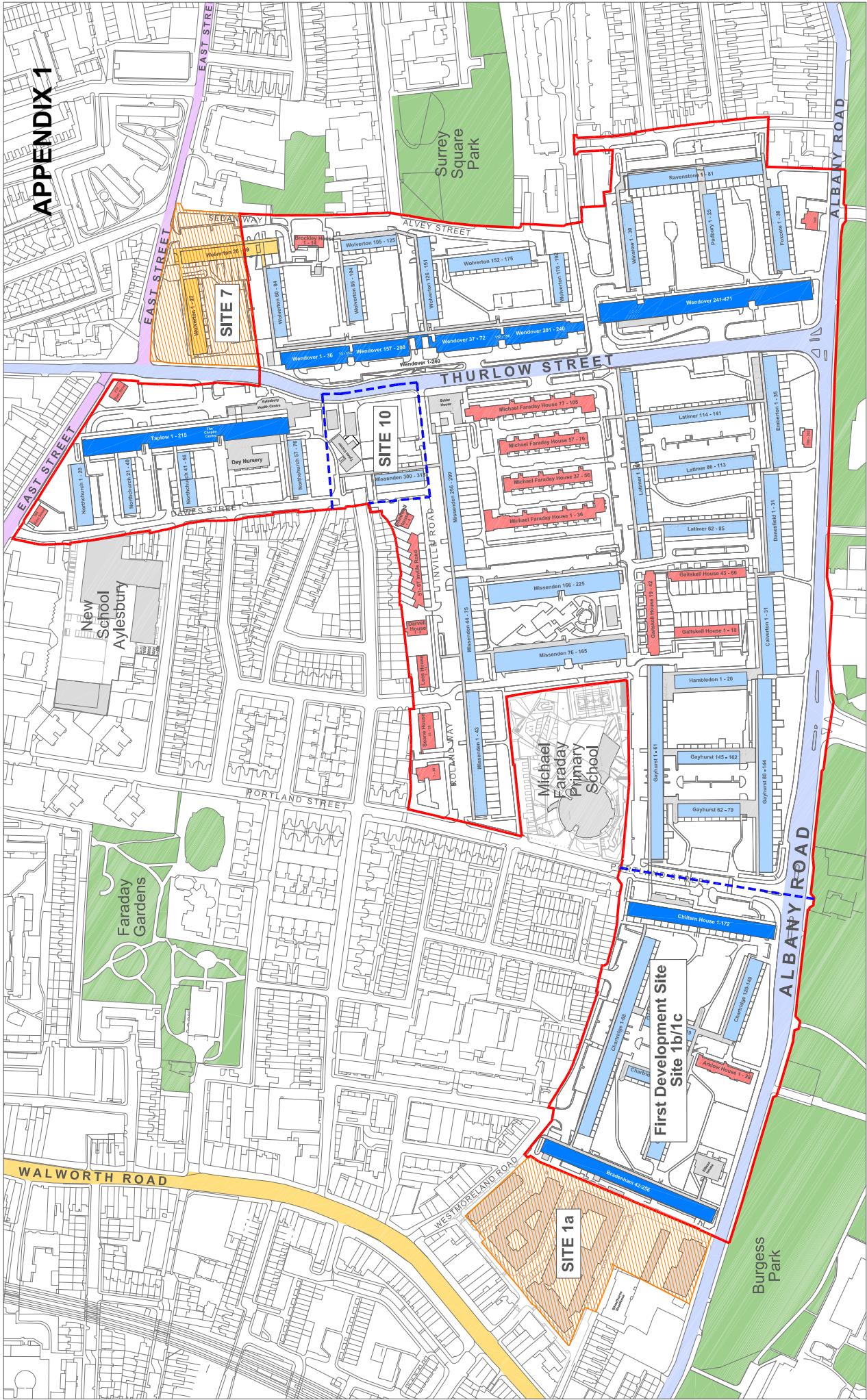
APPENDICES

No	Title
Appendix 1	Plan of development area including first development site
Appendix 2	Risk Log

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Jane Seymour, Development Partnership Broker	
Version	Final	
Dated	16 January 2014	
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
Strategic Director of Housing and Community 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		16 January 2014

APPENDIX 1



APPENDIX 1
AYLESBURY
DEVELOPMENT AREA

Legend

- Aylesbury Partnership Development Area
- Aylesbury Partnership Phase 1 Boundary
- Sites excluded from Aylesbury Partnership Development Area
- Existing buildings under demolition
- Typically 2 to 5 storey red brick buildings (1 to 30 Soane House is a 10 storey tower)
- 4 to 8 storey concrete construction (Jespersen)
- 10 and 14 storey concrete construction (Jespersen)
- Existing buildings under demolition

Existing Aylesbury Estate Building types and heights

APPENDIX 2

Key risks

	Risk	Mitigation
	Procurement risks	
1	Extended time periods could be required to reach contract close.	Protocol and timescales for contract close will be agreed with Walworth Unlimited as part of the selection as preferred partner to ensure process is managed as effectively and efficiently as possible.
	Contract / service delivery risks	
2	A decline in the housing market and increasing costs could result in the partner deciding not to proceed with the development of the first development site on the basis of the fixed price and overage offer submitted.	Payment of the fixed price and overage will be a contractual commitment but in the event of the partner not proceeding, the council would have an implementable planning consent for the site and would be able to consider procuring an alternative developer.
3	The developer may not meet agreed development milestones, in the event of insufficient funding and/or is unable or unwilling to fund or deliver the site/phase. The council is unlikely to be able to "force" the developer to undertake development although technically in breach of the contractual obligation.	There is little the council can do in terms of mitigation. However the partner will have funded and put in place, planning consents and prima facie, the council will not have suffered any financial loss. The remedy that may be available would be to terminate the agreement and procure an alternative developer.
4	The council's requirements (including the high level of target rented units) could be unviable, even with public sector investment.	The agreement will establish mechanisms for the parties to work together to resolve viability issues. As part of this process, the council will have the ability to consider varying its requirements, but cannot be obliged to do so i.e. the council cannot be obliged to accept a lower percentage of target rented units. If an individual phase or plot cannot be made viable, then development will not proceed.
5	The development agreement may not be sufficiently robust for the council to hold the partner to account in the case of non-performance	External legal and commercial advisors to continue to be used to ensure that documentation is robust. The documentation will set out a strong framework for the development programme and will minimise provisions that amount to an agreement to agree. Where this is necessary detailed provisions will be put in place for referral to appropriately qualified experts.

	Risk	Mitigation
		Performance management arrangements are a key part of the documentation and will be non-negotiable.
6	The partner could proceed with developing only the most profitable sites.	The DPA and the business plan annexed thereto will have a clear implementation plan and the partner will only have very limited scope to draw down plots in a different order to that set out in their BAFO proposals.
7	The partner could offer poor value for money after contract close on subsequent phases.	The partner's maximum profit levels are fixed for the term of the agreement. Any payments made, for example, for design services, the construction of new public spaces or demolition would be agreed through a benchmarking regime with all costs subject to independent review.
8	The council could be unable to deliver its vacant possession obligations.	There will be a dedicated Aylesbury area housing management team leading the vacant possession process and support residents through the re-housing process. Walworth Unlimited's offer to support re-housing, by providing off-site stock through its own re-lets and offering a range of affordable options for existing leaseholders, will be incorporated in the DPA to support the council's obligations. The council's vacant possession obligation, will also have a reciprocal obligation for the partner to deliver a pre-agreed pipeline of new affordable homes. A clear strategy is in place for use of council's CPO powers if required.
9	Environmental issues such as contamination or major services diversions could have an adverse impact on development.	Desktop studies have been completed on the whole area and some intrusive surveys completed on the first development site. Survey work will continue to be carried out throughout the programme on future sites to ensure risks are identified and measures put in place to mitigate the impact on the programme.
10	The security of the existing blocks and safety in the wider area the may need additional resourcing during the re-housing process and whilst there are large sites under construction.	Council officers will work closely with residents, the partner and other agencies to put in place measures to improve safety and security.

Item No. 10.	Classification Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Final Rent-Setting and Budget Report 2014/15	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

In December cabinet considered a report on the HRA budget for next year which was balanced, as required by statute, and predicated on following government guidelines on rent levels, as this council has done for a number of years. Also in that month, we responded to a consultation from central government on the shape of rent policy for the next ten years. The consultation indicates that rent increases will be more closely tied to national inflation rates than ever before, which has implications for our financial position going forward. We have raised several issues in this context, and our full response forms an appendix to this report.

Managing a modern-day HRA is particularly challenging and carries with it both risks and opportunities. We must seek to raise the optimal amount of resources to deliver the standard of services as a landlord that our residents demand and deserve. We must endeavour to address the outstanding debt that central government has left us with in order to free up investment funding for the future renewal and replacement of our stock. And we must take heed of rising rent levels and their affordability for tenants, particularly in these times of economic hardship.

This is why cabinet instructed officers to examine a variety of differing rent options for 2014/15, in addition to the government ‘baseline’. Collectively, cabinet have carefully considered the options put before us in this report. Being mindful of the other budget pressures detailed therein and also the consultation on the HRA budget that takes place during December and January, we will make a decision that in our view strikes the best balance between the needs of our residents whilst also delivering a balanced and sustainable HRA budget going forward.

RECOMMENDATIONS

Cabinet is recommended to:

1. Approve an average rent increase of 5.4% in accordance with the government’s required formula rent guidance to be applied to all HRA dwellings as set out in paragraphs 26 to 29. This is equivalent to an increase of £5.21 per week on average for tenanted properties, with effect from 7 April 2014. This percentage increase is also to be applied to estate void and hostel properties from 7 April 2014. The average budgeted dwelling rent for 2014/15 will be £101.61 per week.

2. Note the council's response to the government consultation '**Social Rents in 2015/16**' (Appendix I), and its implications for the council's letting policy, particularly the options put forward regarding setting rents for new-build and new-let tenancies at formula rent levels (paragraphs 34 to 37).
3. Set tenant service charges at the same level as 2013/14 as laid out in paragraph 38 with effect from 7 April 2014.
4. Set the standard charge for non-residential property (garages etc.) at the same level as 2013/14, as laid out in paragraphs 39 and 40 with effect from 7 April 2014.
5. Set heating and hot water charges at the same level as 2013/14 as laid out in paragraph 41 with effect from 7 April 2014.
6. Set sheltered housing charges at the same level as 2013/14 as laid out in paragraph 42 with effect from 7 April 2014.
7. Note that water and sewerage charges levied by Thames Water are liable to an inflationary uplift as set out at paragraph 43, but as yet the council has not been informed by Thames Water of what that increase will be.
8. Note the revised HRA budget for 2014/15 (as set out in Appendices E and F).

BACKGROUND INFORMATION

Indicative HRA budget (the 'December report')

9. Cabinet on 10 December 2013 considered the Indicative HRA Rent-Setting and Budget position for 2014/15. This report contained all of the background information necessary to consider the reasons behind the proposals for rents and other charges. It is not proposed to repeat this detail here, but where further and updated information has been received that is germane to this process it is outlined below. Officers will provide a formal report of any resolutions from Tenant Council, Home Owner Council, TMO Liaison Committee and area housing forums at the cabinet meeting.
10. The purpose of this final report is to seek formal approval of the recommendations in respect of rents and other charges outlined at paragraphs 1 to 8 above.
11. Cabinet also instructed officers to explore possible options for the mitigation of the 'headline' rent increase under rent restructuring, and these are set out elsewhere in this report and within Appendix G.

Statutory framework

12. The HRA reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, leaseholder service charges and other income. The HRA forms a specific part of the council's accounts, and a report regarding the general fund budget including those aspects provided via the housing and community services department is being considered separately.

13. Whilst there is no statutory requirement to consult, the council is committed to engaging with stakeholders, particularly under the terms of the Tenancy Agreement, and so the December report formed the basis of early consultation with the bodies listed in paragraph 9 above. This process commenced before Christmas 2013, and continued throughout January 2014.
14. The council is obliged by statute to agree a balanced HRA budget, whereby income and expenditure levels for the forthcoming year match. Appendix A summarises budget movements between 2013/14 and 2014/15, predicated on the basis of a guideline rent increase of 5.4%.

KEY ISSUES FOR CONSIDERATION

Financial context

15. Whilst self-financing provides financial freedoms, it also brings with it a number of increased risks and budget pressures, particularly in the early years of operation. To a large extent these have already been mitigated through the delivery of efficiency savings totalling £27.5 million (inclusive of 2014/15 proposals) and wholesale restructuring of landlord services since 2011/12. Appendix B sets out savings and income generation for 2014/15 specifically.
16. The government effectively operates control over rent policy through the rent restructuring regime and calculated Southwark's debt settlement adjustment on the assumption that rent levels match those imputed by full adherence to the national rent policy. The difficulty caused to Southwark by government assumptions regarding rent convergence is illustrated in the chart at Appendix C1 (other London boroughs rent levels are summarised in the accompanying table, Appendix C2, and this is shown in chart form in Appendix C3). This is exacerbated by proposals in the consultation paper on social rents, and this issue is dealt with in more detail elsewhere in this report.
17. However, it should be noted that the continued application of annual affordability limits will mitigate individual rent increases for 55.6% of tenants in 2014/15 – to the extent that the average rent increase across the borough will be reduced from 8.0% to 5.4% as a result.
18. The December report set out recommended contributions and commitments on the basis of the guideline rent increase for 2014/15. Their impact on divisional budgets forms part of Appendix F. A budget for the HRA utilising an alternative rent increase would require some consequential amendment to expenditure and/or income levels in order to remain in balance.

19. The table below sets out savings either realised or intended to be realised since 2011/12:

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Customer Experience	(0.4)	(0.1)	–	(0.1)	(0.6)
Finance and Corporate Services	(1.7)	(0.3)	(4.3)	(3.1)	(9.4)
Specialist Housing Services	(0.2)	(0.1)	(0.7)	(0.2)	(1.2)
Chief Executive's	(0.2)	–	(0.1)	(0.1)	(0.4)
Community Engagement	(0.5)	(0.2)	–	(0.1)	(0.8)
Maintenance and Compliance	(3.2)	(3.1)	(0.1)	(1.4)	(7.8)
Operations	(2.4)	(2.1)	(0.8)	(0.9)	(6.2)
Major Works	(0.6)	(0.5)	–	–	(1.1)
Total HRA	(9.2)	(6.4)	(6.0)	(5.9)	(27.5)

20. Budgeted expenditure and income for 2014/15 is represented in bubble map form in Appendix D; Appendix E indicates the revised budget for 2013/14 and the base for 2014/15 incorporating the changes identified in Appendix A. This is further analysed to a divisional level in Appendix F.

HRA reserves and balances update

21. The December report also set out the current position in regard to council policy on HRA reserves and balances, in common with the council's general fund. Most of these reserves are earmarked for particular future application, meaning that the degree of flexibility within the overall balance position can be somewhat constrained by the particular mix of intended applications at any given point in time. The policy of contributing to reserves in order to be able to prudently manage scarce resources available and to cover exceptional cost items now and in the future continues to ensure they are at a more sustainable level and therefore there is no proposed base budget contribution to reserves in 2014/15.

Debt repayment

22. Central to the design and implementation of self-financing from a central government perspective was the need to place each authority in a position to only carry debt to the extent that it could reasonably pay it off over the course of a thirty-year business planning timescale. To that end, it was calculated that Southwark could afford to carry £451 million of historic debt – a write-down of £199.2 million from that held by the end of the subsidy system.
23. The announcement by the Chancellor of the Exchequer in his Autumn Statement of an easing of the cap on HRA-related borrowing by £300 million requires some amplification. The £300 million is split over two years, is subject to a bidding process, is also conditional on agreement with local partnerships, and also a commitment by the bidding authority to sell off (as yet undefined) 'high value social housing'. Given these hurdles, the council has some reservations and therefore intends to keep this position under review.

24. Operation of the government model business plan indicates that if (at one extreme) all of the HRA's resources were applied towards debt repayment, then this would be achieved by years 17 – 20 of the thirty-year lifetime of the plan. However, this would be to the total exclusion of any additional resources for service improvement, and assumes both full rent convergence by 2015/16 and uniform rent rises of RPI + 0.5% thereafter. If actual convergence were to continue beyond April 2015, at Southwark it would be some years after this, and the council would wish to reserve to itself decisions as to service delivery and rent levels in the foreseeable future.
25. £2.4 million was identified within the December report as being for 'financing' purposes. Paragraph 34 of that report noted that £1.3 million of this would be utilised to begin the process of debt repayment, whilst the remainder forms part of the on-going transition to a fully-componentised depreciation charge.

Annual rent guideline and formula rent

26. The December report set out existing arrangements for national rent-setting under the government's rent restructuring policy, and the resultant rent increase. These figures are set out in the table below:

Average Rent Inflation	2013/14	2014/15
Inflation Uplift (RPI @ September)	2.60%	3.20%
Top-Up Element	0.50%	0.50%
= Increase in Formula Rent	3.10%	3.70%
plus national convergence element	1.67%	1.65%
= Increase in National Guideline Rent	4.77%	5.35%
plus local convergence element	1.81%	2.65%
= Unlimited annual rent increase	6.58%	8.00%
less annual affordability limits	(1.73%)	(2.60%)
= Total Increase in Actual Rents	4.85%	5.40%

27. Throughout the rent restructuring process, the council has implemented those aspects relating to annual affordability limits consistently and in full. Under this element of the policy, no individual rent may rise by more than RPI + 0.5% + £2.00 per year. Depending on the interplay between the national RPI level, the proximity to the convergence date and any other intervention by central government, the number of tenants benefitting from this limit can vary widely year-on-year. As noted above, some 55.6% of tenancies will benefit at the 5.4% level in 2014/15.
28. Central government recognised the cash-flow implications of a voluntary foregoing of rental income by application of the affordability limits, and made restitution to local authorities one year in arrears via the subsidy system. Under self-financing that support has ended; however the council has continued with its operation as a means of mitigating the highest rises to individual tenants whilst remaining within the strictures of government assumptions as part of the move to the self-financing system for the HRA, and the council is committed to adhering to this policy.

29. Southwark's long-standing policy of maintaining historically low social rent levels brings particular pressures under rent restructuring and means that it is impossible for the council to achieve rent convergence (actual rents being derived entirely on a formula rent basis) by the government's national deadline of 2015/16. Were the council to be on target for this date, the rent increase would be 5.35%; the need to 'catch up' adds a further 2.65% to the national baseline figure for 2014/15, making an unconstrained increase of 8.0%. The operation of the affordability limits mechanism reduces this figure to 5.4%. At an individual tenant level, this is equivalent to a reduction in weekly rent for 2014/15 from £104.11 to the amount proposed in paragraph 1 above, £101.61 (a reduction of £2.50 per week).

Rent debit sensitivity

30. In the early years of the HRA business plan, decisions as to the level of rents have profound consequences as to its long-term sustainability, since the self-financing determination assumed that councils would continue to raise rents at a level to achieve rent convergence in 2015/16. If the council decided to increase rents at a lower rate, then there would be a net loss of income to the HRA compared to that which was predicated in this valuation. Each 1% less than the restructured rent rise equates to an estimated net loss of just under £1.9 million, requiring other budgetary measures to ameliorate the position. To place this in context – a shortfall of £1 million, compounded at 2% over the remaining life of the HRA business plan equates to some £37 million of resources foregone (assuming constant stock levels). This represents an immediate and enduring challenge to the HRA and the council needs to carefully weigh the short-term benefit for tenants against the longer-term funding implications inherent in such a measure.

Rent options

31. Cabinet may wish to consider adopting a more targeted approach to any rent mitigation measures given a large proportion of tenants are already in receipt of housing benefit such that any increase is either wholly or partially mitigated in any event, rather than having a blanket reduction or freeze. The targeting of financial support to those worst affected by the rent increase, as we are currently doing for those affected by the 'under-occupation' impact, through DHP, would obviously reduce the rental loss and could be accommodated without major budget impact depending on the scale of that support.

32. However, cabinet instructed officers to “**explore options regarding the rent increase for 2014/15, setting out its effects on the HRA for that year, and also their medium and longer-term implications**” when considering the December report. Five alternative scenarios to the convergence “base case” have been considered and further details are set out in Appendix G for both 2014/15 and 2015/16, with the resultant rent income positions charted in Appendices H2 – H3:
- Option 1: a single year rent freeze,
 - Option 2: a two-year rent freeze,
 - Option 3: an increase capped at CPI + 1% (3.7%),
 - Option 4: an inflation only increase (September CPI = 2.7%) and
 - Option 5: a one-off increase followed by an on-going freeze.
33. The effect on the 2014/15 HRA budget in terms of any requirements for re-balancing income against expenditure for each of these options now forms part of Appendix A.

‘Social Rents in 2015/16’ – CLG consultation

34. Between 31 October and 24 December 2013 the Department of Communities and Local Government (CLG) formally consulted on proposals contained within the Spending Review of June 2013. This included:
- Changing the rent inflation factor from September RPI + 0.5% to September CPI + 1% for a period of ten years to 2026;
 - Ending the policy of rent convergence from April 2015;
 - Removing formula rent caps on high value/large bed number properties;
 - Details around implementation of the high income social tenants policy (more commonly known as ‘Pay to Stay’; and
 - Technical details around affordable housing grants.
35. The proposed ending of rent convergence from April 2015 onward in particular has a negative impact on rental income projections (this is set out as part of Appendix H1). This represents an immediate and enduring challenge to the HRA and the council needs to carefully weigh the short-term benefit for tenants against the longer-term funding implications inherent in such a measure.
36. Within the consultation was a formal statement that councils were now expected to have implemented a ‘straight-to-formula’ policy for all new lets. This would be to defray the acknowledged shortfall in rental income exacerbated by discontinuing the policy of rent convergence. Straight to formula is not currently Southwark policy – this would need to be reviewed and subject to further consultation. Under the current arrangements only 40% of properties would see their actual and formula rents converge from 2015/16 onward, with this proportion increasing to 80.4% by 2020/21. However, if an additional 800 relets per year were to be moved directly to their formula rent level from 2013/14 onward, these proportions would increase to 46.4% and 97.4% respectively, bringing the overall date of actual convergence for Southwark forward by a number of years.
37. The recommendation at paragraph 2 is for cabinet to note this assumption within the consultation, with a view to determining a way forward as part of the 2015/16 HRA budget-setting process. The full response to the consultation forms Appendix I to this report.

Tenant service charges

38. The council does not intend to increase tenant service charges for 2014/15. They remain at the current rates as shown in the table below.

	2014/15 £ per week
Estate Cleaning	4.60
Grounds Maintenance	1.09
Communal Lighting	1.17
Door Entry	0.68
Total	7.54

Non-residential rents and charges

39. The council does not intend to increase non-residential rents and charges from the 2013/14 levels. This covers garages, parking bays, storage facilities and sheds.
40. It is anticipated that an on-going programme of refurbishment works will continue to bring previously void stock back into use, raising revenue sufficient to outweigh any increase in the charges themselves for this year. This will be subject to further review during the course of the forthcoming financial year.

District heating charges

41. Despite continuing volatility in the markets for energy supply the December report anticipated another year of no increases in this regard. The council reviews charges annually to ensure that within the context of the current four-year flexibly-priced gas supply contracts, charges are set at a level which is likely to be maintained within the currency of the contract. This may not always be the case – particularly in the latter stages of the contract period – but the council is able to maintain this position for 2014/15, and so no increase in these charges is recommended.

Sheltered housing service charges

42. These service charges were introduced as an individual member decision by the Deputy Leader and Cabinet Member for Housing Management on 10 January 2013. It is not proposed to vary these charges in 2014/15.

Thames Water

43. Water and sewerage charges applicable to council dwellings will be subject to an increase from April 2014. Following approval by the regulator Ofwat, notification of the increase will be advised in the next few weeks by Thames Water, on whose behalf the council act as agent for billing and collection.

Community impact statement

44. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations between different groups.
45. Consideration has been given to the report's relevance to equality issues in accordance with the public sector equality duty. This report is primarily to set rents and associated charges and a scoping exercise established there is no differential effect for any community or protected group. However, it is recognised that increases in rents and charges may present particular difficulties for people on low incomes, but rents and tenant service charges remain eligible for housing benefit, as noted in the main report. The assessment considers the effects of the self-financing regime introduced under the provisions of the Localism Act 2011 and the determinations issued by Department for Communities and Local Government in accordance with the provisions of Section 173 of that act.
46. There is a statutory requirement to set a balanced HRA budget and the extent and composition of efficiency savings and additional income generation assumed in the budget proposals are detailed in Appendix B. Extensive consultation previously undertaken incorporated savings proposals over a three-year planning horizon (2011/12 to 2013/14). As a consequence, indicative savings for next year were identified at an early stage and either remain available for implementation as proposed or have been substituted where necessary.
47. Agreed savings over the period (now including 2014/15) equate to £27.5 million and were largely front-loaded in 2011/12 and 2012/13 in order to re-position the budget to mitigate the initial revenue impact of self-financing on Southwark's HRA. An impact analysis has been undertaken in order to ascertain the potential impacts of these efficiency savings and concluded there is no differential effect for any community or protected group.
48. Above and beyond the ongoing increases in rent there are wider issues impacting both nationally and locally in terms of impending welfare reform and housing benefit under occupation changes, which came into force in April 2013. These have also been considered and measures to mitigate the effects on the community are currently being developed together with the provision of additional resources for this purpose.

Consultation and notification

49. The purpose of presenting rent-setting and budget information to cabinet in two stages was to facilitate the early commencement of consultation with residents (i.e. before the Christmas break). To that end, the December report was labelled 'Indicative' and figures therein were all subject to change. The sections in this Final report have set out such changes as are required to provide the HRA with a balanced budget for 2014/15.

50. Tenant Council met on 6 January 2014 to consider the December report, and to refer it on to area housing forums. They reconvened on 27 January 2014 to consider any recommendations arising from the area forum consultation, and wider HRA budget consultation outcomes, where available; and make consolidated recommendations to cabinet, which due to time constraints are reported under separate cover. Home Owner Council are unable to make recommendations in the matter of tenant rents and service charges, but may do so in terms of any proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA Budget; and so the December report was considered at their meeting on 15 January 2014. Any such comments will also be reported to cabinet alongside those of Tenant Council. The December report was also the subject of formal consultation with the TMO Liaison Committee at their meeting on 22 January 2014.

Statutory and Contractual Notifications

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

52. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989. The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
53. Provisions contained within Part 7 of the Localism Act 2011 replace the Housing Revenue Account subsidy system with self financing arrangements for housing authorities in England. To facilitate this, the Act sets out the framework for the calculation of a 'settlement payment' with respect to each local housing authority by way of Secretary of State determination. It is provided that the Secretary of State must consult before making a determination.
54. This report includes recommendations on the charges made by the council in respect its HRA residential accommodation. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. The section confers a broad discretion as to rents and charges made to occupiers, however cabinet will note the effective limitation of discretion arising from the self-financing determinations referred to in within this report.

55. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council, "before seeking to change the amounts payable for rent and other charges". The report indicates consultation is taking place in order to comply with this term and the outcome will be reported to cabinet. Members must consider the product of consultation when considering the recommendations in this report.
56. It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of its introductory tenancies by virtue of Section 111A of the Housing Act 1985, together with the council's agreement with its tenants, that they are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation. The report indicates the notice of variation will be served in time to comply with this requirement.
57. As noted at paragraph 44 of the report, the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 requires the council to have due regard in its decision-making processes to the need to:
- (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it; and
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
58. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.
59. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context. The cabinet must consider the report author's reference to equalities considerations at paragraphs 44 to 48 of this report.

Strategic Director of Finance and Corporate Services

60. The financial implications arising from the various movements in expenditure/income on the HRA are covered within this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing Revenue Account – Indicative Rent Setting and Budget Report. Cabinet 10 December 2013 (item 11)	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4553&Ver=4		
Medium-Term Resources Strategy 2011/12 – 2013/14	160 Tooley Street London SE1 2QH	Jennifer Seeley Deputy Director of Finance and Corporate Services 020 7525 0695
Link http://www.southwark.gov.uk/download/7209/medium_term_resources_strategy_2011-12_to_2013-14		

APPENDICES

No.	Title
Appendix A	HRA Budget Movements 2013/14 to 2014/15
Appendix B	HRA Summary Savings and Income Generation Schedule 2014/15
Appendix C1 – 3	Southwark Rents, Convergence and London Average Rents
Appendix D	HRA Expenditure and Income Budget 2014/15 Bubble Maps
Appendix E	HRA Revised Budget 2013/14 and Base Budget 2014/15
Appendix F	HRA Base Budget 2014/15 by Division
Appendix G	Rent Options
Appendix H1 – 3	Rental Income by Option – 2014/15 & 2015/16
Appendix I	Response to ' <i>Social Rents in 2015/16</i> ' consultation

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Ian Young, Departmental Finance Manager, Housing and Community Services	
Version	Final	
Dated	16 January 2014	
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	N/a	N/a
Date final report sent to Constitutional Team		16 January 2014

APPENDIX A

HRA BUDGET MOVEMENTS 2013/14 TO 2014/15

	Paragraphs	£m
Contributions and commitments:		
Additional contribution to Investment Programme	18	4.5
General inflation	18	2.8
Service commitments	18	4.4
Financing	18, 25	2.4
Sub-total		14.1
Rents and charges:		
Guideline dwelling rent increase (net of week 53 adj.)	26 – 29	(2.9)
Tenant service charges (stockloss/voids/week 53 adj.)	38	0.5
District heating (stockloss/voids/week 53 adj.)	41	0.2
Thames Water increase	43	(0.4)
Leaseholder and other income streams	App. B	(5.6)
Sub-total		(8.2)
DEFICIT/(SURPLUS) BEFORE EFFICIENCY SAVINGS		5.9
Efficiency savings to be funded:		
Savings required to meet corporate programme	19, App. B	(3.9)
Deletion of reserve contribution	21	(2.0)
Sub-total		(5.9)
OVERALL NET DEFICIT/(SURPLUS)		0.0
Re-balancing required per Rent Option:		
Option 1: One-Year Freeze	App. G	(10.2)
Option 2: Two-Year Freeze	App. G	(10.2)
Option 3: CPI + 1%	App. G	(3.2)
Option 4: Inflation only	App. G	(5.1)
Option 5: Fixed Rental Income	App. G	13.9

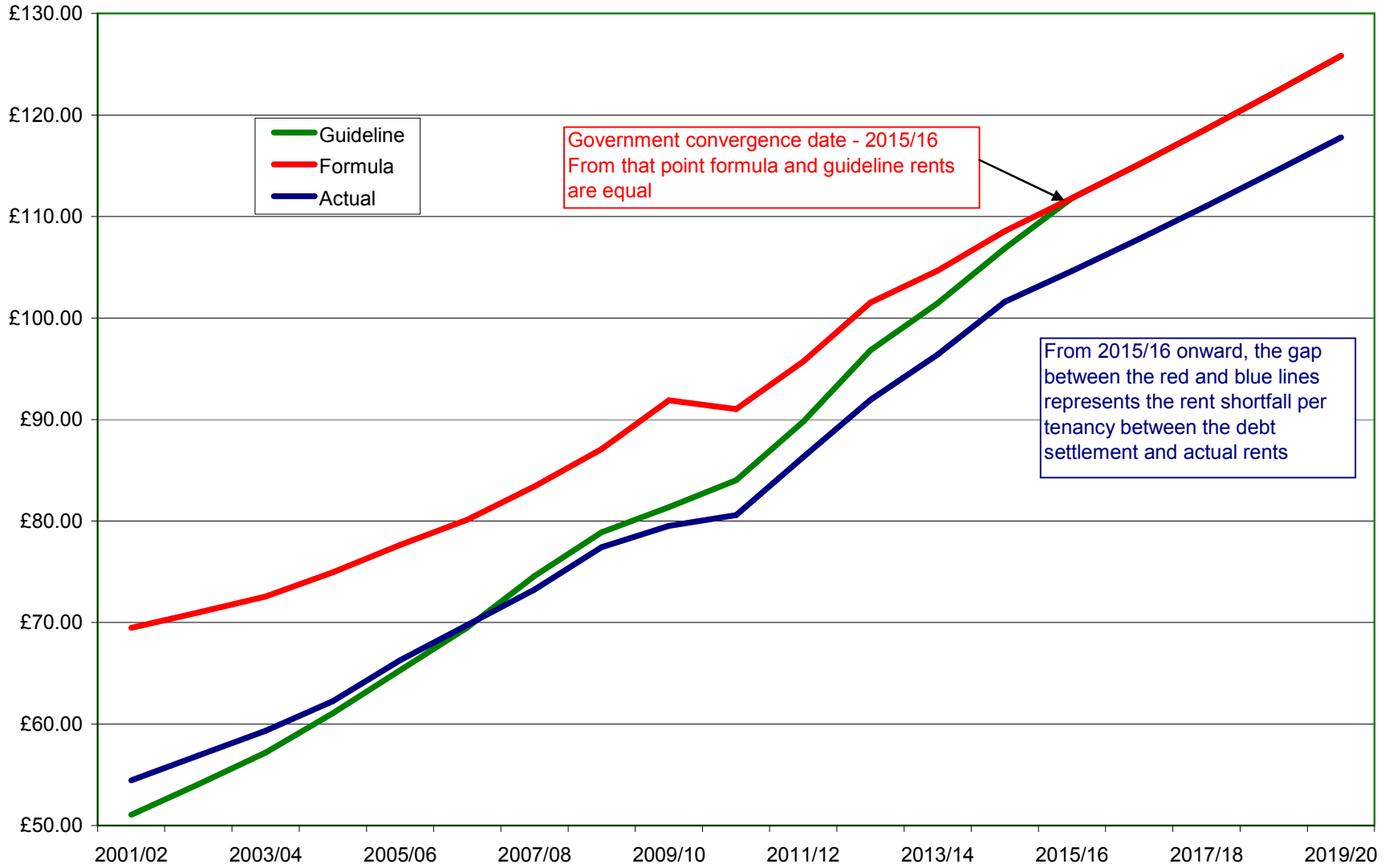
APPENDIX B

HRA SUMMARY SAVINGS AND INCOME GENERATION SCHEDULE 2014/15

Division	Savings £'000	Income Generation £'000	Total £'000
Customer Experience:			
Homesearch – transition to online provision	(94)	–	(94)
	(94)	–	(94)
Finance and Corporate Services:			
Support services – re-align accommodation and H&S budgets	(307)	–	(307)
Business applications – reduction in running costs	(192)	–	(192)
CSC – savings arising from transition to in-house provision	(599)	–	(599)
Contribution to Reserves – delete appropriations budget	(2,000)	–	(2,000)
	(3,098)	–	(3,098)
Specialist Housing Services:			
Sheltered Housing – reduced R&M in lieu of PPM/Capital	(100)	–	(100)
Temp Accommodation – R&M volume reduction	(120)	–	(120)
RTB capitalisation – increase due to RTB volumes	–	(453)	(453)
Fees and charges – increase due to RTB volumes	–	(50)	(50)
Service charges – activity driven budget re-alignment	–	(1,500)	(1,500)
Major works – activity driven budget re-alignment	–	(3,470)	(3,470)
Garages – increased lettings/voids reduction	–	(100)	(100)
	(220)	(5,573)	(5,793)
Chief Executive's:			
Regeneration and Delivery – delete recharge budget	(59)	–	(59)
	(59)	–	(59)
Community Engagement:			
TRA halls – reduced R&M in lieu of PPM/Capital	(39)	–	(39)
Resident Involvement Team – restructure	(41)	–	(41)
	(80)	–	(80)
Maintenance and Compliance:			
Voids – transition to fixed price model	(400)	–	(400)
Repairs – service delivery/performance improvements	(120)	–	(120)
Repairs – reduction in external professional fees	(200)	–	(200)
Repairs – transition from lump sum to NHF rates	(419)	–	(419)
Repairs – reduction in schedule of rates	(280)	–	(280)
	(1,419)	–	(1,419)
Operations:			
Move to 3-year review cycle of tenants handbook & reduce subscriptions	(180)	–	(180)
Reduction in temporary accommodation placements	(150)	–	(150)
Reduction in operational running costs across division	(372)	–	(372)
Environment recharge – budget re-alignment	(190)	–	(190)
TV Aerials – increase in income	–	(50)	(50)
	(892)	(50)	(942)
Major Works:			
Programme and Planning – restructure	(31)	–	(31)
	(31)	–	(31)
TOTAL	(5,893)	(5,623)	(11,516)

SOUTHWARK RENTS AND CONVERGENCE

APPENDIX C1



AVERAGE RENTS ACROSS LONDON BOROUGHES 2013/14

APPENDIX C2

	Average Rent 2013/14 £	Target Rent 2013/14 £	Average to Target Gap 2013/14 %	Guideline Rent 2014/15 £	Target Rent 2014/15 £
Barking and Dagenham	89.10	94.76	6.4%	96.61	98.26
Barnet	97.98	103.72	5.9%	106.09	107.56
Bexley	–	–	–	–	–
Brent	105.87	110.81	4.7%	113.00	114.91
Bromley	–	–	–	–	–
Camden	103.97	116.67	12.2%	118.79	120.98
City of London	94.43	105.47	11.7%	107.72	109.37
Croydon	100.13	102.97	2.8%	105.40	106.78
Ealing	94.98	99.83	5.1%	102.20	103.53
Enfield	95.99	97.95	2.0%	100.31	101.58
Greenwich	97.32	99.47	2.2%	101.65	103.15
Hackney	95.07	97.20	2.2%	99.31	100.79
Hammersmith and Fulham	97.76	112.55	15.1%	115.08	116.72
Haringey	98.23	103.00	4.9%	105.44	106.81
Harrow	106.88	107.38	0.5%	109.90	111.36
Havering	85.76	93.67	9.2%	95.90	97.14
Hillingdon	104.55	105.61	1.0%	107.94	109.51
Hounslow	95.85	100.96	5.3%	103.19	104.70
Islington	105.70	111.59	5.6%	113.90	115.72
Kensington and Chelsea	111.32	124.22	11.6%	127.06	128.81
Kingston-upon-Thames	107.60	109.04	1.3%	111.51	113.08
Lambeth	102.25	105.27	3.0%	107.30	109.17
Lewisham	91.36	92.98	1.8%	95.15	96.42
Merton	–	–	–	–	–
Newham	93.72	93.72	–	95.82	97.18
Redbridge	98.58	99.80	1.2%	102.14	103.50
Richmond-upon-Thames	–	–	–	–	–
Southwark	96.40	104.67	8.6%	106.87	108.80
Sutton	99.15	103.72	4.6%	105.95	107.56
Tower Hamlets	103.55	107.57	3.9%	109.59	111.55
Waltham Forest	96.13	99.16	3.2%	101.26	102.83
Wandsworth	124.20	121.10	(2.5%)	123.38	125.58
Westminster	116.81	121.14	3.7%	123.55	125.63
London Average	99.99	104.76	4.8%	106.99	108.66

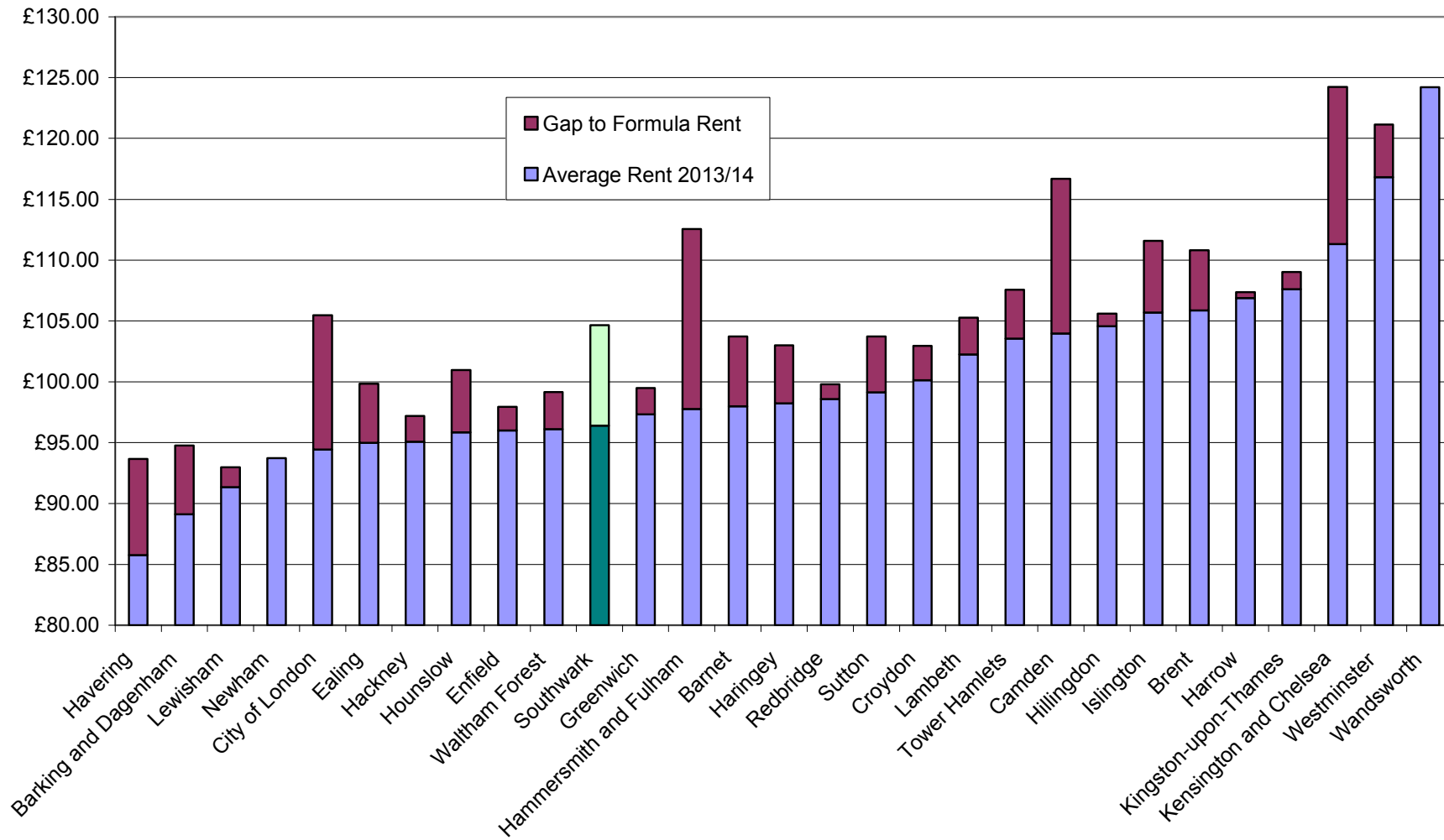
Source: London Boroughs HRA Budget Reports 2013/14

Notes:

- Southwark's average rent (adjusted mid-year stock position) for 2013/14 ranks 11th lowest of the 29 London Boroughs that manage their housing stock either directly or via an ALMO.
- Average rent figures exclude tenant service charges.
- London averages are weighted by stock numbers.
- Where the budget report did not quote an average weekly cash figure, this is extrapolated from their quoted percentage increase.

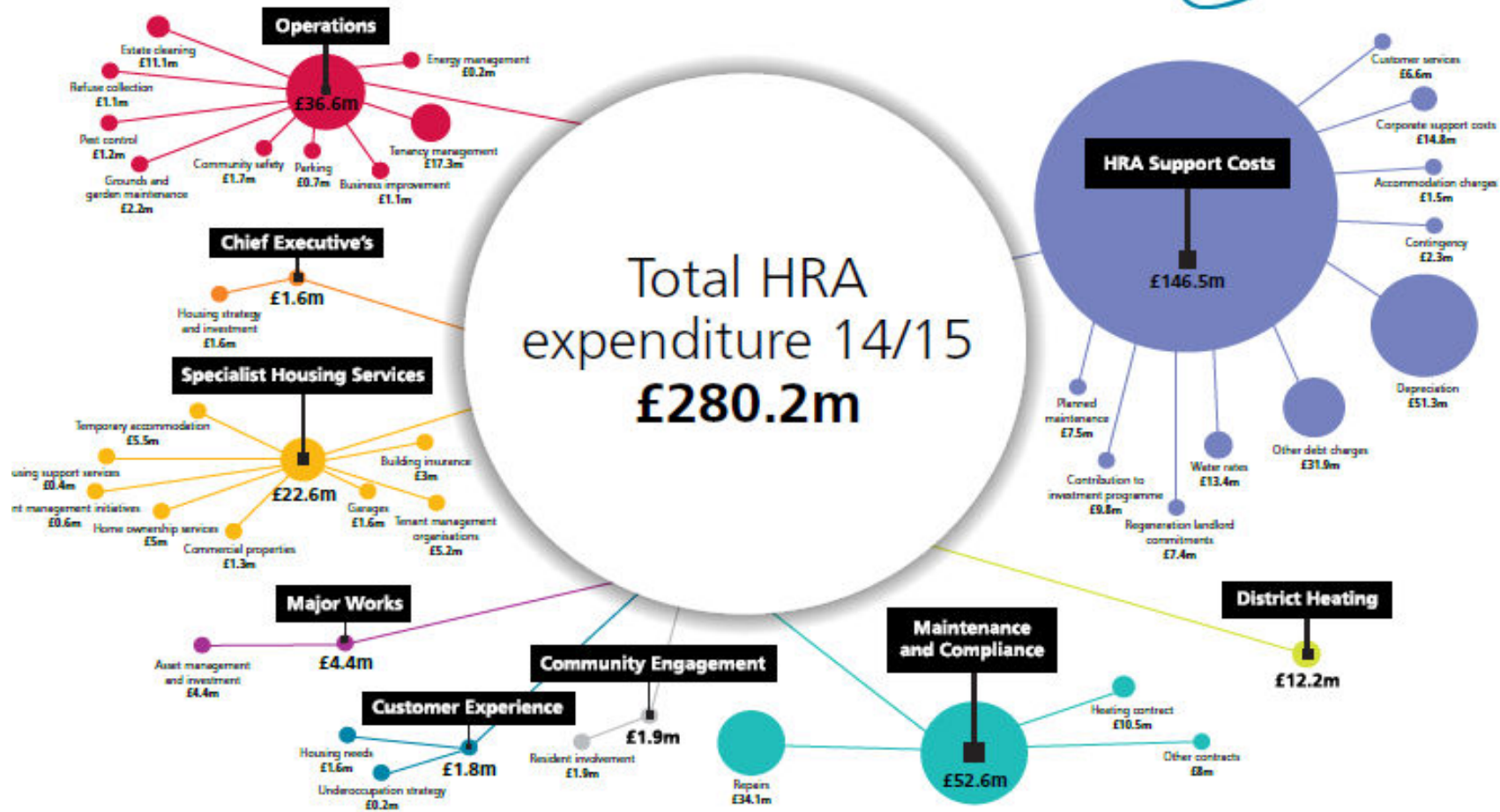
LONDON AVERAGE AND FORMULA RENTS 2013/14

APPENDIX C3

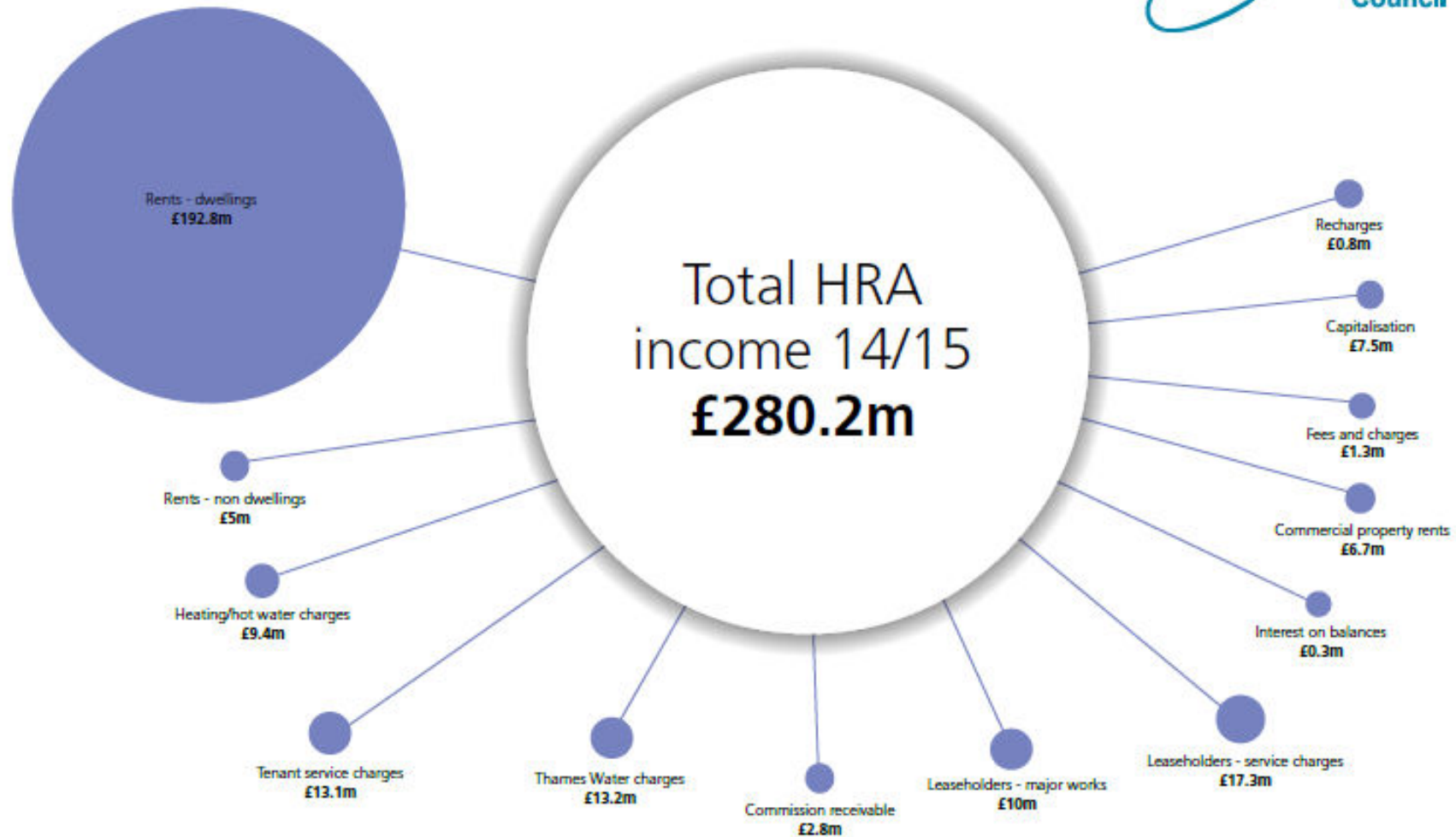


APPENDIX D

Housing and community services expenditure 2014/15



Housing and community services income 2014/15



HRA REVISED BUDGET 2013/14 AND BASE BUDGET 2014/15

APPENDIX E

HOUSING REVENUE ACCOUNT	2013/14 £'000	Inflation & Adjustments £'000	Commitments £'000	Financing & Inv. Prog. £'000	Rents & Income Gen. £'000	Savings £'000	2014/15 £'000
Expenditure:							
Employees	29,472	995	347	–	–	(202)	30,612
Running Costs	21,434	484	1,397	–	–	(1,325)	21,977
Thames Water Charges	12,822	641	–	–	–	–	13,463
Contingency/Contribution to Reserves	3,475	–	–	–	–	(2,000)	1,475
Grounds Maintenance/Estate Cleaning	14,779	169	–	–	–	(190)	14,758
Responsive Repairs/Heating Repairs	50,348	612	2,489	–	–	(1,358)	52,104
Contribution to Investment Programme	5,332	–	–	4,500	–	–	9,832
Landlord Commitments	7,400	–	–	–	–	–	7,400
Planned Maintenance	8,788	112	–	–	–	–	8,900
Corporate Support Costs/SLAs	22,279	–	75	–	–	(818)	21,536
Depreciation	49,874	–	–	1,396	–	–	51,270
Financing Costs	30,899	–	–	1,000	–	–	31,899
Tenant Man. Organisation Allowances	2,817	(11)	–	–	–	–	2,806
Heating Account	12,198	–	–	–	–	–	12,198
Sub-total	271,917	3,002	4,308	6,896	–	(5,893)	280,230
Income:							
Rents – Dwellings	(189,895)	–	–	–	(2,910)	–	(192,805)
Rents – Non-Dwellings	(4,868)	–	–	–	(100)	–	(4,968)
Heating/Hot Water Charges	(9,585)	–	–	–	198	–	(9,387)
Tenant Service Charges	(13,621)	–	–	–	456	–	(13,165)
Thames Water Charges	(12,766)	–	–	–	(382)	–	(13,148)
Commission Receivable	(2,806)	(112)	145	–	–	–	(2,773)
Leaseholders – Major Works	(6,530)	–	–	–	(3,470)	–	(10,000)
Leaseholders – Service Charges	(15,850)	–	–	–	(1,500)	–	(17,350)
Interest on Balances	(311)	–	–	–	–	–	(311)
Commercial Property Rents	(6,664)	–	–	–	–	–	(6,664)
Fees and Charges	(1,252)	–	–	–	(100)	–	(1,352)
Capitalisation	(6,978)	(85)	–	–	(453)	–	(7,516)
Recharges	(791)	–	–	–	–	–	(791)
Sub-total	(271,917)	(197)	145	–	(8,261)	–	(280,230)
TOTAL	0	2,805	4,453	6,896	(8,261)	(5,893)	0

HRA REVISED BUDGET 2013/14 AND BASE BUDGET 2014/15 BY DIVISION

APPENDIX F

HOUSING REVENUE ACCOUNT	2013/14 £'000	Inflation & Adjustments £'000	Commitments £'000	Financing & Inv. Prog. £'000	Rents & Income Gen. £'000	Savings £'000	2014/15 £'000
Customer Experience	1,873	13	-	-	-	(94)	1,792
Finance and Corporate Services	145,230	1,098	1,038	6,896	-	(3,098)	151,164
Specialist Housing Services	(37,286)	255	726	-	(4,954)	(220)	(41,479)
Chief Executive's	1,172	7	-	-	-	(59)	1,120
Community Engagement	2,129	16	-	-	-	(80)	2,065
Maintenance and Compliance	46,820	967	2,489	-	-	(1,419)	48,857
Operations	(173,742)	429	200	-	(3,307)	(892)	(177,312)
Major Works	1,606	20	-	-	-	(31)	1,595
Heating Account	12,198	-	-	-	-	-	12,198
TOTAL	0	2,805	4,453	6,896	(8,261)	(5,893)	0

CUSTOMER EXPERIENCE	2013/14 £'000	Inflation & Adjustments £'000	Commitments £'000	Financing & Inv. Prog. £'000	Rents & Income Gen. £'000	Savings £'000	2014/15 £'000
Expenditure:							
Employees	1,305	13	-	-	-	-	1,318
Running Costs	601	-	-	-	-	(94)	507
Responsive Repairs/Heating Repairs	2	-	-	-	-	-	2
Corporate Support Costs/SLAs	40	-	-	-	-	-	40
Sub-total	1,948	13	-	-	-	(94)	1,867
Income:							
Recharges	(75)	-	-	-	-	-	(75)
Sub-total	(75)	-	-	-	-	-	(75)
TOTAL	1,873	13	-	-	-	(94)	1,792

FINANCE AND CORPORATE SERVICES	2013/14 £'000	Inflation & Adjustments £'000	Commitments £'000	Financing & Inv. Prog. £'000	Rents & Income Gen. £'000	Savings £'000	2014/15 £'000
Expenditure:							
Employees	1,646	26	–	–	–	–	1,672
Running Costs	3,836	433	1,038	–	–	(280)	5,027
Thames Water Charges	12,726	636	–	–	–	–	13,362
Contingency/Contribution to Reserves	3,475	–	–	–	–	(2,000)	1,475
Contribution to Investment Programme	5,332	–	–	4,500	–	–	9,832
Landlord Commitments	7,400	–	–	–	–	–	7,400
Planned Maintenance	7,394	111	–	–	–	–	7,505
Corporate Support Costs/SLAs	17,315	–	–	–	–	(818)	16,497
Depreciation	49,874	–	–	1,396	–	–	51,270
Financing Costs	30,856	–	–	1,000	–	–	31,856
Tenant Man. Organisation Allowances	300	4	–	–	–	–	304
Sub-total	140,154	1,210	1,038	6,896	–	(3,098)	146,200
Income:							
Rents – Dwellings	7,983	–	–	–	–	–	7,983
Commission Receivable	(2,241)	(112)	–	–	–	–	(2,353)
Interest on Balances	(136)	–	–	–	–	–	(136)
Recharges	(530)	–	–	–	–	–	(530)
Sub-total	5,076	(112)	–	–	–	–	4,964
TOTAL	145,230	1,098	1,038	6,896	–	(3,098)	151,164

SPECIALIST HOUSING SERVICES	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Employees	5,833	233	347	–	–	–	6,413
Running Costs	2,315	–	159	–	–	–	2,474
Thames Water Charges	31	2	–	–	–	–	33
Grounds Maintenance/Estate Cleaning	121	1	–	–	–	–	122
Responsive Repairs/Heating Repairs	6,653	48	–	–	–	(220)	6,481
Planned Maintenance	394	(14)	–	–	–	–	380
Corporate Support Costs/SLAs	4,217	–	75	–	–	–	4,292
Financing Costs	43	–	–	–	–	–	43
Tenant Man. Organisation Allowances	2,517	(15)	–	–	–	–	2,502
Sub-total	22,124	255	581	–	–	(220)	22,740
Income:							
Rents – Dwellings	(20,317)	–	–	–	473	–	(19,844)
Rents – Non-Dwellings	(4,868)	–	–	–	(100)	–	(4,968)
Heating/Hot Water Charges	(1,025)	–	–	–	73	–	(952)
Tenant Service Charges	(2,054)	–	–	–	71	–	(1,983)
Thames Water Charges	(1,011)	–	–	–	2	–	(1,009)
Commission Receivable	(565)	–	145	–	–	–	(420)
Leaseholders – Major Works	(6,530)	–	–	–	(3,470)	–	(10,000)
Leaseholders – Service Charges	(15,850)	–	–	–	(1,500)	–	(17,350)
Interest on Balances	(175)	–	–	–	–	–	(175)
Commercial Property Rents	(6,664)	–	–	–	–	–	(6,664)
Fees and Charges	(78)	–	–	–	(50)	–	(128)
Capitalisation	(87)	–	–	–	(453)	–	(540)
Recharges	(186)	–	–	–	–	–	(186)
Sub-total	(59,410)	–	145	–	(4,954)	–	(64,219)
TOTAL	(37,286)	255	726	–	(4,954)	(220)	(41,479)

CHIEF EXECUTIVE'S	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Employees	1,014	29	–	–	–	–	1,043
Running Costs	343	(16)	–	–	–	(59)	268
Corporate Support Costs/SLAs	1	–	–	–	–	–	1
Sub-total	1,358	13	–	–	–	(59)	1,312
Income:							
Capitalisation	(186)	(6)	–	–	–	–	(192)
Sub-total	(186)	(6)	–	–	–	–	(192)
TOTAL	1,172	7	–	–	–	(59)	1,120

COMMUNITY ENGAGEMENT	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Employees	962	(11)	–	–	–	(41)	910
Running Costs	836	21	–	–	–	(13)	844
Responsive Repairs/Heating Repairs	400	6	–	–	–	(26)	380
Sub-total	2,198	16	–	–	–	(80)	2,134
Income:							
Fees and Charges	(10)	–	–	–	–	–	(10)
Capitalisation	(59)	–	–	–	–	–	(59)
Sub-total	(69)	–	–	–	–	–	(69)
TOTAL	2,129	16	–	–	–	(80)	2,065

MAINTENANCE AND COMPLIANCE	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Employees	5,671	433	–	–	–	(120)	5,984
Running Costs	2,500	14	–	–	–	(200)	2,314
Responsive Repairs/Heating Repairs	41,871	538	2,489	–	–	(1,099)	44,525
Corporate Support Costs/SLAs	691	–	–	–	–	–	691
Sub-total	51,459	985	2,489	–	–	(1,419)	53,514
Income:							
Fees and Charges	(35)	–	–	–	–	–	(35)
Capitalisation	(4,604)	(18)	–	–	–	–	(4,622)
Sub-total	(4,639)	(18)	–	–	–	–	(4,657)
TOTAL	46,820	967	2,489	–	–	(1,419)	48,857

OPERATIONS	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Employees	10,517	221	–	–	–	(10)	10,728
Running Costs	10,875	17	200	–	–	(692)	10,400
Thames Water Charges	65	3	–	–	–	–	68
Grounds Maintenance/Estate Cleaning	14,658	168	–	–	–	(190)	14,636
Responsive Repairs/Heating Repairs	696	20	–	–	–	–	716
Corporate Support Costs/SLAs	10	–	–	–	–	–	10
Sub-total	36,821	429	200	–	–	(892)	36,558
Income:							
Rents – Dwellings	(177,561)	–	–	–	(3,383)	–	(180,944)
Heating/Hot Water Charges	(8,560)	–	–	–	125	–	(8,435)
Tenant Service Charges	(11,567)	–	–	–	385	–	(11,182)
Thames Water Charges	(11,755)	–	–	–	(384)	–	(12,139)
Fees and Charges	(1,120)	–	–	–	(50)	–	(1,170)
Sub-total	(210,563)	–	–	–	(3,307)	–	(213,870)
TOTAL	(173,742)	429	200	–	(3,307)	(892)	(177,312)

MAJOR WORKS	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Employees	2,524	51	–	–	–	(31)	2,544
Running Costs	128	15	–	–	–	–	143
Planned Maintenance	1,000	15	–	–	–	–	1,015
Corporate Support Costs/SLAs	5	–	–	–	–	–	5
Sub-total	3,657	81	–	–	–	(31)	3,707
Income:							
Fees and Charges	(9)	–	–	–	–	–	(9)
Capitalisation	(2,042)	(61)	–	–	–	–	(2,103)
Sub-total	(2,051)	(61)	–	–	–	–	(2,112)
TOTAL	1,606	20	–	–	–	(31)	1,595

HEATING ACCOUNT	2013/14	Inflation & Adjustments	Commitments	Financing & Inv. Prog.	Rents & Income Gen.	Savings	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Heating Account	12,198	–	–	–	–	–	12,198
Sub-total	12,198	–	–	–	–	–	12,198
TOTAL	12,198	–	–	–	–	–	12,198

RENT OPTIONS**APPENDIX G**

Baseline	Spending Review (5.4% in 2014/15 then CPI + 1% for 2015/16 @ 3%)
Option 1	One-Year Freeze (0% then 3%)
Option 2	Two-Year Freeze (0% then 0%)
Option 3	CPI + 1% (3.7% then 3%)
Option 4	Inflation only (CPI @ 2.7% then 2%)
Option 5	Fixed Rental Income (15.2% then 0% for three years)

Summary of outcomes (rent debit impact)

	Dwelling Rent Income 2014/15	Dwelling Rent Income 2015/16
Baseline	£200.8m	£204.7m
Option 1	£190.6m	£194.5m
Option 2	£190.6m	£188.9m
Option 3	£197.6m	£201.4m
Option 4	£195.7m	£197.8m
Option 5	£214.7m	£213.0m

The rent debit outcomes for 2014/15 and 2015/16, and their impact in terms of a shift from the base scenario are set out in the table at the end of this appendix.

Rent baseline – formula rent increase @ 5.4%, then CPI + 1% (assumed @ 3%)

The rent budget is rebased annually to reflect anticipated stock loss and void movements over the coming year (together with the removal of the 53rd rent week for 2014/15), which creates an immediate budget gap, before application of any rent increase or consideration of cost pressures and commitments.

The starting point for 2014/15 is a converging rent increase of 5.4%, which generates additional net rent income of £2.9 million. This is the baseline from which the rent loss outlined in the following options are calculated and also forms the basis on which the budget proposals for 2014/15 are predicated (December report). Any rent option that generates less rental income will necessitate compensatory budgetary measures to make up the immediate shortfall in 2014/15 and have a longer-term compounded effect over the life of the HRA business plan.

In 2015/16, an assumed increase at CPI + 1% would generate additional net rent income of £3.9 million, giving £6.8 million additional rent income over the two-year period (budgeted rent income £204.7 million). For reference, had convergence continued for 2015/16, budgeted rent income would have risen to £207.9 million and had we actually converged as assumed by government in the self-financing settlement, budgeted rent income would be £222.8 million.

Option 1 – One-year rent freeze, then CPI + 1% (assumed @ 3%)

A one-year rent freeze means rather than raising additional rent income (£2.9 million as per the baseline above), the position moves negative with a reduction in rent income of £7.3 million. The cumulative reduction in cash terms is £10.2 million. This loss would be perpetuated unless rents were increased subsequently above the nationally prescribed increase of CPI + 1% from 2015/16 in order to recoup the resources foregone, though it is likely that limit rent levels set annually by the Department for Work and Pensions would prevent this.

In 2015/16, an assumed increase at CPI + 1% would generate additional net rent income of £3.9 million, but the cumulative effect remains a loss of £10.2 million over the two-year period.

Option 2 – Two-year rent freeze

A rent freeze for two years would mean a cumulative reduction in rent income of £15.8 million compared to the baseline position – a fall of £9.0 million compared to an increase of £6.8 million. This would place considerable strain on the Council's ability to meet its primary policy objectives as a landlord to deliver high quality services and invest in the stock.

Option 3 – Early adoption of CPI + 1%

This would equate to a 3.7% increase in 2014/15, without any further movement towards convergence. The current underlying rent inflation factor and the proposed new one happen to be identical for 2014/15 purposes (RPI @ 3.2% + 0.5% vs. CPI @ 2.7% + 1%).

It can be seen that an increase at this level would not be quite sufficient to counterbalance the loss in cash terms between the 2013/14 and 2014/15 base budget. The issue of an ongoing reduction in the base remains, but is mitigated somewhat compared to the freeze options. For 2015/16 the shortfall increases marginally to £3.3 million.

To set this in context, an 'early adoption' of CPI + 1% has a direct effect on the council in 2014/15 as rent income falls from £200.8 million to £197.6 million (£3.2 million), and this rolls forward into a reduced position of £201.4 million instead of £204.7 million in 2015/16, so there remains a long-term effect of taking part of the rent increase out of the base, albeit to a lesser extent.

Option 4 – Inflation only (CPI @ 2.7%, then 2%)

An adapted version of option 3 would be to restrict the increase further to CPI only, foregoing the national rent top-up element. September CPI was 2.7%, and for HRA business planning purposes it is assumed to be 2% for 2015/16.

An inflation-only increase would generate a loss in cash terms between the 2013/14 and 2014/15 base budget of £5.1 million, and over the course of the subsequent year would end up virtually identical to the originally proposed rise for 2014/15 only (£197.8 million as opposed to £197.9 million). The issue of an ongoing reduction in the base remains, but once again is mitigated somewhat compared to the freeze options, though not by as much as option 3 would realise.

Option 5 – Fixed rent income

An approach similar to that of a fixed-rate mortgage might be utilised, whereby a rent level is set at the start of a given multi-year period, and then frozen for the rest of that period. Whilst this is achievable, there are some obvious drawbacks; not least of which is the initially high increase required in 2014/15 and that the council assumes the income risk for variations in inflation above that assumed in the original calculation.

The table below shows anticipated average rent levels for the next four years if the 'base' case option is followed (5.4% then CPI + 1% for the next three), resulting in an estimated average rent in 2017/18 of £111.03. In order to avoid any diminution in rent levels through this measure (i.e. to ensure that rent levels were to be equivalent at the end of the four-year period as they would otherwise be with annual uplifts), rents would need to increase by 15.2% in 2014/15 followed by a three-year freeze.

Whilst it is possible to estimate total rent income over the period for the base case (c. £830 million), then set a rent to generate the equivalent amount in cash terms, the resultant average rent by 2017/18 would be notably lower than £111.03, necessitating an increase to restore rent level parity (i.e. without any inflation).

Whilst this has the advantage of requiring the HRA to be managed with rigor to keep to what becomes a set of cash-limited budgets, it removes flexibility from our approach, and unexpected/exceptional events thus become more difficult to deal with. Furthermore a rent increase of this magnitude would almost certainly fall foul of DWP rent limitation policy, meaning that we would have to fund an element of the housing benefit cost from within the HRA itself, a further drain on resources (DWP rent limits for 2014/15 have not yet been announced).

	Base Case		Fixed Rent	
2013/14 (base)		£96.40		£96.40
2014/15	5.4%	£101.61	15.2%	£111.03
2015/16	3.0%	£104.65	0%	£111.03
2016/17	3.0%	£107.79	0%	£111.03
2017/18	3.0%	£111.03	0%	£111.03

N.B. CPI + 1% is assumed to equal 3% for the period 2015 – 2018.

Charts

The charts that form Appendix H illustrate the respective rent income positions for the next two years for the base and each of the five options. Appendix H1 excludes options 3, 4 and 5 for clarity, as it is intended to demonstrate the gap between government assumptions, i.e. converging to target rent (and a converged rent), against the actual Southwark position. The bar charts that follow (Appendices H2 – H3) set out the rental income generated by each option for 2014/15 and 2015/16.

Rental incomes by option

	Base 5.4%	Option 1 0%	Option 2 0%	Option 3 3.7%	Option 4 2.7%	Option 5 Fixed (15.2%)
2013/14 (53 weeks) Dwelling Rent Debit	(£197.9m)	(£197.9m)	(£197.9m)	(£197.9m)	(£197.9m)	(£197.9m)
2014/15 (52 weeks) Dwelling Rent Debit	(£200.8m)	(£190.6m)	(£190.6m)	(£197.6m)	(£195.7m)	(£214.7m)
Change from 2013/14	+£2.9m	-£7.3m	-£7.3m	-£0.3m	-£2.2m	+£16.8m
Average Rent for 2014/15	£101.61	£96.40*	£96.40*	£98.10	£99.00	£111.03

*not adjusted for stockloss

	5.4% + 3%	0% + 3%	0% + 0%	3.7% + 3%	2.7% + 2%	Fixed (0%)
2015/16 (52 weeks) Dwelling Rent Debit	(£204.7m)	(£194.5m)	(£188.9m)	(£201.4m)	(£197.8m)	(£213.0m)
Change from 2014/15	+£3.9m	+£3.9m	-£1.7m	+£3.8m	+£2.1m	-£1.7m
Cumulative change	+£6.8m	-£3.4m	-£9.0m	+£3.5m	-£0.1m	+£15.1m

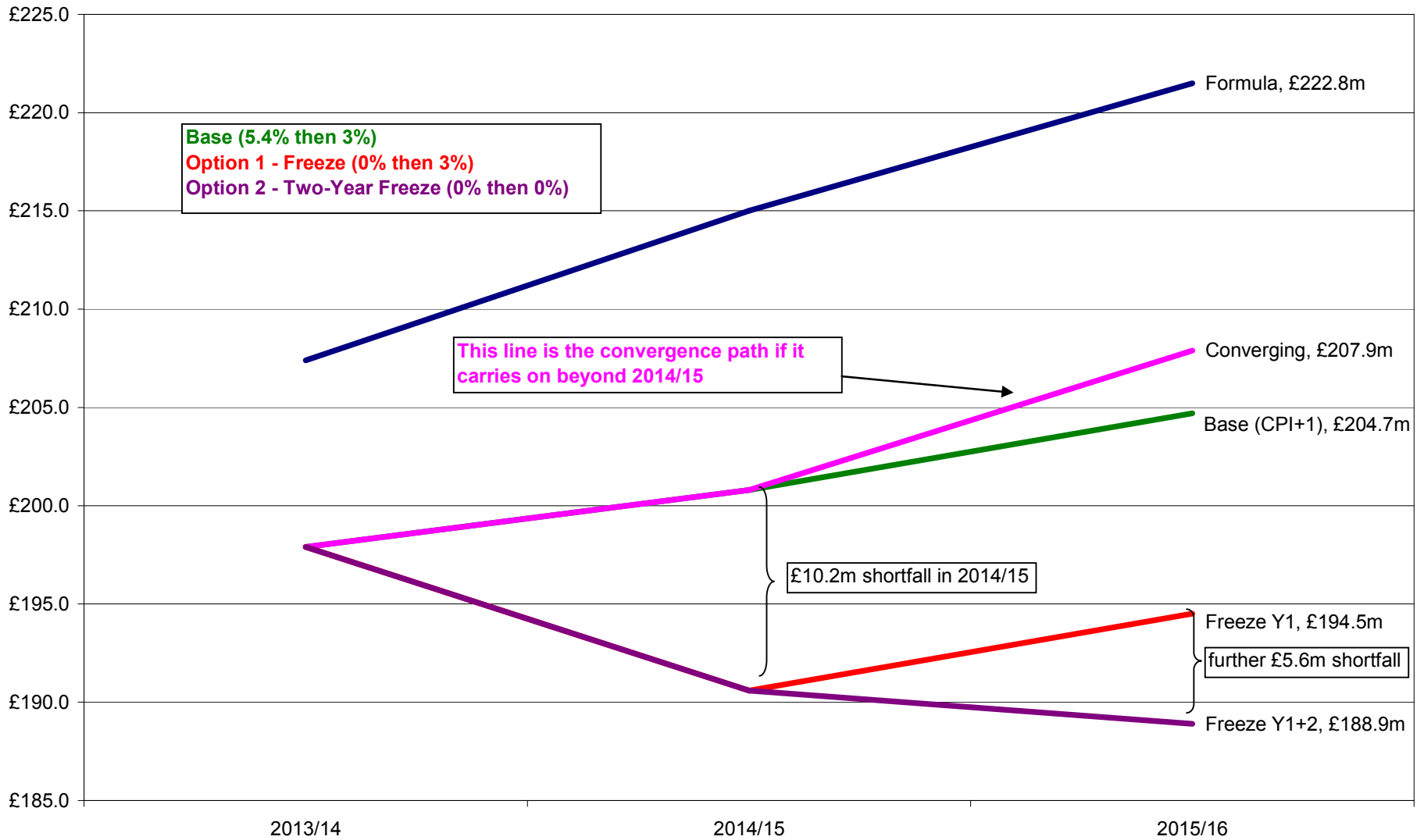
Change from base case by option

	Base	Option 1 0%	Option 2 0%	Option 3 3.7%	Option 4 2.7%	Option 5 Fixed (15.2%)
2014/15 (52 weeks) Change in Rent Debit		-£10.2m	-£10.2m	-£3.2m	-£5.1m	+£13.9m

	Base	0% + 3%	0% + 0%	3.7% + 3%	2.7% + 2%	Fixed (0%)
2015/16 (52 weeks) Change in Rent Debit		-£10.2m	-£15.8m	-£3.3m	-£6.9m	+£8.3m

RENT INCOME OPTIONS

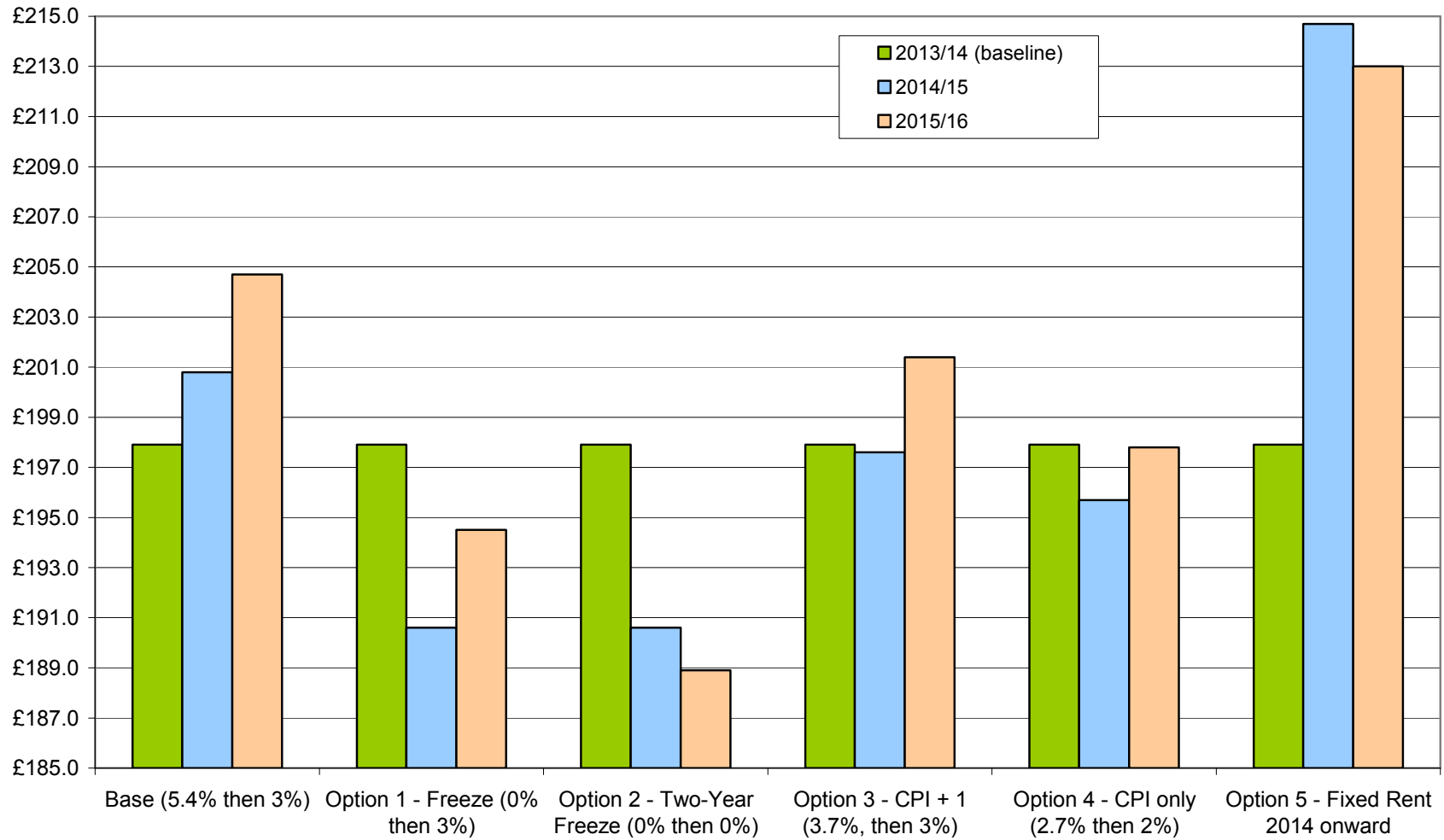
APPENDIX H1

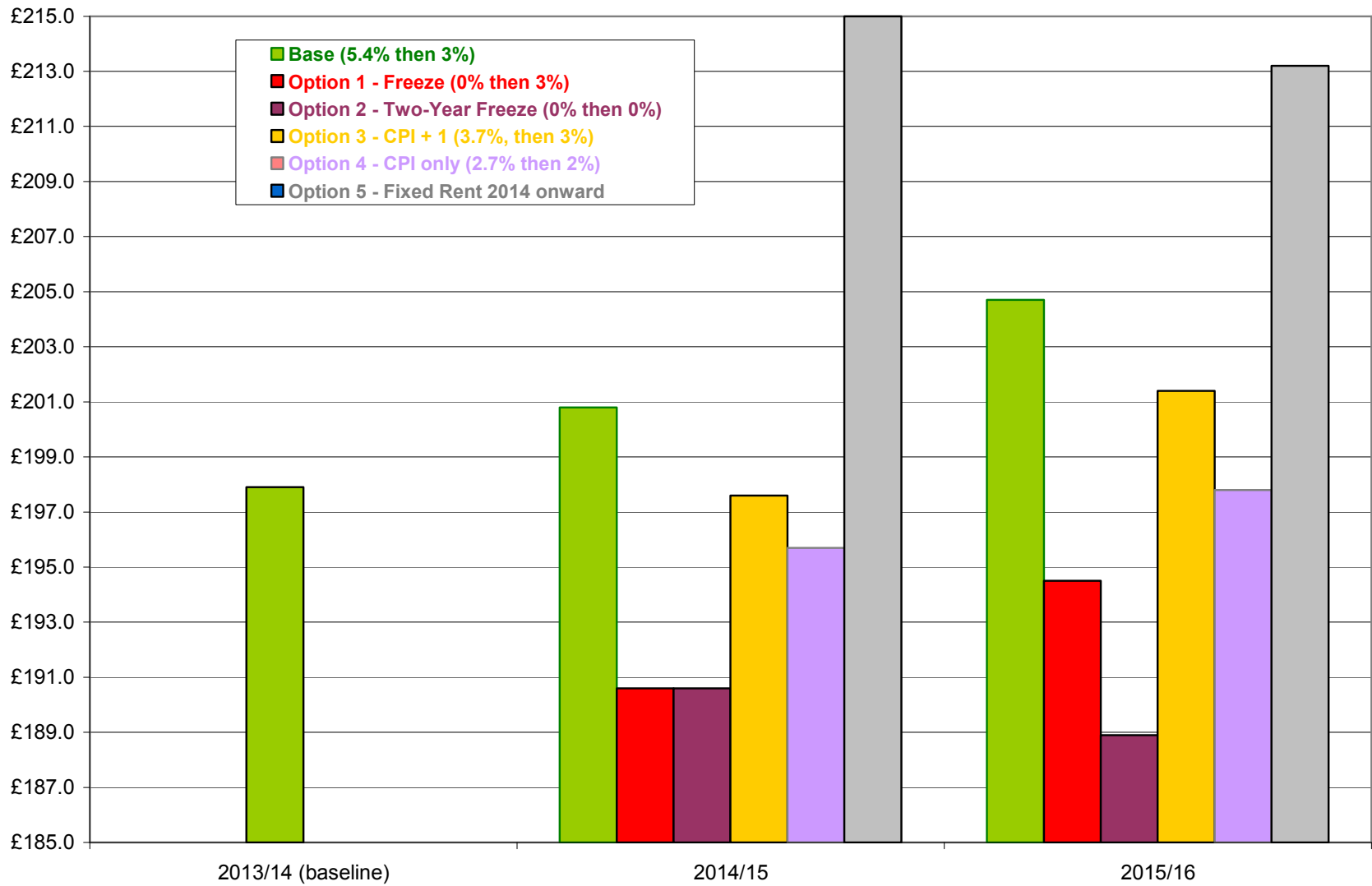


N.B. Options 3 (3.7%) and 4 (fixed rent) omitted for clarity

TOTAL RENTAL INCOME BY OPTION

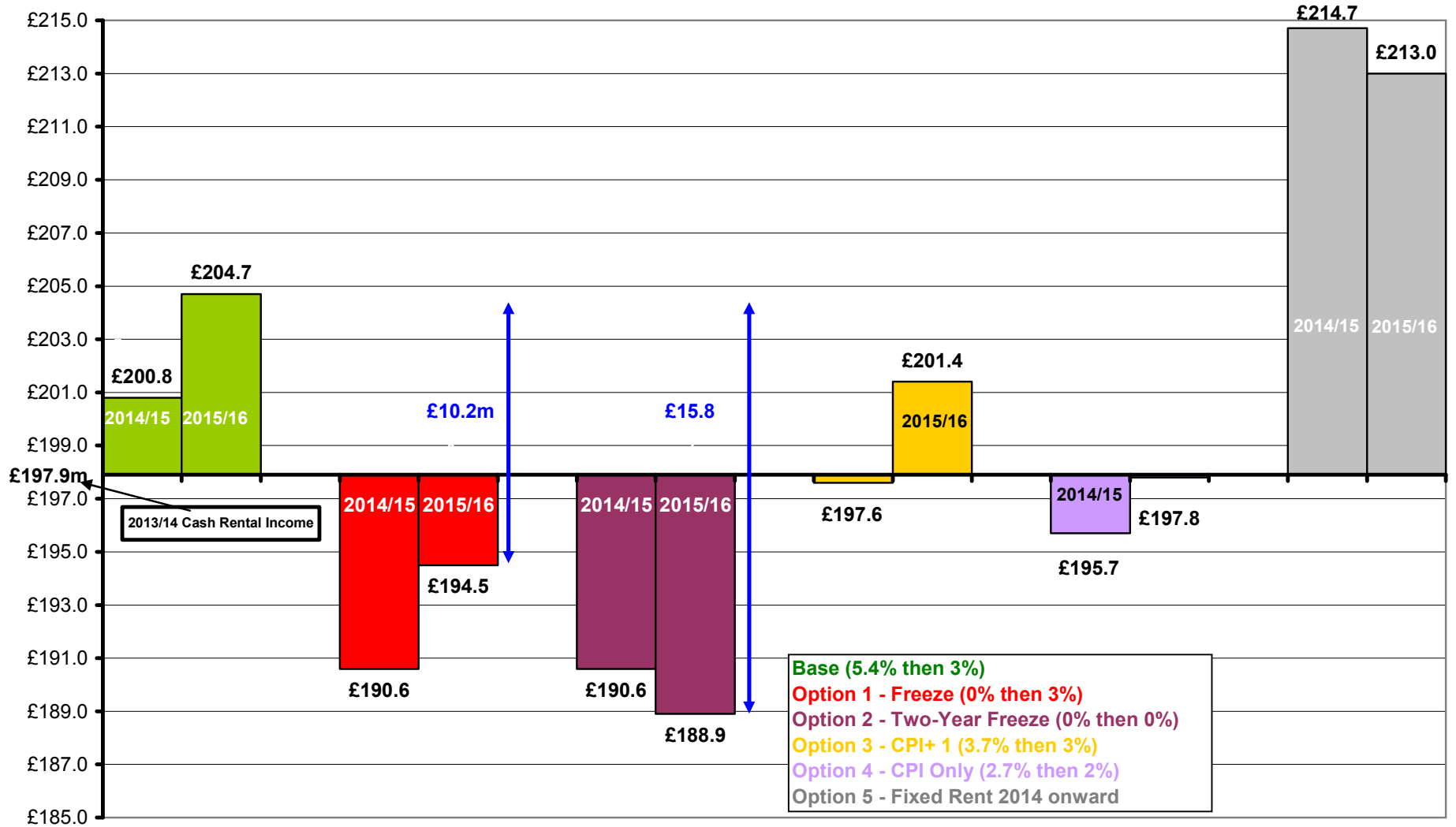
APPENDIX H2





GAIN/LOSS OF RENTAL INCOME BY OPTION

APPENDIX H3





Our ref: IW – IW-2587

Consultation: Rents for Social Housing from 2015/16 consultation

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20th December 2013

Dear Sir or Madam,

Re DCLG consultation: Rents for Social Housing from 2015/16 – Southwark Council response

Thank you for the opportunity to respond to this consultation. Please find attached our full response to the questions posed.

As London's largest social housing landlord, we agree that affordability and certainty regarding rent charges are of key importance for social housing tenants and housing applicants in the borough, and recognise that within the proposal is the intention to minimise rent increases for tenants in difficult times. Even with nearly 2,000 council housing lets per year, demand for affordable housing in the borough continues to rise as evidenced by our housing waiting list which contains over 21,100 households.

We also support the principle of providing further stability for social housing landlords, and note the Government's desire that the proposal will feed into the aim of encouraging investment in new homes. Southwark Council fully supports the need to invest in new homes and our commitment to building 11,000 new homes over the next twenty five years is fully consistent with the Government's policy objective. There is also a keen focus on ensuring our homes are of the best quality possible, and currently Southwark is investing £326 million in our stock to make every home warm, safe and dry.

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Strategic Director Housing & Community Services – Gerri Scott



However, as set out fully in our response, we have serious concerns about the proposals. There are local authorities whose rents have already converged or will converge by the deadline, and it may be that these proposals may have a relatively minor impact in these authorities. However, in Southwark we have traditionally tried to keep rent levels low and the deadline for convergence will not be met. While we are not exceptional in this regard, particularly in London, these proposals could impact on Southwark far more than on some of our neighbouring authorities.

Whilst on the face of it the change in policy removes a significant inflationary factor for individual tenant's rents, we are particularly concerned that it introduces uncertainty into the rental income projections that underpin self-financing business plans where councils, such as Southwark have not been able to achieve rent convergence by the stated date and have plans predicated on the basis that convergence would continue to fruition beyond 2015/16.

Over the next four years from 2014/15, the gap between actual average rents and those assumed by government as part of the self-financing settlement, generates a £60.3 million shortfall of income against government assumptions. Restricting rent rises to CPI + 1 percent from April 2015 onwards, would only serve to exacerbate this shortfall in rental income by a further £15.1 million over the same time period. We also believe that the non-availability of waivers for council providers introduces further risks in to the self-financing system.

As detailed in our response, we do not support the removal of formula rent caps without some other mitigation being made available to authorities in our position. However, notwithstanding our reservations regarding potential impacts of the consultation's other proposals, we recognise that fixing rent increases at CPI + 1 percentage point (for social rent and affordable rent) over a ten year period brings stability to the business planning process.

We do not believe that charging higher rent for high income social housing tenants will generate significant revenue for Southwark to invest in new social housing for the reasons set out in more detail below. The Council believes the way to deal with the problem of scarce social housing resources is to build new housing, either alone or in partnership with others.

If you require any further information to that contained in our full response, please do not hesitate to contact us.

Yours sincerely



COUNCILLOR IAN WINGFIELD
DEPUTY LEADER OF THE COUNCIL
AND CABINET MEMBER for HOUSING

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 Strategic Director Housing & Community Services – Gerri Scott



Southwark Council response to Department for Communities and Local Government Consultation – Rents for Social Housing from 2015/16

When introducing the proposals outlined in this consultation, Housing Minister Kris Hopkins stated that the aim was to offer a deal which will give a decade of strong protection for social tenants. He also highlighted the aim of giving greater stability for landlords, as it would enable them to use this certainty to predict their likely revenues and invest in new homes.

As London's largest social housing landlord we are very aware of the need to meet the demand for good quality housing which is affordable for residents. We recognise that within the proposal is the intention to minimise rent increases for tenants in difficult times. Even with nearly 2,000 council housing lets per year, demand for affordable housing in the borough continues to rise as evidenced by our housing waiting list which contains over 21,100 households. Southwark's 2008 Housing Requirements Study also found that 47 percent of households had incomes of £15,000 or less per annum, and that the median household income for Council renters was £9,100 compared to £16,800 for all households in Southwark. We recognise that affordability and certainty regarding rent charges are of key importance for housing applicants and social housing tenants in the borough.

We also support the principle of providing further stability for social housing landlords, and note the Government's desire that the proposal will feed into the aim of encouraging investment in new homes. Southwark Council fully supports the need to invest in new homes and our commitment to building 11,000 new homes over the next twenty five years is fully consistent with the Government's policy objective. Whilst affordability is a major concern in Southwark, there is also a keen focus on ensuring our homes are of the best quality possible. Currently, Southwark is investing £326 million in our stock to make every home warm, safe and dry.

We do not believe that charging higher rent for high income social housing tenants will generate significant revenue for Southwark to invest in new social housing for the reasons set out in more detail below.

There are local authorities whose rents have already converged or will converge by the deadline, and it may be that these proposals may have a relatively minor impact in these authorities. Within Greater London for example, at least nine boroughs were within 2.5 percent of their target rent with two years of convergence remaining. However, as set out in the following response, in Southwark we have traditionally tried to keep rent levels low and the deadline for convergence will not be met. We are not alone in this regard, since in 2013/14, five other London boroughs had greater than 7.5 percent gaps to bridge between actual and target rents, and in four cases this was still in double digit terms. We therefore have concerns that whilst we are not exceptional in this regard, these proposals could impact on Southwark far more than on some of our neighbouring authorities.

Southwark has complied with governmental rent restructuring policy since the publication of “*The Guide to Social Rent Reforms in the Local Authority Sector*” by the then Office of the Deputy Prime Minister (now DCLG) in 2003. We have unpooled service charges for tenants (2004 onward); applied average rent ceilings (2006 and 2007), revised guideline rents (2009) and changed national convergence dates when required by central government. Throughout the policy we have applied annual affordability limits and formula rent caps – as advised by DCLG and in the former case previously refunded centrally – to mitigate the effects of the policy on individual tenant rent rises. As a consequence our actual rents are some distance from convergence.

This is a combination of historically-low rent levels, but also because of adherence to the policy. It is troubling that strictly following government guidelines could disadvantage us to such a degree.

Q1. What are your views on the Government’s proposed policy on social rents from 2015/16?

The proposed new policy is a paradigm shift from that set out in the self-financing settlement. Government set out their assumptions regarding rent levels post-settlement in their covering letter with the draft settlement determination papers issued on 21 November 2011 – only two years ago. The relevant passage is quoted below:

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

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

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

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

Whilst on the face of it the change in policy removes a significant inflationary factor for individual tenant’s rents, it introduces uncertainty into the rental income projections that underpin self-financing business plans where councils, such as Southwark have not been able to achieve rent convergence by the stated date and have plans predicated on the basis that convergence would continue to fruition beyond 2015/16.

Following formula rent policy for 2014/15 gives rise to an average rent increase of 5.4 percent to £101.61 per week for Southwark tenants. This compares to the average formula rent target for Southwark for 2014/15 of £108.80, a shortfall of £7.19 (7.1 percent), highlighting the extent of the gap between actual average rents and those assumed by government as part of the self-financing settlement. Over the next four years, this gap generates a £60.3 million shortfall of income against government assumptions. Restricting rent rises to CPI + 1 percent from April 2015 onward will only serve to exacerbate this shortfall in rental income by a further £15.1 million over the same time period. Taken cumulatively, the Spending Review proposals create a greater loss of spending power (£75.4 million) over the same period – as the table below sets out.

	'Converging' Rent (current policy)		Consultation Rent (CPI+1% from 2015/16)		Formula Rent (settlement position from 2015/16)		Rent Foregone p.a.	
	Average	Rent Debit	Average	Rent Debit	Average	Rent Debit	Currently assumed	New level
2014/15	£101.61	£200.8m	£101.61	£200.8m	£108.80	£216.4m	£15.6m	£15.6m
2015/16	£106.26	£207.8m	£104.65	£204.7m	£112.07	£222.9m	£15.1m	£18.2m
2016/17	£110.44	£214.8m	£107.79	£209.6m	£115.43	£229.5m	£14.7m	£19.9m
2017/18	£114.57	£221.5m	£111.03	£214.7m	£118.89	£236.4m	£14.9m	£21.7m
Cumulative Net change							£60.3m	£75.4m £15.1m

CPI assumed at 2% for next three years

It is disappointing that whilst the consultation acknowledges in paragraph 45 that there are non-convergence issues generated by the application of previous rent policy, particularly affordability limits, assistance appears only to be made available to private registered providers (paragraph 47) and not to local authorities. It is proposed that a provider experiencing difficulties apply to their regulator for a time-limited waiver of the social rent policy (presumably to allow them to further converge rents), and it is difficult to see on what grounds this concession should not be extended to council providers in the same situation. **The Council opposes this approach**, and believes that the non-availability of waivers introduces further risks into the self-financing system, which undermines the principle of self-financing.

It should be noted that in keeping with social housing policy since 2002, these changes are not mandatory and authorities could choose their own course and set rents to converge. However, it is almost certain that this action would contravene the housing benefit limitation arrangements resulting in a financial penalty through the loss of rent rebate subsidy. The consultation avoids committing the Department for Work and Pensions in any way in this regard, even involving more helpful timescales on issuing limit rents for budget-setting purposes, which is a major weakness in the proposals as put forward.

Limit on Rent Changes

In what would be a significant departure from current council policy, the consultation paper (paragraph 46) (paragraph 2.3 of the Guidance) takes the policy of moving new-let properties straight to formula rent as a means of defraying the rental income lost by non-convergence. Southwark has previously resisted this on the grounds that it would create artificial rent differentials between neighbouring properties of an identical standard, and would therefore be inequitable and difficult to justify. As convergence of actual and formula rents approaches, this inequity reduces, but the Council will need to weigh the continuation of this policy against the opportunity to mitigate the loss of resources.

While **the ability to move to formula rent is welcomed on void re-lets**, there may be times when this could have impacts on other policy aims, such as making the best use of the stock. An under-occupying pensioner may not want to downsize if this would result in an increased rent. Therefore **some flexibility should be retained by local authorities**, where this flexibility would still result in increased numbers at formula rent through housing churn.

DWP Limit Rents

There is no indication put forward as to the operation of limit rents as set by the Department for Work and Pensions (DWP) in any future universal credit system, making evaluation of the interplay between the two impossible to predict. **A case can be made to abolish the limit rent mechanism entirely**, as part of the standardisation of approach between local authority and RSL sectors. Abolition would have the added benefit of removing any anomalous situations arising whereby moving a new-let property straight-to-formula would inadvertently exceed the limit rent. Local authorities are democratically accountable to their tenants and other residents, and this, as well as fitting the localist agenda, should act as a sufficient counterbalance to any impetus to raise rents unjustifiably.

Calculation of Rents

Paragraph 2.3 of the Guidance refers to the Government wanting social rents to take account of condition and location of a property, local earnings and property size (specifically the number of bedrooms in a property). It states that property size helps to ensure properties with more bedrooms have a proportionately higher rent, as would be expected. It could be questioned whether this should be the case in future. We have calculated that the benefit cap will affect larger households. With affordable rent, many councils and developers have considered the benefit caps, and in some cases this has resulted in family-sized properties having lower rents than other properties which are smaller. This has been to ensure that family-sized properties remain affordable for households who may potentially be unable to pay higher rents because this would take them above the benefit cap threshold.

Q2. Should the rent caps be removed? If you are a landlord, how (if at all) do the caps impact on you currently?

In the forthcoming rent year, we estimate that 983 tenancies will benefit from the application of formula rent caps, principally street properties, alongside one or two exceptionally high value blocks of flats immediately adjacent to the River Thames. In context, this is 2.57 percent of the total number of tenanted properties in Southwark. The total formula rent debit for 2014/15 is reduced by £1.1 million as a result (before any adjustments for stock loss or voids). In common with all other aspects of rent restructuring, the Council has always applied formula rent caps to qualifying properties.

The original argument for the application of the formula rent caps was to protect tenancies against the outlier effects of particularly high valuations, and without a general revaluation from the 1999 base this rationale has not changed. We accept that there is now an argument that these properties should contribute to the convergence gap noted in the response to Question 1 above to the fullest extent – i.e. be uncapped, since the “straight-to-formula” basis for all new lets is also expected to be a means of defraying the convergence gap. However, in some cases the individual increases in rents for these properties would be swingeing, and the Council does not wish to appear discriminatory in this regard, particularly with reference to our intention to remain a provider of good quality mixed social housing. We therefore **do not support the removal of formula rent caps without some other mitigation being made available.**

Q3. Do you agree with the move from basic rent increases of RPI + 0.5 percentage points to CPI + 1 percentage point (for social rent and affordable rent)?

Social Rents

Notwithstanding our reservations regarding the impact of the consultation paper’s other proposals, a commitment by government to fix this inflation factor over a ten-year period is helpful (as paragraph 40 notes) and in contrast with other aspects of the consultation brings stability to the business planning process.

For the 2014/15 rent-setting, these two factors were identical at 3.7 percent. Whilst there is an historical tendency for CPI to be lower than RPI, as housing costs – the principal difference in measurement – outstrip headline inflation, this is rightly reflected in the increased top-up figure applied to the base percentage. Over time, the degree of volatility attached to CPI seems to be less than that of RPI, and greater stability is a strong argument in its favour. It appears that CPI is the preferred mode of inflation to be used across the public sector, and coupled with the downgrading of RPI as an indicator by the Office of National Statistics, **the Council has no formal objection to this change in basis.**

We would not, however welcome the factor reverting to simply CPI after the end of the ten-year period covered under the Spending Review announcement as this would once more cause fundamental downward shifts in HRA income assumptions contained in the business plan.

Affordable Rents

Paragraph 3.15 of the Guidance states that: *“On each occasion that an affordable rent tenancy is issued for a property – whether it is let to a new tenant, or an existing tenancy is re-issued – local authorities should re-set the rent based on a new valuation, to ensure it remains at no more than 80 percent of the relevant market rent”*. Paragraph 3.17 states that *“This expectation overrides the CPI + 1 percentage point limit on rent changes.”*

This does not really deliver the Government’s aim to *“Protect social tenants from excessive increases in rents”*. In effect this Guidance protects traditional social rented tenants while providing no protection for affordable rent tenants from what could be significantly increasing housing market prices. It also fails on the other policy aim to *“Enable tenants to understand their future housing costs better.”*

We also have concerns that in general providers will be expected *“to utilise the flexibility to charge rents of up to 80 percent of market rents to maximise financial capacity.”* We have a significant need for social rented housing, and rents at 80 percent of the market rent are unaffordable for most applicants on our housing register due to high house prices in the borough. While we are working with housing associations and developers to develop properties which have rents at lower proportions of market rent in order to meet identified need in our borough, the Mayor of London is attempting to restrict our ability to control levels of market rent on new developments through planning policy.

The Guidance (1.8) also states that *“Affordable rent is designed to maximise the delivery of new affordable housing by making the best possible use of Government investment.”* It could be argued that this may not necessarily make the best possible use of Government investment if the ongoing cost of the higher rent on the welfare budget is taken into consideration. Market rents are currently rising considerably. As registered providers increase their rents to reflect this, this will get worse. Therefore, developing homes for traditional social rent may be a better investment in the longer term.

Comment on the Policy on rents for social tenants with high incomes – 'Pay to Stay'

As stated in our response to the Pay to Stay consultation, we question whether this proposal will give landlords “*additional income to invest in new housing*”. In a borough like Southwark with 38,364 local authority renter households at 1st April 2013, concerns about the proposal include the following:

- the scheme would be **complex and costly to administer** e.g. upgrading rent systems, tenant income and rent details
- numbers affected would be small and any **financial returns would be unlikely to generate significant income to cover the costs of administering the scheme**
- any **extra income would be unpredictable** as the number of affected tenants might reduce over time (e.g. move out, exercise the right-to-buy, etc.)
- **appeals could lead to further costs for the Council and tenants**, and in the meantime, arrears might accrue
- higher rents **could lead to increased numbers of right-to-buys**, thereby reducing supply of affordable housing and rental income
- the scheme **will not contribute to increasing the supply of affordable homes**
- **our preference is for mixed and balanced communities to encourage aspiration and betterment** – this scheme could potentially disincentivise employment / increasing household incomes.

The Guidance states in paragraph 1.16 that it is the Government’s aim for rent policy to protect social tenants from excessive increases in rents. Last year the monthly social rent for a two bed council property was approximately £400. The market rent for a two bed in Southwark is currently £1,842 per month. Therefore it would be hard to argue that this was not an excessive increase in rent. Assuming that 30 percent of household income could be used towards rent costs, an annual income of £73,680 would actually be required to make paying the market rent affordable. The issue is even more stark for three bed properties where the average market rent is currently £2,275. This would require an annual income of £91,000. The percentage of market rent in Southwark for a three bed that the £60k earning household could actually afford is 66 percent of market rent. Therefore these tenants would still be tenants who clearly need a sub-market rent, as referred to in paragraph 4.2 of the Guidance.

Chapter 4 of the Guidance needs to make clear whether the Pay to Stay proposals refer to tenants in affordable rent properties as well as those in traditional social rented properties.

Q4. Do you agree with the definition of “household” proposed?

We believe the definition could be a potential area for dispute, which could result in arrears for tenants, and reduced income and possible costs for local authorities. Concerns include the following:

- a sense of unfairness if some tenants have to pay the higher rent when other households with high earning members not included in the definition are unaffected
- disputes about whether a person is actually the partner of the tenant
- more clarity around when a partner’s income is taken into account would be helpful - they may not have been living at the property nor in the relationship the year before
- greater clarity around residency would help – the Guidance does not refer to the named tenant’s residence nor to how residency is defined (length and type of residency, e.g. if a partner is working away most of the week).

The proposal does not take into account household size nor the number of dependants, with possible implications in terms of affordability. We note that that access to Government-funded affordable home ownership schemes in London does take household size into account, in the current scheme and in the draft London Housing Strategy.

Q5. Do you agree with the definition of “income” proposed?

Generally, we agree with the proposal to define income as total taxable income. However, the threshold is likely to be complex to administer and disputes could arise whatever income assessment method is applied:

- tenants will presumably be expected to monitor their household income to see if it is on or above the threshold, and take this into account when planning for future rent payments - there could be a particular issue where household members have variable employment and incomes throughout the year
- other issues might include accountancy costs if self-employed, tensions within households over which incomes are to be included, less family support for vulnerable tenants if some household members move out, and management issues if higher rent is payable for neighbouring properties
- the proposal could also act as a disincentive in that, if the rent was to automatically increase to market rent, the tenant could decide to work fewer hours and be better off due to reduced rent.

This proposal does not appear to take affordability into account, with no link between incomes and the proportion of market rent payable, although there is an acute lack of affordable housing in Southwark and London. Market rents can differ significantly by postcode, even within local authority areas, and we have concerns that a one size fits all approach will not work. Also with regard to the £60k threshold, we note that access to Government-funded affordable home ownership schemes in London is at a higher threshold than the national level, as a maximum household income is £74,000.

Q6. In particular, should capital be included and if so, how?

This would further complicate the scheme and could potentially increase the administrative burden on landlords.

Q7. Do you agree with the income period proposed?

The fact that the income for the 2013/14 tax year would guide the rent payable in the 2015/16 rent setting year is far from satisfactory:

- making an assessment based on the income from the previous tax year would be complex to monitor and administer, with the potential for dispute and costs for the Council, as well as concern for tenants and possible build up of arrears
- tenants may not be aware that their household income (as defined) is on or above the threshold
- it is difficult to see how a higher rent level could apply retrospectively, as incomes and household composition may have changed by the time of implementation - this could make planning ahead difficult for tenants, and the Council in terms of future expenditure although the sums involved may be small.

The consultation states (paragraph 91) that a landlord would need to give the tenant reasonable notice before the new rent came into effect, and that the landlord could decide whether to charge the tenant up to full market rent. However, the Guidance is silent on how the threshold should be applied with regard to the higher rent coming into effect – should the rent increase be phased in or ‘big bang’? If a household income went above the threshold by a marginal amount, would there be a substantial increase in rent due, possibly cancelling out any increase in household income?

Q8. What are your views on the proposed self-declaration approach?

A system based on self-disclosure has inherent weaknesses, particularly when there is no benefit for tenants. Non-disclosure would be an ongoing concern, as the system would already be complex to administer and making adjustments for income variations would add to this. Our concerns include the following:

- will tenants be expected to check their household income against the threshold, potentially a complex task e.g. people may move jobs or in and out of work, or be self employed - even with regular monitoring of income via a link with HMRC, rent adjustments could be complex with arrears accruing, particularly if backdating was problematic and involved large differentials in rent levels
- disputes might also arise within households regarding self-declaration, with possible consequences e.g. homelessness, family break-up, loss of support within households

- the benefit of a two-stage process is not clear, as until the second stage is introduced, the expectation that tenants will submit details of incomes is likely to be at best partially fulfilled; without a legal basis, during a first stage, it might be that landlords would be able to charge a higher rent but still be waiting for clarity and certainty
- further clarity is required regarding the legal issues relating to this proposal e.g. what sanctions are envisaged, would the onus be on the landlord to take action incurring legal costs, if the household failed to declare their income?

The above is likely to result in an increased administrative burden for landlords with resultant costs. The consultation does not make clear if the above requirement applies to all social housing tenants regardless of whether their landlord is actually implementing Pay to Stay policies. In this case, local authorities might have to record information which they had decided not to act on, so there would be costs without any additional rental income being generated.

Q9. Do you agree with how we propose to treat historic grant?

The consultation refers to how any additional income arising from the policy should be spent. We agree that local authorities should be encouraged to invest in social housing and are supportive of policy initiatives which seek to keep money within the borough.

In general we support the proposals regarding historic grant except when the property is in a local authority area where the local authority has an agreed strategy to invest in new affordable housing supply, in which case the recycled grant should be passed to the local authority for re-allocation.

Item No. 11.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2014/15 to 2016/17: Provisional Settlement	
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

At the meeting on 22 October 2013, Cabinet were informed of the pressures created by the continued cuts to its grant from government, and of the outcomes of the consultation with Southwark residents on how the council should prioritise which services to protect and which to seek savings from.

This report sets out the resulting budget for 2014/15, in the face of the budget shortfall of £25.4m reported in October. This round of cuts by government means that Southwark council has lost £249.28 for every man, woman and child living in the borough since May 2010.

Reflecting the outcomes of the consultation, work has been undertaken to ensure as much of the necessary savings have been made from finding further efficiency savings and from back-office activity whilst protecting frontline services as far as possible.

The council's sound financial management since 2010 has meant that we have been able to deflect some of the pain of the government cuts in this budget. In this budget, further savings are being proposed through the decision taken to purchase the offices at 160 Tooley Street, tighter management of contracts, spending money from our capital budget to proactively maintain highways rather than having to reactively repair them and through the reorganisation of how we deliver services.

However, such savings will become increasingly difficult to achieve in future years as the opportunities to make the relatively painless reductions have already been taken. This is particularly concerning given the further £33.5m cut proposed by government in its illustrative 2015/16 allocation, which represents a further 11 per cent cut from the 2014/15 budget considered in this report. I met with Brandon Lewis MP, Under-Secretary of State for London, Local Government and Planning, on 14 January to make him aware of the likely impact this would have on Southwark.

To make matters worse, councils in London have lost New Homes Bonus in the 2014/15 round through a top-slicing of this money which is not being applied elsewhere. Furthermore, the opportunity to generate additional money from growth in business rates has been hampered by government's decision to only hand 30% of such money back to Southwark. Additionally, the council faces spending pressures in essential areas of its work to protect vulnerable children and families, in part as a result of government's decisions on welfare changes.

However, this budget is not all bad news. This budget enables this council to fulfil its commitment to ensuring that every primary school child in this borough receives a free healthy school meal. It also sees the completion of our work to ensure that everyone who works for the council, directly or through contract, receives the Living Wage. It helps our most vulnerable young people, with additional funding for young adults with Learning Disabilities and to support adoption and fostering.

Finally, I want to take this opportunity to thank all the staff across the council who have assisted in the work of pulling this budget together. In these difficult times, the dedication of our employees has helped us continually innovate to ensure that we are protecting the council's delivery of front line services.

RECOMMENDATIONS

That cabinet:

1. Note the current balanced general fund budget proposals for 2014/15 following work undertaken to identify savings and efficiencies, and including increased levels of inflation and commitments identified by departments since the report submitted to 22 October 2013 cabinet.
2. Note that the government's Autumn Statement was delivered on 5 December 2013.
3. Note that the provisional settlement for Southwark council was received on 18 December 2013, and that the final settlement is expected to be confirmed in early February 2014.
4. Note that this report is to be considered by the Overview and Scrutiny committee on 20 January 2014 and that any recommendations arising which are agreed by cabinet will be incorporated into the final report to cabinet on 11 February 2014 for recommendation to Council Assembly on 26 February 2014.
5. Note that this report includes the 2014/15 provisional settlement figures, and with the use of reserves of £6.2m presents a balanced budget for 2014/15.
6. Note the further £33.5m funding reduction announced within the illustrative figures for 2015/16 and the impact on the council following four successive years of significant savings.
7. Note an additional £800k contribution from reserves to the Welfare Hardship Fund set up in 2013/14 and that officers are to examine how funds can be more quickly directed to help those in financial difficulty.
8. Instruct officers to take steps early in the new financial year to plan for the additional resources, efficiencies and savings that will be required to deliver a balanced budget in 2015/16, based on the illustrative figures supplied.
9. Make representation to Ministers on 2015/16 draft settlement and its impact on the council.

BACKGROUND INFORMATION

10. In October 2013, cabinet received a report on the Policy and Resources Strategy 2014/15 to 2016/17. This scene setting report set out options for the revenue

budget for 2014/15 and the outcomes from the budget consultation exercise that was undertaken over the summer of 2013.

11. The report was prepared in the context of anticipated changes in funding arrangements for the council in 2014/15 and beyond, including cost pressures and corporate savings opportunities known at the time. The report highlighted an estimated shortfall in resources of £25.4m in 2014/15, subject to the Chancellor's Autumn Statement and the provisional grant settlement expected in December 2013.
12. Arising from the report, cabinet instructed officers to explore options to address the 2014/15 budget gap to include the scope for additional business rates growth retention, improved council tax collection and recovery, use of New Homes Bonus (NHB) to support general fund services, and other strategic financing opportunities.
13. This report contains proposals associated to these options. It also provides an update on the current funding position following on from the Autumn Statement and the provisional grant settlement for the council. It also includes detailed budget options for both new commitments and for savings that would enable the council to achieve a balanced budget for 2014/15.
14. The report also sets out the likely funding position for 2015/16 and the additional pressures that this will bear on council services.

KEY ISSUES FOR CONSIDERATION

15. Since October, officers have gathered further and more current information on future funding arrangements and cost pressures and savings opportunities. The key issues for consideration at this stage refer to:
 - Chancellor's Autumn Statement
 - Provisional grant settlement (including New Homes Bonus; specific and special grants; etc.)
 - 2013/14 General Fund monitoring position
 - Strategic financing options to help reduce the budget gap
 - New and emerging commitments
 - The outlook for 2015/16 and beyond

AUTUMN STATEMENT

16. On 5 December 2013, the Chancellor presented his Autumn Statement. The Statement set out the parameters for Local Government funding in 2014/15 and 2015/16. The Statement confirmed that there will be a continued reduction in central government funding for local authorities over the next two years, as set out in the 2013 Spending Review, announced by the Chancellor on 26 June.
17. In addition, the statement referred to a number of other relevant issues including:
 - A cap of 2% on inflationary increase in business rates.
 - Up to £1,000 rebate for businesses with Rateable Value (RV) up to £50,000
 - A new reoccupation relief to encourage use of vacant town centre shops.
 - A further extension of the doubling of the small business rate relief (SBRR) to April 2015.

- Formally announcement of extending free school meals to all children in reception and years 1 and 2
- funding for the Pupil Premium will rise to £2.5 billion in 2014/15.

Business Rates Increase cap

18. The 2013 autumn statement announced that the government will support all businesses by capping the RPI increase in business rates to 2% in 2014/15. Business rates for 2014/15 were forecast to rise by 3.2%, in line with September 2013 RPI. This is expected to cost £270m nationally in 2014/15 and £255m in 2015/16.

Business Rates Discount

19. The introduction of a discount for two years of up to £1,000 against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014/15 and 2015/16. This is estimated to cost nationally, £350m in 2014/15 and £425m in 2015/16.

Re-occupation relief

20. The introduction of a temporary reoccupation relief gives a 50% discount from business rates. This discount will apply to new occupants of previously empty retail premises for 18 months, to help reduce the number of boarded up shops on high streets. The relief will be granted to businesses moving in to long-term empty retail properties on or after 1 April 2014 and on or before 31 March 2016. This is expected to cost £5m in 2014/15 and £10m in 2015/16.

Further extension of the doubling of the small business rate relief (SBRR)

21. The announcement of a further extension of the rate of the SBRR to April 2015 means that approximately 360,000 of the smallest business will continue to receive 100% relief from business rates until April 2015, with a further 180,000 benefiting from tapering relief. This is expected to cost £500m nationally in 2014/15.
22. The Department of Communities and Local Government (DCLG) intend to refund local authorities for the cost of the additional relief in 2013/14 through grant, with 60% of the lost income payable in year using estimates and the balance paid after year end based on final outturn position. It is expected that business rates discount, re-occupation relief and SBRR will be refunded to local authorities in 2014/15 on the same grant basis.

Valuation appeals

23. There are currently 168,000 business rates appeals cases outstanding nationally as at September 2013. The government announced their commitment to resolve 95% of outstanding cases by July 2015.
24. The government will consult in 2014 on changes to provide greater transparency over how rateable values are assessed, improve confidence in the system and allow well founded challenges to be resolved faster, preventing backlogs building up in future.

Free school meals

25. The government will make funding available to offer every pupil attending a state-funded school in reception, year 1 and year 2 a free school lunch from September 2014. Pupil Premium rates and eligibility will be unaffected.
26. The government will also provide £759k capital funding to increase capacity in school kitchens as well as funding to enable further education and sixth form colleges to provide free meals to disadvantaged young students, in the way that school sixth forms are already required to do.
27. This is estimated to cost £620m in 2014/15 and £755m in 2015/16. The Autumn Statement and Provisional Settlement do not explain how the funding will be made available (e.g. paid to parents, direct to schools or to local authorities).

Council tax

28. At Spending Review 2013, the government announced that it intended to set the Council Tax referendum threshold at 2% for 2014/15 and 2015/16, with a grant equivalent to a 1% increase provided to local authorities in England that decide to freeze or reduce their Council Tax in 2014/15 and 2015/16. Any local authorities wishing to increase Council Tax beyond the threshold would have to consult local people.
29. The autumn statement 2013 announced a national council tax discount of 50% for annexes from April 2014. This will support extended families living together, for example with children saving for a new home or elderly parents. It is not clear how funding will be made available to local authorities for the loss from this scheme.

New homes bonus

30. The government's Spending Review 2013 proposed a £400m increase to the local growth fund, subject to consultation. This would be created by top slicing 35% from New Homes Bonus and transferring it to Local Enterprise Partnerships (LEPs).
31. Following consultation the chancellor announced that, other than for London authorities, the local growth fund will no longer contain a top slice from all New Homes Bonus. This means that from 2015/16, £70 million of the New Homes Bonus awarded to London boroughs will be pooled within the London LEP, which is chaired by the Mayor of London.

Delivering savings from cutting fraud

32. To enable savings of over £2.3 billion through reductions in fraud, error and debt to be delivered, the government announced that a Single Fraud Investigation Service would be formed to investigate fraud across the whole of the welfare system.
33. Alongside this service, DCLG and the Department of Work & Pensions (DWP) will invest in local government's capacity to tackle non-welfare fraud. Additional funding will be provided in 2014/15 and 2015/16 to enable new fraud investigation posts to be created, to focus on corporate fraud.

2014/15 PROVISIONAL SETTLEMENT FOR SOUTHWARK COUNCIL

34. On 18 December 2013, the government announced the provisional settlement for 2014/15 and 2015/16. These figures give Southwark's Settlement Funding Assessment (SFA) at £227.4m. This is some £900k higher than the indicative allocation issued in July 2013 as part of the consultation, and included in the report to October cabinet. However 2013/14 council tax freeze grant has been rolled into SFA in 2014/15, so the two figures are in fact comparable and will not materially affect the current 2014/15 budget position.
35. A more detailed analysis of the provisional settlement is included in Appendix G.
36. Overall Southwark's 2014/15 SFA has been reduced by £26.9m (10.6%). It represents the second highest settlement funding reduction in London. The cash reductions range between £27.1m for Tower Hamlets to £4.7m for Richmond-upon Thames.
37. The government's announcement gives the national spending power reduction for 2014/15 at 2.9%, (1.8% in 2015/16). This is because it excludes the Greater London Authority (GLA). The national figures including the GLA are 3.1% in 2014/15 and 2.0% for 2015/16.
38. For 2014/15, Southwark have the third highest spending power reduction. The spending power reductions range between £18.7m for Lambeth to £1.2m for Richmond-upon Thames.

Retained business rates

39. The fact that the formula and methodology used to determine the SFA are frozen until 2020 means that Southwark is likely to be locked into a long period of receiving among the largest level of cuts in London.
40. The government have passed on most of the risks of the business rates system to local authorities, apart from the risk of reduced business rates yield below the safety net. There is also the inherited risk of reduced revenues as a result of historic valuation appeals being upheld by the valuation office.
41. Before the introduction of the retained business rates system, appeals did not form any part of any calculations or returns, neither were appeals factored into the government's calculations of the business rates baselines.
42. It seems, though still subject to some discussion, that local authorities will have to bear the risk of the pre 31 March 2013 appeals, as well as those after 1 April 2013. The government have received the revenues from the pre 2013/14 appeals cases, but as the government did not set up provisions for losses on appeals, any appeals that are that are subsequently upheld will be a loss to the individual local authority and not the government.
43. The Strategic Director of Finance and Corporate Services has earmarked part of the Financial Risk Reserve to help protect the council from the risks and variations inherent in the new funding system and especially risks underlying business rate retention.

Specific and special grants

44. In 2013/14 the council will received £39.8m in specific and special grant funding. The provisional settlement figures show that this is expected to increase to £42.3m in 2014/15. This increase of £2.6m includes an estimated £1.5m for free healthy school meals. Details of all the expected grants are shown in appendix A.

2013/14 REVENUE MONITORING POSITION

45. The Revenue Monitoring Report for Quarter 2 2013/14 was presented to cabinet on 19 November 2013. The report demonstrated the results of the efforts that departments have put in to control cost pressures and deliver council commitments in line with the General Fund budget agreed by Council Assembly in February 2013.
46. As at the end of September 2013, the council was anticipating a favourable variation at the end of the financial year of approximately £208,000 against the agreed budget of £334m, after taking into account expected movements to and from reserves.
47. The report stated that there were no current calls on the 2013/14 contingency budget of £5m. This budget acts to mitigate financial risk inherent within the 2013/14 budget savings target of £24.9m and any unforeseen and immediate demand or cost pressures. In the event that this contingency is not required in 2013/14 and as for previous years, it will be made available to balances to support the next year's budget, as set out elsewhere in this report.
48. A report on the revenue monitor as at quarter 3, is due to be presented to cabinet in February 2014. At this time of writing there are no significant matters which that are likely to impact on the Quarter 2 projections.

STRATEGIC FINANCING OPTIONS

49. The following paragraphs provide additional detail and quantification of savings in the areas of the budget officers were instructed to investigate at 22 October 2013 cabinet. Consideration of these matters is in line with the results of the Spending Challenge consultation undertaken over the summer when the public were more supportive of savings in central and corporate services or those areas with a 'managerial' label.

Additional business rates growth

50. For the transition to the business rates retention system, the government calculated for each local authority a baseline funding level for 2013/14, which is then uplifted by 3.26%, the government's estimate of RPI for September 2013, to £104.5m. The actual inflation rate for September was 3.15%, this would give a revised baseline funding level of £104.4m, a reduction of £0.1m. For comparison purposes RSG would be adjusted, leaving no reduction in indicative funding.
51. In addition to the rate of inflation used to uplift the baseline, actual retained business rates income for 2014/15 will be dependent on the assessed rateable values, effect of appeals and collection rates. An NNDR1 return to estimate this will be submitted by the council to DCLG in January 2014. The net rate yield from

the NNDR1 report is then adjusted to take account of the central government (50%) and GLA (20%) shares.

52. The budget report of June 2013 included £2.0m of additional business rate growth. Current projects are that the council may expect to receive an additional £500k in 2014/15.

Improved council tax collection and recovery

53. The council continues to target council tax collection. The budget as presented in June 2013 assumed a 1% per annum increase in tax base giving £0.7m and a 0.25% increase in collection rate giving £0.2m. As further information is received on the tax base, it is anticipated that a further £0.75m could be collected. Improving council tax collection was supported by comments made in the Spending Challenge.
54. In 2013/14 the council was required to introduce a Council Tax Reduction Scheme (CTRS). This was a decision reserved to Council Assembly. The current budget proposals assume that there will be no changes to the CTRS scheme for 2014/15. This will be proposed to Council Assembly as part of the Council Tax Base and NNDR base report to Council Assembly in January 2014. That report will consider the equality impacts of continuing with the scheme without amendment.
55. Council Assembly also agree the council tax discount and exemption scheme. The current budget proposals assume that there will be no changes to the discount and exemption scheme for 2014/15. This will be proposed to Council Assembly as part of the Council Tax Base and NNDR base report to Council Assembly in January 2014.

Increased use of future NHB to support revenue

56. The draft budget position as presented in June 2013 already anticipated £2.9m of in-year NHB in addition to the existing budgeted £1.5m revenue contribution, giving a total of £4.4m. It would be possible to apply the entirety of the anticipated 2014/15 NHB allocation to the revenue budget, which would give a total increase of £8.7m.
57. At present NHB receipts beyond £1.5m per year are planned to be applied to the capital programme. If this proposal is agreed within this report, the effect will be modelled into the capital programme and reported to cabinet as part of the refresh planned for February 2014 as part of the quarter 3 capital monitoring and refresh report.

Acquisition of Tooley Street

58. The 2013/14 budget included savings from the acquisition of Tooley Street of £1.5m. It was agreed that these savings would be reviewed annually.
59. The budget model presented in June and October included an additional £1.1m saving from the acquisition of Tooley Street.
60. Further modelling has now been completed, and the internal treasury associated costs of the acquisition are now fully funded for 2014/15. It is now estimated that

a further £900k of savings, taking the total up to £2.0m can be released in 2014/15 as a result of the acquisition.

Reduction in contingency

61. In 2010/11 Council Assembly approved a contingency budget of £4.0m to provide for service pressures that could not be quantified. This was increased to £5.5m in 2011/12 in light of the national Emergency Budget, and reduced by £0.5m in 2013/14 to its current level of £5.0m.
62. Current revenue monitoring indicates that the contingency will not be required in full in 2013/14, and it is proposed that for 2014/15, this contingency should be reduced back to its 2010/11 level, a reduction of £1.0m. This effect would carry forward to future years.

Contributions to balances

63. In 2007/08 Council Assembly agreed an annual base budget contribution to the Regeneration and Development reserve of £1.0m to contribute toward the cost of the regeneration of the Aylesbury Estate. This contribution was increased in 2008/09 to £2.0m. It was reduced to the current level of £1.0m in 2009/10, and the contribution has continued since.
64. It is proposed that given the progress on the Aylesbury regeneration project, this budget contribution is no longer necessary and may be deleted from 2014/15, a saving of £1.0m, which would carry forward to future years.

Government funding for free healthy school meals

65. On 17 September 2013, the Deputy Prime Minister said that all infants at schools in England will get free school lunches from September 2014. This will apply to children in reception, Year 1 and Year 2. There have been no further announcements as to how this will be calculated or funded, although it is possible that this will be by way of a specific grant, potentially with savings requirement as the funding is passed to local councils.
66. On the basis that this is a part year (Autumn and Spring terms) effect in 2014/15 and applies to around 50% of the children who currently receive a free healthy school meal from Southwark, a figure around £1.5m has been modelled by the council, and is reflected in this report.

NEW AND EMERGING COMMITMENTS

67. In addition to the strategic financing opportunities to meet the funding shortfall reported in October 2013, a number of other factors have acted to increase demand for financial resources as set out below.

Pay award

68. The November 2011 Autumn Statement set public sector pay increases at an average of 1% for the two years after the then pay freeze came to an end (i.e. for 2013/14 and 2014/15).
69. Provision for a 1% pay award was included in the 2013/14 budget. Current estimates include 1% for the 2014/15 pay award at £1.8m, an increase of £0.2m

from that reported in October 2013. This increase is due to projections on the increased staff costs following the addition of Public Health services and the in-house Customer Service Centre staff.

70. For 2014/15, the Executive of the Trade Union Side have formally tabled their detailed pay claim for 2014 for *“a minimum increase of £1 an hour on scale point 5 to achieve the Living Wage and the same flat rate increase on all other scale points”*. The National Employers have undertaken to consult councils through a series of regional pay consultation briefings that they aim to conclude by 31 January 2014.
71. Quantifying the claim for Southwark council is difficult as it does not transpose easily, for example the council does not use all points of the national spine because we have adopted the London Living Wage. A broad estimate of £1 per hour for all staff is £9.4m.

General inflation

72. Due to pressure on budgets, no allowance for general inflation effects has been provided for in the budget since 2010/11. On 17 December 2013, ONS announced the inflation statistics for November. The reported indicators show CPI at 2.1% (down by 0.1% from 2.2% in October) and RPI at 2.6%, (no change from October).
73. Over the course of the last year inflation rates started fairly steady, but then experienced sharp reductions in April and increases over the summer. Rates have fallen back sharply since September 2013, and are now at September 2012 levels.
74. Running costs budgets amount to some £165m for 2013/14, with CPI currently at 2.1% and RPI at 2.6% after taking account of alternative inflation, of £2.4m, explained in paragraph 76 below, Southwark are absorbing inflationary pressures of £1.1m and £1.9m respectively.

Alternative inflation

75. The council calculates “alternative inflation” for long term contracts tied to industry specific rates of inflation. Alternative inflation does not have a single rate and current provisional estimates show alternative inflation costs at £3.9m for 2014/15.
76. Earlier budget reports have assumed that contractual inflation would remain fairly close to 2013/14 levels of £2.4m, given the relatively stable level of inflation during the previous twelve months.
77. Current departmental estimates show that 2014/15 contractual inflation is likely to be some £1.5m higher than for 2013/14. The main driver for this is that in 2013/14 a number of new contracts had been let, consequently no indexation was required, 2014/15 includes the inflationary uplift for these contracts.

Concessionary fares

78. Concessionary fares is the name given to scheme for the London Freedom Pass which is issued to all older and disabled Londoners to give free travel on almost all public transport in London. The Freedom Pass scheme is administered by the

organisation London Councils and costs are recharged to individual London boroughs on the basis of journeys travelled.

79. The concessionary fares charge to London Boroughs for 2014/15 was agreed by London Councils' Transport and Environment Committee on 12 December 2013. Overall the cost of concessionary fares will rise in 2014/15 by 4.1%. This increase is not a composite inflation rate, and is calculated from each of the inflationary increases from each of the individual transport operators. As individual London boroughs have a different profile of usage across the individual transport operators, the inflation rate will not necessarily be the same for all councils.
80. The change in charge to individual authorities is not simply inflation, as actual usage of the freedom pass is also a factor in the calculation of the 2014/15 charge.
81. In June 2013 the council modelled £500k possible increase. The increase to Southwark in 2014/15 will actually be some £880k (7.4%), this comprises of £443k for inflation and £437k for increased usage. This higher figure has now been included in the budget figures.

	2013/14	Inflation	Usage	2014/15	Increase	
	£'000	£'000	£'000	£'000	£'000	%
Bus	9,195	270	258	9,723	528	5.70%
Underground	1,693	113	48	1,854	161	9.50%
Tram	36	3	5	44	8	22.20%
DLR	47	11	1	59	12	25.50%
Overground	120	19	45	184	64	53.30%
Total TfL charges	11,091	416	357	11,864	773	7.00%
Other non TfL charges (ATOC, non TfL buses)	772	27	80	879	107	13.90%
Total charge	11,863	443	437	12,743	880	7.40%
Administration charge (0.1%)	12			13	1	7.40%
Total cost of freedom pass	11,875			12,756	881	7.40%

OUTLOOK FOR 2015/16 AND BEYOND

Settlement funding and spending power

82. The funding position for future years is still subject to considerable uncertainty. As part of the provisional settlement figures the government published some indicative funding figures for 2015/16.
83. These figures indicate that Southwark's Settlement Funding Allocation (SFA) will be reduced by a further £33.5m against 2014/15 levels, making it the highest cash loss in London.
84. For 2015/16, Southwark have the highest settlement funding reduction which is the 11th highest percentage decrease. The cash reductions range between £33.4m for Southwark (14.7%) to £4.9m for Richmond-upon-Thames (10.6%).

85. By 2015/16 this will equate to the loss of £114.7m in funding allocation from government since 2011/12. This is shown in cash terms so it does not account for real inflation and other cost pressures.
86. The table below shows the spending power for Southwark, London and England since 2011/12, it can be seen that over the four year period Southwark and London have borne a disproportionate share of the reductions.

	2011/12		2012/13		2013/14		2014/15	
	£m	%	£m	%	£m	%	£m	%
Southwark	33.7	8.4	16.9	4.6	4.7	1.3	17.7	4.8
Inner London	303.3	7.8	175.1	4.9	42.9	1.2	179.5	4.8
London	514.8	5.9	325.3	4.0	99.9	1.2	327.7	3.9
England	2,578.5	4.7	1,742.9	3.3	923.4	1.7	1,668.6	3.1

87. For 2015/16, Southwark have the second highest spending power reduction (5th highest % decrease. The cash reductions range between £19.7m for Newham (6.1%) to £3.3m for Bromley (1.4%).

New homes bonus

88. The government's proposal to transfer 35% of London authorities' New Homes Bonus (NHB) to the Local Enterprise Partnerships (LEPs), (paragraphs 30 and 31 refer), will have a significant effect on the amount of resources Southwark will have available to provide services.
89. 35% of Southwark's estimated 2015/16 NHB is £4.7m, this taken with some £6.0m supplementary business rates, currently paid to GLA to fund crossrail means that Southwark will have lost resources totalling around £10.7m that is available to non London authorities.
90. Southwark's response to the consultation was firmly against the top slicing, citing the concern that the resources being taken from Southwark may not be invested back into Southwark.
91. The government will consult in 2014 on measures to improve further the incentive of the New Homes Bonus, in particular withholding payments where local authorities have objected to development, and planning approvals are granted on appeal.

Social fund grant

92. The social fund grant, to help councils provide Crisis Loans and Community Care Grants, is expected to be withdrawn in 2015/16. For Southwark this represents a loss of £1.63m, based on the 2014/15 grant level.

Government funding for free healthy school meals

93. As the terms of the funding are not known, it is unclear whether this will have an effect in 2015/16 or future years.

Overall

94. The extent of the reductions required may require fundamental changes in the management and structures of local authorities. Steps must be taken early in the new financial year in the context of spending round and funding announcements.

2014 /15 BUDGET OPTIONS

95. When setting the revenue budget the S151 officer is required under section 43(4) of the Local Government Finance Act 1992 on behalf of their local authorities, to assess the “revenue budget requirement” for the forthcoming financial year. The revenue budget requirement is a statutory definition of expenditure to be met from all sources including government grant, council tax income and other sources. The current estimates are for a revenue budget requirement of £322.1m in 2014/15, some £11.9m less than in 2013/14, the table in paragraph 183 gives details.
96. This report sets out below an outline of the options for savings and new and emerging commitments for council services. Detailed schedules of budget proposals for 2014/15 are attached as Appendices B to E.

CORPORATE COMMITMENTS**London living wage**

97. The council has been pursuing London Living Wage (LLW) in contracts. The 2014/15 budget proposals include £1.0m which will be used to support LLW being embedded within relevant contracts to be retendered or re-let.

Pension fund contributions

98. The council maintains a pension fund of around £1bn to meet its current and future pension liabilities. In prior years pressure on the fund has meant that additional contributions have been required from the council’s general fund budget.
99. Initial results from the Triennial Review, presented to the Pension Advisory Panel in December 2013, indicated the pension fund has seen considerable improvement in its funding position. This is due primarily to greater than expected investment returns and as a result there is no need to increase the contributions from the general fund for 2014/15.

Welfare hardship fund

100. An additional one off contribution from reserves to the welfare hardship fund of £800k is proposed for 2014/15. This fund will mitigate some of the impact of the benefits changes to protect the most vulnerable in the community. This fund sits separately from the Social Fund.
101. Following experience in 2013/14 the Leader has asked for an urgent review of the council's welfare hardship fund with officers to quickly examine how funds can be more quickly directed to help those in financial difficulty.
102. After nine months, around £85,000 out of a fund of £800,000 has been distributed to local people who are experiencing hardship as a result of the

government's welfare changes. The review is expected to seek the views of local food banks, the citizens advice bureau and other local authorities to explore how individuals and families in desperate need can access the money the council has set aside to help them. The review will seek to understand how local people can access the welfare hardship fund, and how to get assistance to those in the most difficult circumstances, as quickly as possible.

DEPARTMENTAL BUDGETS: COMMITMENTS, EFFICIENCIES, INCOME AND SAVINGS OPTIONS

103. The Policy and Resources Strategy 2014/15 to 2016/15 reported to cabinet on 22 October 2013 contained a detailed report giving results and analysis from the spending challenge consultation held during the summer.
104. People were asked to demonstrate which services they wished to 'protect', or 'increase' and to identify those services in which, if savings had to be made, they would be prepared to see savings. The table below summarises the main messages.

Percentage of responses	Protect	Increase	Make Savings
Children's Services	30%	23%	8%
Adult Services	19%	20%	11%
Public health	11%	9%	11%
Environment (E&L)	11%	14%	11%
Culture Libraries and Leisure (E&L)	17%	14%	6%
Housing and Community Services	6%	11%	14%
Central Support Services (F&CS and CE)	6%	9%	39%
Total	100%	100%	100%

105. As far as possible, the budget proposals seek to reflect the main messages received through the consultation. The corporate savings and efficiencies identified in paragraphs 50 to 66 reflect the consultation preference to see efficiencies in central and support areas rather than public facing services.
106. The next sections identify commitments, efficiencies, income and savings for each of the departments.

CHILDREN'S AND ADULTS SERVICES

107. The Children's and Adults department budget represents two thirds of the council's total net revenue expenditure. In 2014/15 the department is proposing savings of £9.590m, use of contingencies of £1.840m and commitments of £6.388m, resulting in an overall net budget reduction of £5.042m. The department provides universal services as well as those targeted at more vulnerable families, children and adults delivered through four divisions: children's social care, education, strategy and commissioning, and adults' social care.
108. The Children's Social Care Division supports delivery of statutory social care functions, including protecting vulnerable children and those at risk of harm, providing services for looked after children, foster care, adoption, youth offending and children with disabilities.

109. The Education Division supports the delivery of universal services, including early years (0-5 years), school improvement, admissions, after school play and youth services, alongside more specialist services for children and young people with additional needs such as SEN or those excluded from school. It is also responsible for the Post 16 phase of learning to ensure Southwark young people are engaged in employment or training, in school or with other providers.
110. The Strategy, Commissioning and Business Improvement (SCBI) Division provides support for statutory partnership boards such as the Southwark Safeguarding Children's Board and Health and Well Being Board, performance data and intelligence to support targeted service delivery, manages the multiple inspection processes, and commissions and quality assures placements and services for vulnerable children and adults. In addition the division leads on specialist parenting services, compliance and departmental governance and the free healthy school meal programme.
111. The Adults' Social Care Division provides support for the vulnerable adults in our community. These are frail older people, including those with dementia, disabled people of all ages, people with a learning disability and people with mental health problems. This includes residential and nursing home placements, services to allow people to maintain independence and support them living in their own homes, home care, day care, intermediate care, advocacy and support, equipment to aid daily life, transport and meals on wheels. People who are eligible for social care increasingly have personal budgets, including direct payments, where they self-direct the support they need to meet agreed outcomes.
112. In delivering these savings we have sought to minimise the impact on statutory social care functions for the most vulnerable children, young people and adults and so maintain the council's responsibility to keep vulnerable children and adults safe.
113. The key drivers to achieving the reductions are to:
 - Maximise service effectiveness, drive down costs and ensure high quality, sustainable provision within the available remaining resources
 - Protect front line services by reducing back office costs, flattening the management structure and increasing productivity
 - Reshape our retained services around the council's core statutory duties for education and social care
 - Reduce subsidies to non-statutory, discretionary services
 - Further improve commissioning and procurement to increase value for money
 - Further reduce duplication in supplies and services and ensures we focus on priority services to vulnerable groups.
114. Further, the overall aim is to deliver a fairer future for older and disabled people by creating a sustainable system that continues to support the most vulnerable and deliver value for money. This requires a change in the way the council works across the whole system of adult social care. It will mean different relationships between the council and the community, where families and older and disabled people will be expected to do more for themselves, with less reliance on the council. It means moving to a model where older and disabled people can contribute and exercise greater control over their own lives, improving their

health and well being. This will also mean containing growth in demand, focussing council support to the most vulnerable, providing services differently but always with an aim to maintain and improve quality.

Children's Social Care

115. The proposed savings for Children's Social Care totals £450k to be delivered through improved commissioning of children's disability spend and looked after children residential contracts; and utilisation of the Dedicated Schools Grant and staff savings. This lower level of savings is in recognition of the risks of continuing to reduce Children's Social Care budgets whilst the number of children and families in need continues to grow. The government has also imposed a more rigorous inspection framework which incorporates increased expectations on local authorities to improve outcomes for the most vulnerable children and families.
116. In 2014/15, Children's Social Care growth bids of £2.8m are required to support increased activity across foster agency care placements, residential home placements and increased numbers of destitute families in receipt of financial assistance. During 2014/15, Children's Services is using £1.64m of contingencies support this increased activity. It is anticipated that the transformation of children's social care and continued management action will reduce the overall costs and therefore reduce future budget pressures. Management action includes a recruitment campaign to increase the number of in house foster carers, increasing the number of children adopted, and a management review of services for destitute families to improve efficiency and reduce duplication.
117. In addition, growth bids totalling £1.6m are proposed for reviews of rates paid to foster carers to improve recruitment and retention and reduce our use of independent fostering agencies and residential care. There are additional costs associated with the requirement to provide a stronger offer of post adoption support, and the requirement for payments to friends and families carers and Special Guardianship Orders to be linked to local fostering rates.

Education

118. The proposed savings for Education total £1.555m. Over the last three years every area within Education has been restructured and wherever possible the aim has been to maintain front line services and ensure services are targeted at the most vulnerable. In 2014/15, the majority of savings fall within the Early Help Division (£1.210m) and include downsizing the management costs of the Children's Centres; increasing Dedicated Schools Grant utilisation; ending of one-off support and rationalising the BookStart offer. A further £300k is to be saved through realigning the Youth and Play Service and £45k through a deletion of a vacant post.
119. There is growth of £100k to support staffing costs associated with the implementation of the Children's and Families Bill from September 2014. This is a significant reform of the needs assessment process for individuals aged 0-25 years covering special education needs, social care and health needs.
120. These savings in the council's budget also need to be seen in the context to ongoing national reforms to the Dedicated Schools Grant (DSG) which funds schools and centrally retained education services such as Special Educational

Needs, Early Years entitlement for two, three and four year olds and educating children other than at school. The main budget challenge for 2014/15 is the increasing numbers of children in special educational needs provision whilst the DSG funding for high needs remains static.

Strategy, Commissioning and Business Improvement (SCBI)

121. The entire SCBI team has been restructured over the past three years; at the same time as delivering significant commissioning saving across Children's and Adults' Services. The proposed savings within SCBI total £655k; of this £500k relate to staff savings through a sharper approach to commissioning; £100k through reducing printing costs and £55k through the utilisation of the Public Health grant. This team will also implement the commissioning savings totalling £300k already included within the Children's Social Care budgets referred to above.
122. There is a commitment of £900k for the full year financial effect of the full roll out of the Free Healthy School Meals for Southwark Primary in years 5 and 6.

Adults' Social Care

123. The savings for Adults' Social Care total £6.930m, as described below.
124. Savings are proposed of £2.675m for services for people with learning disabilities which will promote independence and increasing choice, will be delivered through:
- Redesigning high cost provision to promote personalisation
 - Programme of individual reviews for people with personal budget
 - New individual support funding arrangements for adults in shared accommodation.
125. In addition, a saving of £200k is proposed for mental health day services continuing promoting and extending personalisation.
126. A number of efficiency savings are proposed totalling £4.055m including:
- Prompt hospital discharge from hospital
 - Reduction in the building repair and maintenance budgets to reflect current building portfolio.
 - Reduction in the use of specialist consultants and staff savings through management restructure and vacant post deletions
 - Commissioning savings for out of borough and spot placements costs and decreasing the transitional funding for market development
 - Reduced demand on residential and nursing home placements
 - Reduction in take up of the welfare catering service.
127. For 2014/15, growth of £988k is required to fund the increasing number of young people with Learning Disabilities receiving support.
128. During 2014/15 Adults' Social Care will be working through the future streamlining opportunities created by the integration of health and adults social care arrangements through the pooled Better Care Fund and financial risks of the Care Bill both will be implemented in 2015/16.

Public Health

129. The public health activities in 2013/14 are delivered through £21.8m ring fenced grant from the Department of Health. The key service areas are:

- sexual health services including contraception and sexual health advice and testing, £8.1m (Children's and Adults' Services);
- improving public health including smoking cessation, exercise referrals, health checks and school nursing, £3.4m (Children's and Adults' Services);
- drugs and alcohol misuse services including treatment and intervention services, £7.2m (Environment and Leisure);
- community sports contribution, £100k (Environment and Leisure);
- the staffing costs for the shared specialist public health team that includes staff transferred from the NHS and a budget held to mitigate for the financial risks associated with activity/costs for public health, £3.1m (Chief Executives).

The vast majority of this expenditure is on third party service providers.

130. Funding for public health is expected to increase by £1.1m in 2014/15 and the council will take the opportunity of bringing public health functions into the council to support health and wellbeing programmes currently undertaken by the council, and apply this funding to activities which support public health elsewhere in the council.

Children's Services (incorporating both Education and Children's Social Care) summary equalities impact

131. One of the key aspects of the work of children's services will be to minimise the impact of the budget reductions proposed, particularly with regard to groups covered within the council's Approach to Equality. Southwark is one of ten local authorities nationally with the highest percentage of children in need, and yet has suffered one of the highest reductions in central government core funding. In addition, the reduction of or loss of a considerable number of targeted grants focused on the most vulnerable groups will significantly add to the potential negative impact. Children's services will need to manage these reductions in light of its continuing statutory duties.

132. Safeguarding children and young people is our highest priority and any service reductions here or in related areas will need to be very carefully considered in relation to children at risk of harm in the community, and for the potential impact on vulnerable groups. Because of the downturn in the economy and welfare reform changes, we are starting to see in specialist children's services an increased demand for services to families in difficulty. Effective support for schools to meet a wider range of lower-level needs and so prevent problems escalating will be required, particularly with the high level of need that our young people have in Southwark and the vulnerability of some schools. The potential growth of academies is a challenge to central services due to the potentially destabilising effect on income to maintain these services.

133. Actions to mitigate the impact of budget reductions will be considered very carefully following the council's decision. This will include looking at efficiency savings including streamlining back-office processes and reducing the number of

support staff, reviewing management structures to reduce the number of managers and protect front-line service delivery, smarter procurement to drive down the costs of purchased services and stripping out any funding duplication. Contracts with external providers will be scrutinised for potential savings without impacting on key groups. In addition, other mitigating actions will be put in place, including exploring alternative delivery models, such as working in partnership with schools and other partners to deliver services in a different way, as well as understanding the local impact of initiatives or actions taken at a national level. This process has already started and has been a critical aspect of developing the initial budget proposals.

134. A further more detailed report will be produced on the potential impact of the proposed budget reductions for specific groups so these can be fully considered before any decisions are taken. This will include detailed equality analysis for each service affected by the council's decision, which will underpin individual service development and reconfiguration.

Adult Social Care - summary equalities impact

135. Budget proposals for adult social care are in the context of work to develop a system that supports people to live independently and well for as long as possible, accessing care and support services that are personalised and based on their choices and moves away from a model of dependency. The system needs to consider redesign and reconfiguration across all client groups to be sustainable, continue to support the most vulnerable and deliver value for money.
136. The two equality strands that will experience major impact from proposals are older people and disabled adults with eligible care needs as outlined through Fair Access to Care Services (FACS) criteria. Older and disabled adults without eligible needs may also experience an impact from proposals to re-shape open access services in the borough.
137. The key impact is around services not continuing to exist or being offered in a different way. We are going to focus resources on time-limited interventions that help people, such as re-ablement services, and supporting them to understand how they can best help themselves and make key contributions to the wider community. In addition, changes to services will potentially have an impact on carers, the majority of whom are women.
138. We propose a range of mitigating actions to try and minimise any potential negative impact. These include:
- Continue progress with development of personal budgets (including direct payments in cash) so that people understand how much is to be spent on their care and support and can then make decisions about the ways they wish to use their money;
 - Focus on how we can support the development of a diverse provider market in Southwark so there are appropriate services available on which people can spend their personal budgets;
 - Develop and improve partnerships involving individuals, communities, voluntary and private sectors, the NHS and the council's wider services to best implement proposals;

- Improve procurement and commissioning processes, and streamlining back office functions thereby focusing resources on frontline services;
- For open access services, explore models where a small injection of cash to 'pump-prime' services could support organisations to become financially self sustaining, and promote community cohesion, in line with the wider corporate approach to the voluntary sector;
- Develop proposals for effective, targeted interventions that can provide help and support for carers, recognising the key role that they play, both in delivering care and in preventing people's care needs from increasing.

139. The overall approach for adult social care services in Southwark will have a positive impact on equality strands:

- Personal budgets offer an opportunity for people to access personalised support services that take account of cultural preferences, e.g. being able to choose a carer of your own gender – evidence suggests this is particularly true for BME communities, lesbian, gay and bisexual communities and for transgender people
- Moving away from residential provision and to supported living in the community is designed to support people to live independently at home and connected with their communities for as long as possible
- A single point of informed contact supports better use of resources and targeted information and advice for people at an early stage, regardless of whether they receive state support for care.

140. However, this also needs to consider:

- Developments in the local provider market so culturally specific services are available
- Particular support that some groups, such as older people or those with mental health needs, may require to access the benefits of personal budgets
- Particular support for people who may have spent a considerable time in residential care
- Appropriate support for those who continue to need respite services
- People who need to access information in different ways (e.g. website, email, telephone) and those who may not have English as a first language.

141. We recognise that we will need to work closely with partner across the council, particularly in areas like housing and employment, to understand the cross-cutting impacts of the need to reduce spend in these areas and our desired outcome of helping more people to live independently and well at home and in the community.

CHIEF EXECUTIVE'S OFFICE

142. The Chief Executive (CE) department is made up of human resources, corporate strategy, regeneration and planning.

143. The department will continue to deliver on the fairer future vision by having a relentless focus on rationalising support services so more money is protected at the frontline and working alongside others to provide the organisation with the tools to innovate and modernise service delivery. It will also be focused on delivering functions that help achieve local strategic priorities. This will mean working to ensure the benefits of regeneration can spread across the borough

including in strategic areas such as Elephant and Castle and the Aylesbury but also within Peckham, Nunhead and Camberwell.

144. The proposed indicative budget for the department in 2014/15 is £18m. It is proposed to deliver savings of £1.421m through service re-configuration, review and management restructuring, and additional income.

Chief Executive – summary equalities impact

145. Although the services provided by the CE department are largely back office, these enable a consistent approach to equality across the whole council, ensuring equality is taken into account in all decision making processes where relevant. The CE department also ensures that effective policy and robust performance measures are in place to evidence the council's compliance with the public sector equality duty in both its role as employer and service provider. In terms of direct customer contact, Southwark's significant regeneration schemes and planning services provide a platform for addressing strategic equality priorities, with regard to community development, improvements in the built environmental and in maximising economic growth opportunities.
146. Savings are proposed to be realised through service reconfiguration and reducing support costs. Therefore any impacts would fall primarily on staff rather than service users. As specific proposals are put forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed. Service heads are committed to deliver savings as far as possible to maintain the level of service.
147. Residents across all housing tenures, visitors and businesses in the borough are all beneficiaries of regeneration schemes. Regeneration activity is targeted towards the more deprived areas and disadvantaged groups in the borough. There is a risk that proposals could disproportionately impact on the most disadvantaged and vulnerable groups and geographical areas in the borough and mitigating action has been identified. Where external funding has been reduced, the mitigating action is to retarget available budgets to schemes that support people with the highest level of need as far as possible. The department also proposes to maximise income on commercial properties and through restructuring planning application fees. As with all proposals equality impacts will continue to be assessed through out.

ENVIRONMENT AND LEISURE

148. The Environment & Leisure department delivers services that make a real difference to the everyday lives of all residents and visitors. The majority of our operations are frontline services: they physically improve the environment, they provide opportunities for health and enjoyment or they help improve safety and confidence. The Strategic Director is the Electoral Registration Officer and Returning Officer, so the department includes the electoral services team. The other services can be broadly grouped into:
- Public Realm covering parks and open spaces, parking, highways, transport planning, cleaner greener safer initiatives, cemeteries and crematorium services
 - Sustainable Services covering waste management and refuse collection, street cleaning and recycling, carbon reduction and energy projects

- Community Safety covering Safer Southwark Partnership, drug and alcohol teams, emergency planning, environmental health, community wardens, antisocial behaviour unit, environmental enforcement, private sector housing renewal, noise and CCTV
 - Culture, Libraries, Learning and Leisure covering arts, heritage, leisure centres, sports, libraries and adult learning.
149. The department's vision is to make Southwark's neighbourhoods great places to live, that are clean, safe and vibrant and where activities and opportunities are accessible to all. The department's approach to achieving savings follows the budget principles by focusing on core provision of quality services, efficiency savings, smarter procurement and robust contract management. The department is also seeking to increase income by raising demand for services.
150. The budget for environment and leisure services in 2013/14 is £75m. The department has already achieved £7.3m savings during 2011/12, £5.5m during 2012/13 and is on target to achieve £2.6m savings for 2013/14. For 2014/15 it is proposed to make efficiencies and savings of £2.3m, including additional income of £815k.
151. It is proposed to make efficiency savings of £275k in Public Realm. This includes £200k through refinancing the highways contract and reclassifying 28 day work. This is linked to capital programme growth. There will also be savings by bringing the tree maintenance services in-house.
152. In Sustainable Services, the operation of the combined heat and power element of SELCHP will trigger income from the Renewable Obligation Certificate scheme from central government. This is expected to generate £200k.
153. The Community Safety budget is proposed to reduce by £476k. This includes £216k which was set aside because of the uncertainty over government and mayoral funding. The actual cuts made were subsequently less than anticipated, so this money is being returned. In addition, the restructuring and re-organisation of some services will lead to further savings, £260k of which relate to the departmental budget.
154. It is proposed to make efficiency savings of £391k within the Culture, Libraries, Learning and Leisure division. These have been made possible through savings from the leisure management contract as well as the introduction of self service in libraries.
155. An additional £100k savings is proposed by further reducing the costs of departmental management and support services, including the centralisation of the departmental procurement function.
156. There are plans to generate additional income of some £815k for 2014/15. Public Realm is proposing to generate £680k from its various services without increasing prices but through a greater volume of transactions. Culture, Libraries, Learning and Leisure will benefit from rental becoming payable on the cafe in Canada Water, and Sustainable Services propose to increase refuse container hire charges in line with the most appropriate London average. This is expected to generate an additional £100k.
157. In delivering these savings and income generation, the department has sought to minimise the impact on service delivery. The budget proposals have been

developed in line with the cabinet's budget principles, and they will deliver the best value for money possible whilst maximising the use of existing assets. The department's proposals are based on service need and demand with the aim of protecting front-line services and supporting the needs of our residents.

Environment and Leisure – summary equalities impact

158. Our approach to achieving savings across the Environment, Culture and Community Safety portfolios is in line with the cabinet's budget principles, and we have sought to do all we can to protect front line services and offer continuity of services to our most vulnerable residents.
159. However the majority of our services in this area are front line and directly delivered to all residents and changes and reductions to delivery are inevitable in order to meet the scale of savings required.
160. In order to minimise front line reductions and impact on the wider community and equalities groups we have sought to make savings through efficiency, back office reductions and processes, leaner staffing structures and negotiating better value from our contractors.
161. Wherever possible we have sought to identify new ways of working that may deliver efficiencies and improved value for money, as well as maximising opportunities for increasing income.
162. None of the current proposals have been assessed as having a significantly adverse effect on either protected equalities groups or the wider community.

FINANCE AND CORPORATE SERVICES

163. Finance and Corporate Services provides the support service functions of finance (in direct support of the council's section 151 statutory function), facilities management, information and data services, corporate procurement, legal and the revenues and benefits service.
164. The indicative budget for Finance and Corporate Services in 2014/15 is £45.3m after the proposed efficiencies of £2.0m. In the period April 2011 to March 2014 the department has seen a budget reduction of 27%, achieved primarily through new and enhanced contract arrangements and reduced staff numbers. This is consistent with the plan proposed in February 2011.
165. The proposed efficiencies of £2.0m represents a further 4.3% reduction on the 2013/14 budget. It will be delivered through a transformational review of the department, including contract efficiencies, employee self service and use of technology.
166. Savings in facilities management (£160k) and information & data services (£810k) will be delivered through new contractual arrangements and rationalised back office support. A head of resources post was created to manage across these services but that post was not recruited to. This will be deleted generating a £100k saving.
167. The finance (£400k) and revenues & benefits (£320k) sections will review staff structures and ensure the services they provided are delivered as efficiently as

possible. Legal services (£210k) will utilise existing powers to offset costs incurred on planning and regeneration work.

Finance and Corporate Services – summary equalities impact

168. The department is committed to achieving the required level of savings. The impact of implementing these will fall largely on staff as numbers are reduced. The management team is committed to assessing the impact on staff to ensure fairness and equality. As budget reductions are implemented the impact on staff will be considered in detail throughout the implementation of each proposal, which will be conducted in accordance with the council's reorganisation, redeployment and redundancy procedure.

HOUSING AND COMMUNITY SERVICES

169. The housing and community services department (H&CS) delivers a wide-range of council services funded from both the general fund and the housing revenue account (HRA). General fund services broadly comprise: homelessness and housing options, temporary accommodation, community engagement and voluntary sector partnerships, customer contact centre, customer resolution, blue badges and concessionary travel, registrars and coroners services, traveller's sites, adaptations and other private sector housing related provision.
170. The council's landlord services are contained within the ring-fenced HRA, which is part of a separate budget consultation process. Cabinet received an indicative budget report on 10 December 2013 and following consultation with tenants and council homeowners during January, decisions on rent and service charge levels will be considered by cabinet on 28 January 2014.
171. Housing and Community services have identified a total of £140k of budget pressures. The council is facing increased pressures in temporary accommodation, driven by a combination of an increase in demand for services, and a reduction in supply (or increase in cost of the supply). The department is continuing to model the increase in costs for this service, which could amount to £2.7m. These additional costs are not certain and therefore have not been included within the budget proposals as currently drafted. In the event of these costs crystallising it will have to be managed through contingency.
172. The departmental priority is to deliver continuous improvement in all of its core services. The key drivers to achieving this are to maximise service efficiencies, particularly in the back office and corporate overheads, obtain greater value for money through better commissioning/procurement and re-configure services around the council's statutory duties in order to protect front-line service provision and focus resources on supporting our most vulnerable residents. General fund savings derived from further efficiencies, service reviews and rationalisation total £2.153m whereas those involving a degree of service impact, which have been minimised as far as possible, total £77k.
173. The decision to bring the customer service contract in-house from June 2013 provided the opportunity to re-configure and improve customer access and service delivery and drive out savings over the medium term by moving towards more cost effective transaction routes and operational efficiencies. The transformation continues to deliver improvements at reduced cost with a proposed budget saving of £609k in the year coming. In addition within the Customer Experience division, a further £202k will be delivered in Housing

Options through service re-configuration which has streamlined business processes and focused resources more effectively.

174. Operational reviews undertaken across a range of housing services, specifically hostels and supported hostel accommodation, mobile alarm response service (SMART) and sheltered housing services require the rebasing of cost allocations totalling £1.038m between the general fund and the HRA, in accordance with the statutory provisions of the HRA ring-fence to account for landlord and non-landlord services separately. Further service efficiencies across H&CS include: the Mayor's office (£18k), community councils (£20k), specialist housing services (£154k) and private sector housing (£14k).
175. Budget commitments total £140k and are required to address specific underlying anomalies and align budgets within the independent advice services contract and the coroner's service to reflect current volumes/activities. However, the biggest financial risk going forward is in relation to the provision of temporary accommodation, particularly the cost of bed & breakfast. Whilst Southwark is recognised as a leader in homeless prevention, it is simultaneously facing challenges through increased homeless demand, exacerbated by the impact of the 'under-occupation charge' and wider welfare reforms, and a contraction in the supply of accommodation, both in the private and RSL sectors. Whilst the council maximises its use of estate void properties in the HRA to mitigate the cost of bed and breakfast, this is also under some pressure as regeneration projects accelerate and the supply of estate voids becomes uncertain. The potential cost arising from the increase in homeless demand is difficult to gauge given its demand-led nature and this risk is best met through the drawdown of corporate reserves in the event that the cost pressure cannot be contained within the base budget.

Housing and Community Services – summary impact statement

176. In developing budget proposals, we are committed to delivering savings which as far as possible protect and maintain front line provision to our residents. In the main this is achieved through revised and more efficient working within H&CS and across departments through streamlining back-office processes and management structures. Other mitigating actions such as exploring alternative delivery models, partnership working and smarter procurement and rigorous contract management provide opportunities to maximise value and deliver the same or equivalent service benefits at reduced cost. This is already embedded in the development of budget options and specific equality impact assessments are undertaken as part of on-going considerations around the implementation of the budget decisions.

USE OF BALANCES AND CONTINGENCY

177. Currently, a contribution from reserves of £6.2m will be required to fully fund the proposed budget. This compares with £4.4m in 2012/13, and £6.2m in 2013/14. The Strategic Director of Finance and Corporate Services recognises and accepts that it is necessary to make some prudent use of balances through the period of introduction of new funding arrangements for local government and the general cutbacks in public expenditure. He recognises also that this expedient can only be short term and that year on year the council target must be to remove any dependency on reserves and balances order to reconcile resources with spending needs.

178. Until the 2012/13 budget, as part of the budget process, the use of reserves in one budget was always replaced in the next. From 2013/14 it has not been possible to do this, and a total of £16.8m will have been taken from reserves to support the budget when 2014/15 is included.
179. The council has been fortunate that, like many other local authorities, reserves and balances have been maintained throughout what has been a very challenging two years. This makes prudent access to these resources more appropriate, especially when considering the retention of a reasonable, albeit lower, level of contingency within the base budget.
180. For 2014/15, contingency will be further reduced by £1.0m to £4.0m, this reflects the reduction in risk following the achievement of 2013/14 budget targets, and is referred to in paragraphs 61 to 62 of this report.

Revised 2014/15 position

181. As anticipated in the October cabinet report, the identification of key areas of corporate savings and income generation do not fully meet the budget gap. This report presents a balanced budget after taking account of increased inflationary and service pressures, and corporate, themed and departmental savings and the use of £6.2m reserves.
182. The table below shows the indicative budget for 2014/15, including changes since the October 2013 cabinet report:

	2013/14	Indicative 2014/15	
		as at 22/10/13	as at 15/01/14
	£m	£m	£m
Previous year budget ¹	341.2	334.0	334.0
Inflation	4.0	3.8	5.7
Commitments	9.6	1.5	8.4
Savings ²	(24.9)	(1.1)	(2.0)
Social fund	(1.7)		
Net change in council tax freeze grant.	1.4	0.0	0.9
Fall out of contribution (from) / to balances	4.4	0.0	0.0
Total Budget	334.0	338.2	347.0
Funded by			
Settlement Funding Allocation (SFA) [Previously Start up funding allocation (SUFA)]	(253.3)	(226.5)	(227.5)
Growth in NNDR	0.7	(2.0)	(2.5)
Council tax	(74.3)	(75.2)	(76.9)
Collection fund (surplus) / deficit	(0.9)	0.0	(1.3)
Application of growth in new homes bonus		(2.9)	(8.7)
Total Funding	(327.8)	(306.6)	(316.9)
Budget shortfall	6.2	31.6	30.1
Contribution (from) / to balance	(6.2)	(6.2)	(6.2)

	2013/14	Indicative 2014/15	
		as at 22/10/13	as at 15/01/14
	£m	£m	£m
Budget shortfall after contribution from balances	0.0	25.4	23.9
Corporate initiatives			(4.6)
Departmental savings			(19.3)
Revised budget shortfall	0.0	25.4	0.0

Note 1 - 2012/13 budget (previous years budget for 2013/14) has been adjusted by £32.9m rolled in specific grants. (£341.2m = £308.2m + £33.0m)

Note 2 - Savings are £2.0m additional Tooley Street savings, currently shown as £0.9m increase over savings reported to October cabinet.

183. The budget departmental control totals are shown below, including commitments and savings:

Service area	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Budget proposed by officers
	£m	£m	£m	£m	£m
Children's and Adult Services	206.5	3.1	6.4	-11.4	204.6
Chief Executive	19.6	0.2	0.0	-1.4	18.4
Environment & Leisure	72.8	1.5	0.0	-2.3	72.1
Finance & Corporate Services	45.9	0.5	0.0	-2.0	44.4
Housing and Community Services ¹	37.5	0.1	1.0	-2.2	36.4
Total Service Budgets	382.3	5.5	7.4	-19.3	375.9
Corporate Budgets ²	-48.3	0.1	1.9	-6.6	-52.8
Total net expenditure budget	334.0	5.6	9.4	-25.9	323.1
Contributions from balances	-6.2	0.0	0.0	0.0	-6.2
Total Budget	327.8	5.6	9.4	-25.9	316.9
Total resources	-327.8				-316.9
Balance	0.0				0.0

Note 1 - Concessionary fare / freedom pass commitments are included in Housing and Community Services.

Note 2 - Corporate budgets commitments includes fall out of 2013/14 council tax freeze grant rolled into settlement funding.

A strong and stable resource base

184. In setting out the draft budget proposals for 2014/15 the Strategic Director of Finance and Corporate Services, as the statutory section 151 officer, is assured that the range of spending commitments and proposed savings are being set within the resources available that meet local priorities. The draft budget proposed for 2014/15 is therefore robust.

185. In addition to ensuring that sufficient funds are available to finance the ongoing management of the council services, the Strategic Director of Finance and

Corporate Services needs to be assured that there is an appropriate level of reserves and balances available. The Local Government Act 2003 requires the chief finance officer to report on the adequacy of reserves held, and requires members to have regard to that report in setting the budget. The Act also gives powers to the Secretary of State to specify a minimum of reserves to be held, but those powers have not yet been applied.

186. Reserves are funds set aside from underspends or proposed budget contributions, to meet contractual commitments or future expenditure plans, including meeting risks or liabilities that may arise at a later date. For example, the council has a number of pressures which fluctuate over time and are unpredictable in nature. These could include winter maintenance (such as pot holes and road gritting for highways) or meeting the upkeep of older buildings that the council operate from. Reserves are the most effective way in which to mitigate these pressures, subject to appropriate criteria. Another example is one-off redundancy costs arising from restructuring, where it may be that these costs cannot be met from existing revenue budget provision. Therefore and, subject to an appropriate business case, reserves may be used to support these costs.
187. The council has a number of reserves. The most significant of which are:
- Modernisation, service and operational improvement reserve. This is for one-off expenditure and multi-year projects that are designed to modernise and improve service levels and operational efficiency of Southwark's activities. Schemes will include accommodation pressures, shared services, customer service improvements and information services. The use of the reserve is subject to protocols in accordance with the council's MTRS.
 - Regeneration and development reserve. This reserve is to fund one-off expenditure and multi-year projects to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, and land acquisitions associated with these projects. Also funded from this reserve are the office accommodation strategy, the Potters Fields project and the street cleaning pilot.
 - Financial risk reserve. This reserve is set aside against future financial risks that may arise. For example, taxation risk, legislative changes including actions involving the Greater London Authority, major projects, risks as a result of unavoidable changes in accounting practice, risks arising from retention of business rates arrangements.
188. Due to the size, scale and complexity of projects and services across the borough the council is required to maintain a general level of balances to meet future unpredictable expenditure demands. Securing outcomes around key priorities of regeneration, recognising key operational risks attached to the unique size of our housing stock and more generally the levels of deprivation across the borough and associated factors, means that it is essential the council maintains a robust approach to both reserves and balances. Maintaining an adequate level of reserves and balances are therefore key factors in the Strategic Director of Finance and Corporate Services' assessment of the robustness of the budget.

189. The council's general fund reserves and balances at the end of 2012/13 totalled £102.6m, made up of £84.5m earmarked reserves and £18.1m general fund balance. In total this represents some 10.5% of the general fund spend in 2011/12.
190. The earmarked reserves, by their nature, are reserves set aside and earmarked for spending plans. Many of those spending plans were already in progress as at the end of 2012/13, especially around the council's modernisation agenda and major capital projects. The reserves also include balances that the council cannot freely reallocate, for example Dedicated Schools Grant unspent or PFI credits received in advance to meet future years' costs on the waste PFI scheme; or are balances that the council would not wish to redirect, for example the council's self insurance reserve.

Medium Term Resources Strategy

191. In setting the budget the council needs to be mindful of the continued uncertainty with regards future funding particularly beyond 2014/15. The use of the Financial Risk Reserve in respect of Business Rates risks identified in paragraphs 42 and 43 forms part of the mitigation strategy. The risks identified strengthen the importance of maintaining a robust MTRS within which to plan council business and sustain delivery of essential frontline services.
192. The current MTRS has been updated and a draft is attached as appendix F.

Council tax reduction scheme

193. The Council Tax Reduction Scheme (CTRS) was introduced on 1 April 2013 as a result of the government's decision to abolish council tax benefit, requiring local authorities to adopt and manage local schemes, with a 10% reduction in funding.
194. Following a public consultation, Southwark's CTRS was agreed by council assembly on 28 November 2012, and formal approval to the policy statement was not obtained until Council Assembly on 23 January 2013.
195. The 2013/14 Southwark scheme capped council tax support for working age claimants to 85% of Council Tax benefit entitlement levels and abolished second adult rebate for non-pensioners. Under the scheme pension age claimants continue to receive 100% support as required by legislation. This support is given as a discount against council tax bills. For 2013/14, this equated to some 21,000 band D equivalent dwellings and represented a reduction in council tax of £18.6m.
196. For 2014/15 there is no change proposed to the underlying principles of the current CTRS scheme. As CTRS is a discount on council tax, any variance will result in a positive or negative impact on the amount of council tax receivable rather than having a budget cost implication. For 2014/15 this will be monitored through the collection fund, and any significant variance reported as part of quarterly revenue monitoring.
197. The Department of Work and Pensions will be uprating state benefits from 1 April 2014 and as part of the welfare reform agenda all working age benefits will be restricted to a 1% increase in 2014/15. Historically, when benefit incomes are up rated annually so were the applicable amounts used for the assessment of

Housing Benefit and Council Tax Benefit. This will be the case for housing benefit and CTRS in 2014/15.

198. In consideration of these inflationary measures and to ensure therefore that CTRS claimant entitlement is not removed or reduced in 2014/15 a consequential amendment is required to the applicable amounts within our scheme.
199. As there will be no change to the underlying principles of the current CTRS scheme in 2014/15 and the changes to the applicable amounts are as a consequence of a routine uprating, these are therefore consequential financial amendments and can be agreed under the delegation to the Director of Finance and Corporate Services without requiring further consultation.
200. CTRS for 2014/15 will form part of the taxbase calculation that that will be reported to council assembly in January 2014.

Capital programme

201. The council's capital programme is reported on a quarterly basis to cabinet. The next monitoring report is planned for February 2014, and will include a wider refresh to the capital programme. As reported in paragraphs 56 and 57, if the revenue proposals around the use of New Homes Bonus to support revenue (rather than capital) in 2014/15 are agreed, this will have an impact on the capital programme and will be modelled in that review.

Next steps including scrutiny

202. On 20 January the Overview and Scrutiny Committee are due to meet to consider the draft revenue budget as set out in this report. Any recommendations made will be brought forward to cabinet for their consideration.
203. A full report will be presented to cabinet on 11 February 2014. The budget will be proposed to council assembly on 26 February 2014.
204. A timetable of scheduled meetings leading up to council tax setting is shown below, as detailed on the forward plan.

22 January 2014	Council Assembly	2014/15 Council Tax Base and NNDR, including Council Tax Reduction Scheme
28 January 2014	Cabinet	Policy and Resources Strategy 2013/14-2015/16 revenue budget
11 February 2014	Cabinet	Policy and Resources Strategy 2013/14-2015/16 revenue budget
26 February 2014	Council Assembly	Policy and Resources Strategy 2013/14-2015/16 revenue budget Setting the Council Tax 2013/14

Community impact statement

205. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the 2013/14 budget, each department will undertake an equality analysis on its budget proposals.
206. Undertaking equality analysis will help the council to understand the potential effects that the budget proposals may have on different groups. The analysis will also consider if there may be any unintended consequences and about how these issues can be mitigated. Analysis will also be undertaken to consider any cross-cutting and organisation-wide impacts.
207. The equality analysis undertaken will build on previous analysis including the equality impact assessments carried out as part of 2013/14 budget setting and the equality analysis undertaken on decisions to implement the budget this year. The development of equality analysis will commence now to ensure that it informs decision making at each stage of the budget process.
208. In relation to the CTRS we are continuing to monitor the impact of the scheme on our communities in order to keep under review our public sector equality obligations. The consequential financial amendments to the applicable amounts discussed within this report do not reduce or remove eligibility and the recommendations in this report will ensure that CTRS claimants are not adversely affected by the inflationary changes. The entitlement to CTRS in 2014/15 will remain the same.
209. Further the council has made available within the Southwark Emergency Support Scheme access to a Hardship Fund that can provide financial support for those individuals who meet the stated hardship criteria. This Hardship Fund therefore assists claimants experiencing financial difficulty as a consequence of the introduction of CTRS. In addition the Rightfully Yours service continues to provide a service that seeks to assist in securing maximum entitlement to all welfare benefits, particularly for those claimants from disabled households.
210. In October, Cabinet received a report on the feedback from the budget consultation exercise that took place over the summer of 2013. These budget proposal have considered fully the outcome of this consultation. Illustratively, it should be noted that the budget proposed :
- protects children's and adults services with only £1.9m reduction (less than 1%).
 - protects Environment and Leisure (responsible for Environment and Culture, Libraries & Leisure with a £0.5m reduction (less than 1%)
 - puts £9.4m of commitments and inflation into Children's and Adult Services (4%)
 - puts £1.7m of commitments and inflation into Culture, Libraries and Leisure (2%),
 - makes savings of £3.4m (5.0%) from central support services.
 - makes savings of £6.6m in corporate budgets (11%)
 - focuses on corporate and strategic services rather than direct service provision

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

211. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
212. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
- Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster goods relations between people who share protected characteristics and those who do not.
213. Decision makers must understand the effect of policies practices and decisions on people with protected characteristics.
214. Equality impact assessments are the mechanism by which the council considers these effects. The report at paragraphs 205 to 207 sets out how it is proposed equality impact assessments will be undertaken in relation to the budget proposals.
215. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2013/14 to 2015/16: cabinet 12/02/13 (Item 8)	160 Tooley Street	John Braggins Senior Accountant 020 7525 7489
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4251&Ver=4		
Policy and Resources Strategy 2014/15 – Revenue Budget - Initial Financial Remit: Cabinet 26/06/13 (Item 10)	160 Tooley Street	John Braggins Senior Accountant 020 7525 7489
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4548&Ver=4		
Policy and Resources Strategy 2014/15 to 2016/17: Scene Setting Report and Revenue Budget Options, including Budget Consultation Outcome: Cabinet 22/10/13 (Item 10)	160 Tooley Street	John Braggins Senior Accountant 020 7525 7489
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4551&Ver=4		

APPENDICES

No:	Title
Appendix A	2013/14 and Provisional 2014/15 Specific / Special Grants
Appendix B	Proposed Commitments
Appendix C	Proposed Efficiencies and improved use of resources
Appendix D	Proposed Income Generation
Appendix E	Proposed Savings impacting on service delivery
Appendix F	Draft MTRS 2014/15-2016/17
Appendix G	Technical information on the Autumn Statement

AUDIT TRAIL

Cabinet member	Cllr Richard Livingstone, Finance Resources and Community Safety	
Lead officer	Duncan Whitfield – Strategic Director of Finance & Corporate Services	
Report author	Jennifer Seeley - Deputy Finance Director	
Version	Final	
Dated	15 January 2014	
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		16 January 2014

2013/14 and Provisional 2014/15 Specific & Special Grants

	2013/14	2014/15	Change in	
	Funding	Funding	funding	
	£m	£m	£m	%
Public Health Grant	21.809	22.946	1.137	5.2%
PFI Grant (Schools)	4.414	4.414	0.000	0.0%
Housing and Council Tax Benefit Subsidy Administration grant	3.751	3.751	0.000	0.0%
Education Services Grant	3.642	3.575	(0.067)	(1.8%)
PFI Grant (Waste)	2.776	2.776	0.000	0.0%
Social Fund – Programme	1.363	1.363	0.000	0.0%
Social Fund - Administration	0.288	0.264	(0.024)	(8.3%)
2013/14 Council tax freeze grant ¹	0.929	0.000	(0.929)	(100.0%)
2014/15 Council tax freeze grant	0.000	0.992	0.992	100.0%
Local Reform and Community Voices	0.275	0.284	0.009	3.3%
New Burdens Grants ²	0.258	0.220	(0.038)	(14.7%)
Local Services Support Grant	0.255	0.255	0.000	0.0%
Estimated Free healthy school meals ³	0.000	1.500	1.500	100.0%
Total	39.760	42.340	2.580	6.5%

Note 1 – 2013/14 Council tax freeze grant has been rolled into 2014/15 settlement funding

Note 2 – New Burdens Grants comprise of Council Tax New Burdens (£241.7k 2013/14), Community Right to Challenge (£8.5k 13/14) and Community Right to Bid (£7.8k 2013/14) In 2014/15 Council Tax New Burdens Grant will reduce to £203.3k, the others remain the same.

Note 3 – Formal announcement yet to be made so this is an estimate only

Proposed Commitments

Appendix B

Department	Description of Commitments	2014/15 £'000
Children's and Adult Services		
Adult Services		
Adults	Increase in number of young people with Learning Disabilities receiving support.	990
<u>Children's Services</u>		
Children's Services	Free Healthy School Meals: full year effect of year 5/6 roll out	900
Education	Special Educational Needs system reforms arising from the Children's and Families Bill	100
Children's Social Care	Increased numbers of destitute families receiving financial assistance	1,400
Children's Social Care	Increased activity in agency foster care placements	500
Children's Social Care	Increased activity in residential home placements	900
Children's Social Care	Review of the current foster carer allowances	400
Children's Social Care	Review of the funding rates for post adoption support	1,000
Children's Social Care	Review of carer rates for friends and family carers	200
Total Children's and Adult Services		6,390

Proposed Commitments

Appendix B

Department	Description of Commitments	2014/15 £'000
Housing and Community Services Community Engagement - VCS Commissioning & Support	Advice Services Contract - requirement to align budget with current contract commitment following non-achievement of savings target over the previous commissioning round. Cost pressure has previously been absorbed through underspends elsewhere within the wider housing general fund, but can no longer be contained.	64
Community Engagement - VCS Commissioning & Support	Leaseholder Advice - Cabinet approved the provision of independent advice service for leaseholders. This falls outside of the existing Advice Service Contract which is over-committed (see above), and requires the base budget to be aligned. Will form integral part of commissioned service contract going forward.	22
Customer Experience - Coroners Service	The Coroners service operates as a consortium between Southwark, Greenwich, Lambeth and Lewisham and is funded in proportion to their populations. Over time the income budget has become overstated as a result of changes in the relative populations of the consortium members requiring re-alignment to accurately reflect income expectations going forward.	54
Total Housing and Community Services		140
Corporate Budgets	Provision for London Living Wage mainly to be embedded within any contracts to be retendered or relet, also addressing any increases for staff which cannot be accommodated in service budgets. Concessionary fares (Freedom Pass) arising from fare increases and number of people eligible.	1,000 881
Total Corporate Budgets		1,881
Total Commitments		8,411

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Savings	2014/15 £'000
Children's and Adult Services		
Adults' Social Care - Adults with Learning Disabilities Adults' Social Care	Redesign of high cost provision, promoting independence, personalisation and choice and control for clients Integrated care systems with Health partners. Ensuring prompt discharge from hospital and making maximum use of reablement services	(900) (1,500)
Adults' Social Care - Business Support	Reduction in building maintenance and repair budgets to reflect current building portfolio	(200)
Adults' Social Care - Business Support	Reduction in use of specialist support consultants on completion of personalised budgets transformation programme	(200)
Adults' Social Care	Review of management structures and workforce efficiency including savings of vacant posts	(500)
Adults' Social Care - Adults with Learning Disabilities	Review of personal budgets and support plans	(600)
Adults' Social Care - Quality and Transformation	Decrease in need for transitional funding used to develop the market for personalisation programme and aid the move to this new model	(400)
Adults' Social Care - Adults with Learning Disabilities	Reduce costs through improved commissioning for out of borough placements and re-negotiation of spot contract arrangements	(655)
Adults' Social Care - Adults with Learning Disabilities	New individual support funding arrangements for adults with learning disabilities supported in shared accommodation	(1,175)
Adults' Social Care - Older People Services	Reduced demand on residential and nursing home placements	(500)
Adults' Social Care	Reduced take up of the welfare catering service	(100)
Adults' Social Care	Mental health day services review and redesign, promoting independence and personalisation	(200)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Savings	2014/15 £'000
Education - Early Help	Rationalise the organisation of the Children's Centres where management can be shared	(402)
Education	Staffing reduction of existing vacant post	(45)
Education - Youth	Realign staff and time allocation in the Youth & Play Service and reduction in voluntary sector commissioning	(300)
Education - Early Help	Cessation of previous Early Intervention Grant used for one off support/commitments	(300)
Education - Early Help	Utilise Dedicated Schools Grant to fund core early years staff costs for two year olds	(300)
Children's Social Care - CLA	Increased use of Dedicated Schools Grant to contribute to education costs of looked after children residential placements	(150)
SCBI	Staff restructure savings across Strategy, Commissioning and Business Improvement	(300)
SCBI	Reduction in printing costs across the department delivered through target setting and further use of technology	(100)
Children's Social Care (delivered by SCBI)	Review and rationalise Children's disabilities services spend	(150)
Children's Social Care (delivered by SCBI)	Renegotiation of looked after children residential contracts	(150)
SCBI	Utilise public health grant to support Health and Well Being policy and strategy	(55)
Children's Social Care	Planned use of (one-off) reserves to support the Children's Social Care increased activity whilst the impact of management actions to reduce this are embedded during 2014/15	(1,840)
Total Children's and Adult Services		(11,022)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Savings	2014/15 £'000
Environment and Leisure		
Public Realm	Volume discount by refinancing highways contract and reclassifying 28 day work. This is linked to capital programme growth	(200)
Public Realm	Insourcing tree maintenance	(75)
Sustainable Services	Renewable Obligation Certificate Scheme - share of department's income from central government's renewables energy finance incentive scheme through operation of SELCHP due to combined heat and power	(200)
Community Safety	Reversal of funding approved in 2012/13 in anticipation of the loss of some of the grants from Mayor's office and central government for community safety programmes. Although there were some reductions in funding, these were not as severe as predicted and can be contained in budget.	(216)
Community Safety	Divisional reorganisation	(260)
CLLL	Contract savings delivered by the leisure management agreement	(291)
CLLL	Savings from introduction of self service in libraries	(100)
Business Support	Reorganise business support costs	(40)
Total Environment and Leisure		(1,382)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Savings	2014/15 £'000
Housing and Community Services Community Engagement - Mayors Office	Mayor's car service - the hired vehicle component of the non-staffing budget is currently £70k (c.68%), reducing from £120k per annum when provided in-house and £90k in 2012/13. New contract procurement exercise underway to replace existing ad-hoc arrangements within revised budget allocation.	(13)
Community Engagement - Mayors Office	Reduction in members expenses budget £20k - re-align budget to reflect current activity.	(5)
Community Engagement - Neighbourhoods	Further re-alignment of community council's publicity budgets in order to reflect current activity. 20% reduction in 2013/14 following rationalisation in the number of community council's. Current budget reducing to £20k.	(20)
Community Engagement - VCS Commissioning & Support	Efficiencies achieved through reprocurement of LINK/ Healthwatch contract, awarded to CAS @ £120k per annum against a base budget of £200k. In addition, £87k further grant received for 2013/14 to be carried forward as one-off contingency.	(80)
Community Engagement - VCS Commissioning & Support	Community Action Southwark contract - 5% budget reduction at re-procurement (budget £360k). To be absorbed by CAS through operational efficiencies without impact to front-line delivery.	(18)
Customer Experience - Customer Resolution	Rationalisation of administrative/operational budgets across activity - no service impact. Restructure leading to change in roles and deletion of vacant post - no redundancies.	(48)
Customer Experience - Customer Contact Centre	On-going customer access modernisation programme - transition to automated voice switchboard. Requires redeployment of existing switchboard staff to other vacant posts within the CCC, deletion of posts, no redundancies.	(127)
Customer Experience - Customer Contact Centre	Performance Team restructure following transition to in-house provision. Posts currently vacant, no redundancies.	(90)
Customer Experience - Customer Contact Centre	Service reconfiguration - reduce number of Tier 2 customer services officers. Currently vacant/fixed-term posts, so no redundancies. Change not expected to have any detrimental impact on call handling, but may mean less mentoring support for Tier 1 staff.	(96)
Customer Experience - Divisional Services	General efficiencies identified across the division following transition to in-house provision. No service impact.	(78)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Savings	2014/15 £'000
Customer Experience - My Southwark	Re-design of customer enquiry management at My Southwark Service Points will automate customer appointment/enquiry handling and deliver service efficiencies. Phase 1 to be implemented at Walworth Road, leading to a reduction of 5 posts, which may be mitigated through redeployment or voluntary retirement. Phase 2: Peckham to follow pending successful roll-out of phase 1.	(170)
Customer Experience - Homelessness & Housing Options	Service re-configuration - net saving arising from reduction in posts and budget redirection to transition to new operating arrangements. Staffing impact to be contained within new structure, no redundancies.	(124)
Customer Experience - SMART (Fred Francis House)	SMART service being relocated from Fred Francis House to customer contact centre (Queens Road 3). Service rationalisation with Out of Hours delivers service synergies and management efficiencies resulting in deletion of vacant posts, no redundancies.	(78)
Finance & Corporate Services - Operational Services	Operational reviews across a range of housing services: hostels and supported hostel accommodation, mobile alarm response service (SMART) and sheltered housing services require some cost allocation rebasing between GF and HRA in accordance with the statutory provisions of the HRA ring-fence to account for landlord and non-landlord services separately.	(1,038)
Maintenance & Compliance - Private Sector Housing	Adaptations, stairlift and handypersons repairs services - reduction in operational budgets can be accommodated at existing activity levels, but reduction removes flexibility and presents capacity risk if volumes increase.	(14)
Specialist Housing Services - Re-ablement Team	Restructure of support staff providing resettlement advice for clients moving to the private sector. Delete vacant post, no redundancies.	(38)
Specialist Housing Services - Temporary Accommodation	Decline in take-up of rent deposit scheme in preference to other incentives schemes, such as finders fee.	(33)
Specialist Housing Services - Temporary Accommodation	Reduce subscriptions/publications budget - no service impact.	(29)
Specialist Housing Services - Temporary Accommodation	Re-align employee allowance budgets to reflect current activity - no service impact.	(14)
Specialist Housing Services - Temporary Accommodation	Staffing rationalisation - deletion of one procurement post, currently vacant, no redundancies.	(40)
Total Housing and Community Services		(2,153)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Savings	2014/15 £'000
Chief Executive Human Resources	Savings arising from the re-letting of the Comensura contract for agency staff (net £180k) and rationalising other contract costs (£21k)	(201)
Organisational Development	Review of structure (£85k) and across the board reduction in training budgets of 10% (£85k) offset by more efficient delivery methods.	(176)
Corporate Strategy	Reduction in staffing and other costs across the division.	(747)
Regeneration	Reduction in project budget in Regeneration North team.	(60)
Planning	Reduction of posts across the division	(87)
Total Chief Executive		(1,271)
Finance and Corporate Services		
	Transformational review of Finance and Corporate Services functions including contract efficiencies, realignment of services, employee self serve and use of technology.	(1,900)
	Revenues & Benefits £320k	
	ISD £810k	
	Professional Finance Services £400k	
	Corporate facilities management £160k	
	Legal Services £210k	
Total Finance and Corporate Services	Deletion of Head of Resources (post never recruited or filled)	(100)
		(2,000)

Department	Description of Savings	2014/15 £'000
<p>Corporate</p>	<p>Savings The 2013/14 budget included part year savings from the acquisition of Tooley Street of £1.5m. It was agreed that these savings would be reviewed annually. Further modelling has now been completed, and the internal treasury associated costs of the acquisition are now fully funded for 2014/15, allowing a further £2.0m savings to be realised.</p> <p>Corporate initiatives Current revenue monitoring indicates that the contingency will not be required in full in 2013/14, and it is proposed that for 2014/15, this contingency should be reduced back to its 2010/11 level of £4.0m, a reduction of £1.0m.</p> <p>Given the progress on the Aylesbury regeneration project, that the £1.0m per annum contribution to regeneration and development reserve is no longer required.</p> <p>Estimated government funding for Free Healthy School Meals for children in reception, Year 1 and Year 2</p> <p>Funding for public health is expected to increase by £1.1m in 2014/15 and the council will take the opportunity of bringing public health functions into the council to support health and wellbeing programmes currently undertaken by the council, and apply this funding to activities which support public health elsewhere in the council.</p>	<p>(2,000)</p> <p>(1,000)</p> <p>(1,000)</p> <p>(1,500)</p> <p>(1,100)</p>
<p>Total Corporate</p>		<p>(4,600)</p>
<p>Total efficiencies and improved use of resources</p>		<p>(6,600)</p> <p>(24,428)</p>

Department	Description of Savings	2014/15 £'000
Environment and Leisure		
Public Realm	Increase divisional income - without price increases but from greater sales/volume	(680)
CLLL	Rental from cafes in Libraries (Canada Water)	(35)
Sustainable Services	Increase refuse bin hire charges by 10%	(100)
Total Environment and Leisure		(815)
Chief Executive		
Planning	Additional income from collection of mayoral CIL	(75)
Planning	Additional planning fee income arising from higher activity	(75)
Total Chief Executive		(150)
Total Income Generation		(965)

Department	Description of Savings	2014/15 £'000
Children's and Adult Services Education - Early Help	Rationalise Bookstart initiative so that literacy opportunities are maintained through the Children's Centres but the administrative process of BookStart is deleted	(210)
Children's Social Care	Reducing staffing costs (equivalent to four posts)	(200)
Total Children's and Adult Services		(410)
Environment and Leisure Business Support	Centralise departmental procurement support	(60)
Total Environment and Leisure		(60)
Housing and Community Services Community Engagement - Civic Engagement & Community Cohesion	Review of civic office staffing requirement, currently 2.8 fte's - reduce by 0.8 fte. Reduces operational capacity to support civic events programme. Possible redundancy situation, which may be mitigated through redeployment or voluntary retirement.	(25)
Community Engagement - Civic Engagement & Community Cohesion	Civic ceremonies (budget £36k) - reduce by £2k (5.7%). Reduces operational capacity to stage civic events.	(2)
Community Engagement - VCS Commissioning & Support	Reduction in central co-ordination costs of VCS grants programme. At 5% level represents a 50% reduction in central administration/co-ordination costs, eg. printing etc, relating to grant applications.	(14)
Total savings impacting on service delivery		(41) (511)

APPENDIX F

DRAFT
Medium Term
Resources Strategy
2014/15 – 2016/17

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Foreword



Southwark's strength is its people. With our immense diversity comes an array of amazing talents and vast depths of untapped potential. The council's vision is for a "fairer future for all" in Southwark.

Having made some difficult budget decisions in the context of reduced financial resources over at least the medium term, effective planning and resource management will be crucial to meeting our collective goals.

The purpose of the Medium Term Resources Strategy (MTRS) is to enable the council to make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders.

The scale of the resource challenge in the coming years cannot be understated. Effective and efficient management of resources through a robust MTRS will be pivotal to meeting that challenge and delivering our Council Plan.

The core principles of fairness and support to the most vulnerable were fundamental to the setting of the budget. These principles will continue to guide the MTRS and our management of resources over the coming years.

Cllr Richard Livingstone

Cabinet Member for Finance, Resources and Community Safety

INTRODUCTION AND BACKGROUND

Council services that support all major policy objectives and priorities as set out in the Council Plan are delivered using any number of a range of different resources. This document sets out the council's resources strategies in relation to financial management and control, workforce, asset management, the voluntary and community sector, contracts and procurement and technology.

The key resources are:

Financial

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Retention of Business Rates</i> ▪ <i>Government and other grants</i> ▪ <i>Council tax</i> ▪ <i>Fees and charges</i> ▪ <i>Capital finance</i> ▪ <i>Housing finance</i> ▪ <i>Financial control and anti-fraud</i> 	<ul style="list-style-type: none"> ▪ <i>Value for money</i> ▪ <i>Statutory & Regulatory duties (s151)</i>

Workforce

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Employees</i> ▪ <i>New recruits</i> 	<ul style="list-style-type: none"> ▪ <i>Recruitment and retention</i> ▪ <i>Learning and development</i> ▪ <i>Rewards and remuneration</i> ▪ <i>Mobile ways of working</i>

Assets

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Administrative buildings</i> ▪ <i>Office accommodation</i> ▪ <i>Operational buildings</i> ▪ <i>Housing stock</i> ▪ <i>Commercial portfolio</i> 	<ul style="list-style-type: none"> ▪ <i>Facilities management</i> ▪ <i>Health and safety and Equality Act compliance</i>

Voluntary & Community Sector

Focus	Enablers

<ul style="list-style-type: none"> ▪ <i>Partnership</i> 	<ul style="list-style-type: none"> ▪ <i>Grants</i> ▪ <i>VCS compact</i>
------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

Contracts and Procurement

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Procurement</i> ▪ <i>Commissioning</i> ▪ <i>Supplier relationship and contract management</i> 	<ul style="list-style-type: none"> ▪ <i>Service design</i> ▪ <i>Market considerations</i> ▪ <i>Competencies and compliance</i>

Technology

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Business applications</i> ▪ <i>IT infrastructure</i> ▪ <i>Desktop</i> ▪ <i>Network</i> 	<ul style="list-style-type: none"> ▪ <i>Service design</i> ▪ <i>partnership working</i> ▪ <i>training</i>

Facilities Management

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Administrative buildings</i> ▪ <i>Office accommodation</i> ▪ <i>Operational buildings</i> 	<ul style="list-style-type: none"> ▪ <i>Facilities management</i> ▪ <i>Health and safety and Equality Act compliance</i>

Depending upon the design of each service, all or some of these resources may be utilised to deliver agreed outcomes. Because the extent of resources is limited, principally by financial constraints, the council sets out clear priorities in order to distribute available resources effectively.

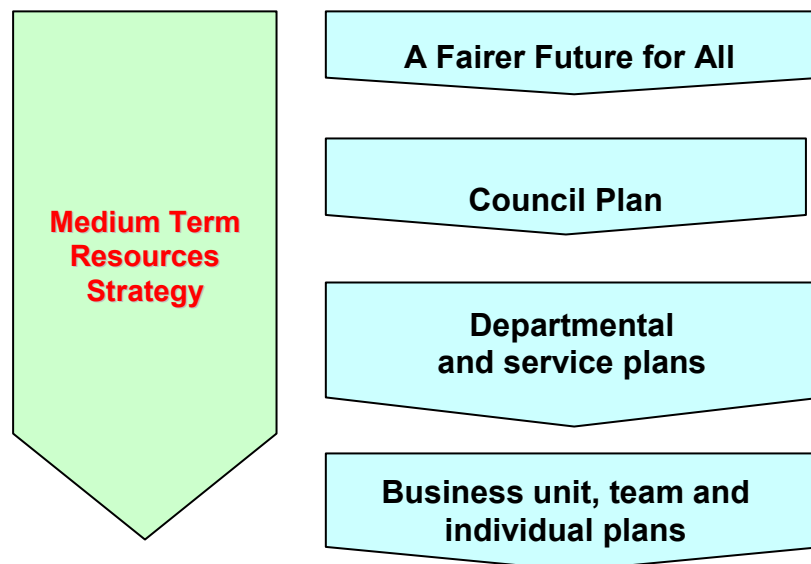
The MTRS provides a framework of underlying principles by which resources may be allocated across the council and other relevant considerations that need to be taken into account.

Each key resource is managed centrally within the council and has a specific strategy in place. Each strategy is designed not only to enable best practice but also to allow for innovation and most importantly to deliver the key outcomes for frontline services across the council. These strategies are set out within this document.

The MTRS has been embedded in the council's strategic planning processes since 2008. While the strategy was developed initially in response to the government's first three year grant settlement, it has become an essential management tool in directing council resources. It has adapted and will continue to adapt over time to changes in council policy and other relevant factors. Most importantly the MTRS provides a key reference point for the Council Plan.

IMPLEMENTATION

The MTRS and Council Plan form important components of the council's "business management framework". The business management framework provides a "golden thread" linking the council's overarching strategy and plans such as the Council Plan to the performance of departments and individual members of staff within the council. This ensures that there is collective responsibility across the council for achieving the outcomes of the MTRS. The MTRS is kept under regular review, including an annual refresh, to ensure it remains relevant to delivering the Council Plan and local priorities.



FINANCIAL MANAGEMENT AND CONTROL STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer: Jennifer Seeley

Context

The Financial Management and Control Strategy sets out the financial principles of the Council and the remit within which it plans its business. The strategy is set in the context of a number of key themes, each structured to support all major policy objectives and priorities as set out in the Council Plan. As the council faces a sustained period of reducing resources, the key considerations influencing key principles of the strategy are:

- Retention of Business Rates
- Government and other grants
- Council tax
- Fees and charges
- Capital finance
- Housing finance
- Financial control and anti-fraud
- Value for money
- Statutory and regulatory duties (S151)

Key Outcomes

Over the period of the MTRS we will achieve the following:

- Unqualified accounts each year.
- A balanced three year budget agreed annually.
- A robust ten year capital programme.
- A five year housing investment programme, secured and maintained.
- Maximisation of the collection income due to the council.
- Maintenance of appropriate levels of general and earmarked balances and contingencies to protect council services and assist in mitigating future risks.
- Maximisation of returns from council investments, within a prudent framework.
- Minimisation of the impact of fraud and corruption on council business.

Key Principles

The principles which underpin how finance resources will be allocated are set out below.

Budget setting

- To prioritise commitments made and updated by the cabinet and the vision to create a fairer future for all by promoting social and economic equality in an economically vibrant borough.
- To protect front-line services and support the most vulnerable people.
- To provide value for money, value for council tax payers and to contribute towards delivering the vision of creating a fairer future for all in Southwark.
- To explore alternative ways of providing a service, talking to partner organisations, the voluntary sector, the trade unions, the business community and other local authorities (links to *contracts and procurement* below).
- To be transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision as soon as possible, and explore with them other ways to provide the service, conducting equalities analysis for all budget proposals.
- To provide a clear and comprehensive explanation for why any service should be cut, reduced or no longer provided by the council, and this explanation should be capable of being subject to robust challenge.
- To take a three year approach and have regard to innovative ways of providing services and maintaining employment in the borough.

Financial Management

- To spend only within budgeted limits whilst sustaining and achieving performance improvement in line with strategic policies and priorities.
- To rigorously review all proposed unavoidable commitments and ensure that all possible avenues for delivery, including alternative funding, have been explored, and that the costs have been kept to the minimum required to meet statutory and contractual requirements.
- To only fund new service growth from additional, identified departmental savings.
- To underpin all council resource allocation decisions with financial reality and health checks.
- To return all windfall benefits not planned within base budgets to central resources for corporate allocation in line with strategic priorities.

Value for money and the management of performance

- To ensure that value for money is sustained and impact of spending reductions on service performance and quality is mitigated as far as effectively possible.
- To monitor and benchmark service performance relative to costs against other councils, nationally and locally.
- To ensure there is an appropriate test of value, efficiency and quality in commissioning arrangements.
- To maximise returns on cash investments while maintaining capital preservation and liquidity.
- To target sustained upper quartile performance for pension fund investments.

Reserves, balances and central contingency

- To present balanced budgets year on year without recourse to reserves and balances except for specific earmarked projects.
- To maintain a central contingency at a sufficient level to cover demand pressures that are volatile, difficult to predict or unforeseen and cannot be reliably quantified at the time the budget is set.
- To maintain reserves and balances at a level sufficient to manage the potential risks and opportunities of the council.
- To target an increase in general fund balances to £20m, over the course of medium term, in line with similar local authorities in London.
- To maintain appropriate earmarked reserves to mitigate risk and smooth cost pressures arising from major council projects and priorities, not least regeneration and development, modernisation and service improvement.
- To use the New Homes Bonus to incentivise house building by returning the benefits of growth to the community, generally through capital projects.
- To allocate to reserves any money received from relevant short-term funding streams, to meet the implementation costs of major projects.

Savings and efficiencies

- To maintain a robust programme of efficiencies and other savings that minimise the impact on the delivery of local priorities.
- To invest to save on the basis of sound and robust business cases.
- To continually review the extent and costs of discretionary services or activity being provided in the context of service priorities and resources available, and explore alternative ways of providing a discretionary service or activity prior to proposing any cut or reduction.

Income and investments

- To maintain the Southwark element of any council tax increases within consumer price index inflation levels over a medium term planning horizon.
- To maximise billings and improve council tax collection rates and non-domestic rates (NNDR) collection rates eliminating unnecessary waste identified within processes.
- To maximise external funding opportunities whilst ensuring the continuance of and further investment in key priorities.
- To achieve an effective and prioritised forward strategy when specific external funding streams cease.
- To maximise the council's income generation by seeking income streams in line with council policies and priorities.
- To increase discretionary fees and charges to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients.
- To increase all fees and charges capped by statute to the maximum level the cap allows.
- To make appropriate representations to government to ensure the council receives the fairest possible level of grant to support Southwark's population and communities.
- To act to reduce arrears overall, with particular emphasis on council tax, rent and NNDR, and seek prompt payment or payment in advance so as to improve the council's overall cash flow position.

Treasury Management

- To optimise investment income returns within the principles of "security, liquidity then yield", in line with the risk appetite and counterparty selection as set out in the Treasury Strategy report as approved by Council Assembly each year.
- To manage debt from borrowing in line with the principles of the Prudential Code and within the setting of Prudential Indicators as approved by Council Assembly each year.
- To use prudential borrowing only where business cases are agreed in accordance with the principles of the overall treasury strategy.
- To seek to reduce the cost of borrowing through debt repayment or debt refinancing where it is economically viable and affordable within the budget framework to do so.

- To set aside funds from the revenue budget to meet the cost of the repayment of debt in accordance with statutory provisions or under the requirements of the Prudential Code as implemented.
- To secure increased funding levels of the pensions fund over time to achieve 100% funding within the period recommended by actuaries.

Capital Programming and strategic projects

- To incorporate major strategic projects in the mainstream capital programme.
- To exploit opportunities afforded through the regeneration programme, including setting a target for capital receipts from regeneration projects to support the council's future capital programme.
- To profile capital schemes realistically over their lifetime and apply full whole life costing principles to all major capital projects including investment and disposal decisions.
- To establish over the medium term sufficient lifecycle maintenance provision for the council's fixed assets where the assets are essential for service delivery and it is cost effective to maintain them in line with the council's asset management plans.
- To review uncommitted budgets within the existing approved capital programme annually and reprioritise as necessary.
- To identify, review and select the most appropriate procurement strategies and partnerships arrangements (where appropriate) for all major capital projects.
- To maximise and accelerate the programme of capital receipts ensuring best consideration and due regard to service provision, in line with the asset management strategy.
- To maximise use of planning gains and associated benefits in accordance with agreements and strategic priorities, by prioritising the use of external grants and planning gains ahead of corporate receipts.
- To pool corporately all capital receipts without any specific earmarking unless so directed by the cabinet.
- To build and maintain a capital contingency reserve (£5m) to fund urgent and unavoidable works, including health and safety and DDA works.

Housing finance

- To ensure the adoption of a balanced Housing Revenue Account (HRA) budget throughout the budget planning horizon.

- To support the provision of landlord services to residents, including planning for balance levels adequate to support the continuing provision of these services.
- To set rents at a level consistent with income assumptions within the 30-year HRA self-financing business plan
- To calculate service charges for tenants and leaseholders to match relevant costs for particular levels of service provision.
- To maintain a business plan for the HRA consistent with self-financing requirements.
- To support the delivery of the housing investment programme within the context of self-financing.

Governance and partnerships

- To regularly review the financial standing orders, financial regulations and contract standing orders to ensure their robustness and continued suitability in order to safeguard the council's assets, maximise its resources and ensure value for money.
- To ensure effective governance arrangements for all partnership agreements are in place particularly where there is a shared use of resources.
- To maintain a risk register for joint risks of all partnerships.
- To optimise the opportunities for efficiencies afforded by improved partnership working and shared services.

Financial control and anti-fraud

- To review controls, systems and processes and ensure proposals for improvement following fraud loss are robust.
- To promote efficiencies to tackle fraud through collaborative working, including local and regional partnerships.
- To share information and good practice with key stakeholders, within statutory guidelines in the interest of preventing and detecting fraud. This will include continuing to undertake statutory data matching across all relevant service areas.
- To ensure a systematic and comprehensive approach to fraud prevention across all service provision.
- To promote ethical behaviour and raise fraud awareness.
- To promote a zero tolerance approach towards fraud which ensures dishonesty is dealt with firmly and consistently.
- To constantly keep under review key fraud risks so that fraud exposure is minimised.
- To enhance the effectiveness of the anti-fraud service through maximising and reinvesting losses recovered.

- To successfully manage operational demand through times of change.
- To conduct professional investigations in line with the changing statutory environment and requirements.
- To minimise fraud risk across all service provision through the effective provision of advice and support.
- To ensure continued fitness for purpose, through regular and rigorous review, of policies, procedures and working practices in relation to the prevention and detection of fraud.

WORKFORCE STRATEGY

WORKFORCE STRATEGY

Lead Department: Chief Executive's

Strategic Director: Eleanor Kelly

Lead Officer: Bernard Nawrat

Context

The Council is operating in an environment which will require a significant reduction in posts arising from the general fund savings programme. In implementing these savings the Council will look first at existing vacant posts, agency / temporary staff cover, as well as natural wastage. The Council has tried and tested policy and procedures to manage workforce change and there will be greater emphasis on the redeployment process, supporting staff and in mitigating redundancies.

Key Outcomes

Over the period of the MTRS we will achieve the following:

- The Council remains an employer of choice.
- Staff are equipped with skills to manage the organisation through a period of significant change.
- A talented and diverse workforce is retained and developed.
- Efficiencies and service improvements are achieved through embedding flexible working practices throughout the organisation.

Key Principles

There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to meet financial challenges through collective means. These principles are:

- **Recruitment & Retention**
Ensure that Southwark is an employer of choice that attracts, develops, motivates and retains staff of sufficient numbers and talent to deliver our fairer future promises.
- **Resource management**
Ensure we use every penny as if it were our own through striving to do things better.

- **Reward, recognition & support.**

Deliver a total reward package which is fair, seen as fair & robust to external scrutiny.

- **Employee development & career opportunities**

Develop people's skills & knowledge so that they enjoy productive careers & deliver innovative high performing services and excellent customer care.

- **Employee engagement & communication**

Enable employees to trust the organisation and be committed to its goals. They must be empowered to believe their views count and will be acted upon.

- **Identifying & developing leaders**

Employ and build leaders who can demonstrate the courage, energy and capability to deliver organisational goals and work in partnership with others.

ASSET MANAGEMENT PLAN

Lead Department: Chief Executive's
Strategic Director: Eleanor Kelly
Lead Officer/s: Steve Platts / Matthew Jackson

Context

Built around the objective of delivering corporate priorities from available resources as efficiently as possible, the refreshed Asset Management Plan (AMP) establishes a framework for rationalisation across the council's £3 billion corporate asset base and for achieving sustainability in the retained portfolio.

The overriding objective of the AMP is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. In turn the estate will contribute to improving operational and service delivery outcomes.

Much of course has changed in the public sector resources environment over the last few years. Therefore the AMP seeks to fully address the pressures of escalating property holding costs, and mounting financial constraints on the public sector purse. The council's estate and those across the public sector (including those of our operating partners) will emerge very significantly altered and our overall vision is to plan for a smaller, sustainable corporate estate.

Key Outcomes

Over the period of the MTRS we will achieve a property estate that:

- Is treated as a corporate resource and is managed corporately;
- Supports the delivery of the council plan;
- Is well maintained and fit for purpose (i.e. delivering services);
- Is fully utilised;
- Is suitably located and accessible;
- Is cost effective and represents a value for money return on the council's investment.

Key Principles

The principles which underpin how the council's assets are managed are set out below.

Corporate & Operational

- To achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes i.e. (sustainable; efficient; value for money).
- To ensure strategic planning of the estate is fully integrated into the council's business planning processes.
- To proactively mitigate the affects of the market downturn whilst reconciling this with the strategic objectives of the council.
- To consolidate property management arrangements at strategic and operational levels.
- To manage our estate in accordance with our obligations as a landlord and with regard to all relevant health and safety / statutory compliance requirements;
- To constantly review and monitor the operational estate to achieve portfolio objectives, including the maximisation of opportunities and efficiencies from the council's occupation of 160 Tooley Street and Queen's Road offices.
- To successfully manage operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive towards modernise.
- To provide flexible solutions to operational requirements to allow for changing future demands in the operational estate (including through exit strategies).
- To respond to changing demand for property services from all parts of the organisation; balancing those demands against the resources available.
- To promote collaborative/partnership working to provide efficiencies, either through occupational, operational or procurement arrangements.
- To promote high environmental sustainability in both existing buildings and in procurement of new assets in order to minimise costs in use and emissions.

Arrangements for Asset Management

- To ensure the provision of effective, professional property advice in support of departmental strategic objectives;
- To raise the profile of asset management planning corporately and operationally across the authority and reinforce the role of the Corporate Property Officer;
- To renew and reinforce structures for asset management planning at a corporate

level;

- To ensure property strategies in support of corporate objectives are properly resourced and programmed;
- To review and refine systems, data, and performance management arrangements in order to fulfil the growing client expectations;
- To safeguard the Council's legal position with regard to its land holdings by completing a comprehensive review and registration of title programmes.

Regeneration

- To contribute to key regeneration projects through acquisition and disposal activity, rent and lease renewal strategies, and use of compulsory purchase order powers where appropriate.

Investment Assets

- To challenge reasons for holding investment property and monitor investment returns and performance;
- To manage rent reviews and lease renewals to maximise revenue income;
- To take appropriate action to minimise the arrears of rent;
- To proactively manage the investment portfolio to ensure compliance with lease terms and protect/enhance value.

The Voluntary & Community Sector Estate

- To review the strategy in 2014 for managing voluntary and community sector assets owned by the council, building on the previous strategy framework of 2009, and 2010 Corporate Asset Management Plan.

Surplus Properties and Disposal

- To deliver challenging capital receipt targets whilst maintaining best consideration principles and balancing revenue requirements.

VOLUNTARY AND COMMUNITY SECTOR STRATEGY

Lead Department: Housing and Community Services

Strategic Director: Gerri Scott

Lead Officer/s: Stephen Douglass

Context

The voluntary and community sector (VCS) has an essential role to play in Southwark. In the coming years the role of VCS organisations will be increasingly important to ensure that our most vulnerable residents are not left behind. To do this in the current financial climate the council and the VCS will together have to change and modernise the way we work and draw upon the expertise and experience that exists across all our partners.

The council has a history of promoting greater engagement by the community however the resource environment is now much tighter than in recent years. The community must now be encouraged to seek opportunities for widening this engagement and meeting the challenge that sits alongside the loss of financial resources. The fundamental principle is about change that has collaboration at its heart. We will work to build on the strong relationship we have developed with the VCS to shape the services our residents use and help tackle the problems facing the local community.

Work will continue on the key principles of relationship between the council and VCS to ensure that they are fit for purpose and robust. Keeping the principles under review will assist in the delivery of activities involving partnership working between the council and the VCS.

Key Outcomes

Over the period of the MTRS we will work in partnership with the VCS to achieve:

- A modernised relationship between the council and the VCS that supports the delivery of efficient public services.
- A self-sustaining sector that enables local organisations to find new ways of accessing funding, resources, and support.

- Modern and streamlined commissioning processes that reduce transactional costs for the council and the VCS, provide value for money and clear outcomes for our communities.

Key Principles

The principles which underpin the council's approach to the VCS is set out below;

- To work with partners to reconfigure and redesign public services to meet the needs of the most vulnerable in future.
- To work with the VCS to develop public services which are efficient and effective.
- To reduce the burdens on the council and the sector that are imposed through commissioning relationships by removing unnecessary barriers and streamlining commissioning processes so as to minimise transaction costs.
- To further promote the social benefits that come from having a strong relationship with the VCS community.
- To reduce cost by working in more efficient ways with the sector to support a programme of VCS modernisation.
- To ensure that the impact of the cuts on frontline service provision is minimised by helping to develop a strong independent VCS ready to face the challenges of the future.
- To promote and encourage the sharing of VCS back office costs and collaboration and merger where it is appropriate and best to do so.
- To better understand the overall funding landscape of the VCS sector and how council funding helps to lever funds from other sources.
- To work with the VCS to maximise resources and support from a wide range of sources in order to ensure the sustainability of the sector enabling local organisations to find new ways of accessing funding, resources, and support.
- To support the VCS in developing the most effective and the best value for money services. Finding better ways of measuring outcomes for our residents so that we know what is being achieved not just what is being done.
- To ensure that the VCS is supported in the development of business plans, fundraising strategies and future funding bids that leads to self-sustaining financial and other key resource outcomes. We will also work with our VCS partners to develop volunteering and local philanthropy.
- To actively encourage the development of initiatives that will support third sector organisations to engage with the personalisation agenda.

- To encourage and support, where possible and viable, new models of service provision, innovation, resource activity that also more effectively and efficiently realise savings over the medium term planning period.
- To take an approach that strengthens the resilience of the sector by finding new or better ways of supporting our local VCS that go beyond the financial. This may for example include how we use our property portfolio to supports the VCS to achieve self-sustainability and take advantage of regeneration and development opportunities to find new ways of improving and providing community spaces that are efficient and fit for purpose.

CONTRACTS AND PROCUREMENT STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer: Jennifer Seeley

Context

The aim of the Contracts and Procurement Strategy is to ensure that the council takes the right steps when:

- Identifying service needs and options for the ways in which these may be best delivered.
- Procurement of these services where contracting is the preferred option.
- Management and monitoring and commissioning of contracts that have been awarded.

Where contracting with external suppliers is the preferred vehicle for providing services, this must be successful in meeting defined service objectives, meet the commitments of the Council Plan and achieve value for money.

Procurement, contract management and commissioning remains a critical element of the council's efficiency programme and budget plan, alongside issues of people, property and process. All cost reductions and efficiencies must be considered in the context of the need to maintain the most appropriate service levels, protection of the council's statutory and regulatory functions and the needs for customer satisfaction. The Finance and Corporate Services department will therefore continue to support managers across the council to secure products and services that provide value for money.

Key Outcomes

Over the period of the MTRS we will achieve the following through procurement, commissioning and contract management:

- Maintain a clear and unambiguous understanding of current and future service needs.
- Provide contracts that deliver quality services at an affordable cost.
- Sustain a joint passion with our contractors for customer service and satisfaction.

- Commit to contracts that achieve a right first time approach to service delivery.
- Continually improve through collaboration and partnership working with contractors.
- Facilitate and promote innovation through procurement, contract management and commissioning.
- Procure and manage contracts in a way that is fair to local businesses and to their employees.
- In real and recognised terms, be known as a good organisation to do business with.

Key Principles

In achieving these outcomes, the council's contracts and procurement function will continually refer to following key principles:

Value for Money

- To recognise the balance between price and quality and the relative importance of both.
- To get best value from contracted services through :
 - Challenge of procurement arrangements and seeking opportunities to reduce price, improve quality and maximise efficiency.
 - Delivery of service solutions that are future proof.
 - Understanding distinction between essential and non essential service needs and the impacts on cost.
 - Decisions supported by comprehensive and robust data.
 - Whole life analysis of options and assessment of risks.
- To improve contract management by continuously improving and learning from experience of 'relationship management'.
- To achieve continuous improvement from all areas of procurement expenditure by ensuring that all procurement activity is undertaken by informed managers supported by professional procurement staff.
- To increase the utilisation of e-procurement facilities to deliver process and procurement savings.
- To continue joint procurement of services with other councils where such arrangements deliver value for money and improved services.

Good Governance, Effective Process and Competencies

- To ensure all procurement practices are legal, ethical and transparent, conforming to procurement legislation and regulation and robust enough to meet the challenge of external scrutiny.
- To ensure that the council's governance arrangements are appropriate to meet the principles of openness and accountability.
- To maintain a model where service directors are accountable for the delivery of service definition, procurement, commissioning and contract monitoring.
- To provide specialist support, advice and leadership as appropriate.
- To have clear, unambiguous and sufficiently flexible operational arrangements that respond to service needs, reduce red tape and protect statutory and regulatory responsibilities of the council.
- To promote a climate of corporate compliance supported by appropriate staff competencies in procurement, contract management and commissioning.
- To promote commitment of suppliers to the prevention, detection of fraud and corruption in their processes.

Support and Advice

- To provide high quality guidance, support, documentation and awareness sessions for service managers and their staff engaged in procurement processes.
- To ensure all procurement process projects follow standard project and risk management procedures appropriate for the size and complexity of the procurement.
- To reduce the costs of procurement process and the time it takes by taking a planned and co-ordinated approach that is efficient, effective and streamlined and avoids duplication and waste.
- To ensure existing contracts, frameworks and internal and external procurement vehicles such as the Local Education Partnership are utilised to reduce procurement costs.

Social Considerations

- To demonstrate improvement in the equality of opportunity and the promotion of good relationships between people within a diverse community in all procurement activity.
- To ensure that all procurement considers the environment and where appropriate includes evaluation models that take into account the council's sustainability objectives.

- To develop socially responsible specifications and to seek to realise social, environmental and community benefits through procurement.
- To create a basis for assessing social, environmental and community benefits within the process for evaluating contracts where it is both affordable and legal to do so, taking into account the Public Services (Social Value) Act 2012.

Market Considerations

- To work with current suppliers and contractors to explore opportunities for bringing benefits to the local community and employment, including application of the London Living Wage.
- To operate a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, (including small firms, social enterprises, minority businesses, and voluntary and community sector groups), and wherever possible encourage local sourcing and local employment.
- To promote the concept of the London Living Wage not only within Council contracts but also with those businesses and employers working in Southwark.
- To build good relations with suppliers and making Southwark an organisation of preferred choice for companies of all types.
- To ensure that good communications exist with suppliers before, during and after procurement processes.
- To be 'open and transparent' treating all potential suppliers both 'fairly' and equally during tender processes
- To make available contract and tender applications on the council website.

Contracts fit for purpose

- To secure an open and honest approach to relationship management.
- To ensure good communication exist with contractors and that respective roles and responsibilities are clear.
- To share objectives for service outcomes.
- To continually develop contracts through formal and informal management of relationships, including variations to reflect changing need and innovation.

TECHNOLOGY STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer/s: Richard Heap / Ian Morrisey / Matthew Hunt

Context

This strategy is in a transitional phase. Options are being considered for the future support and management of the IT service, especially that which is presently provided through existing contracts in the context of new and emerging technologies, **such as cloud computing**.

Exploiting the opportunities provided by technology remains integral to the council's drive to deliver essential high quality, universal services that get it right first time and reduce waste and duplication.

The effective use of technology – along with change management, process redesign and training - is fundamental to achieving service wide improvement in a time of resource restraint. Southwark is committed to exploring the use of technology to the advantage of its citizens, wherever the resulting business benefits are justified by the investments required, and wherever the organisation needs to deliver service excellence.

The Technology Strategy will be revised as the council transforms specifically in response to reductions in funding across all services and to changes in functions, activities and delivery models that this will create. Significant investment however will be required in technology to ensure that key business applications are responsive to service needs, and to enable and facilitate better service delivery at an affordable cost.

Key Outcomes

Over the period of the MTRS we will achieve the following:

- Services kept operational
- Improve supplier relationships
- Improve supplier performance
- Enhance customer relationship and involvement

-

Key Principles

The principles which underpin the council's strategy around technology will continue to be reviewed and currently include:

- To keep information services operational.
- To realise the potential of existing systems through the effective implementation of changes to the infrastructure;
- To improve the delivery and cost of services through the effective use of technology;
- To have the technology which enables the sharing of data and information so that sound decisions can be made and processes can be streamlined;
- To enable residents increased access to services within the borough by improved on-line and interactive provision;
- To maximise output from contracted outsource providers;
- To improve supplier relationships and improve stakeholder management in IS delivery.

Facilities Management

- To maintain a sustainable corporate estate and preserve its inherent investment and utility value. This will be delivered through comprehensive facilities management arrangements and a planned preventative maintenance programme;
- To put in place a full condition survey programme for the operational estate;
- To improve stock condition and minimise backlog maintenance;
- To ensure statutory compliance and minimise facilities exposure to risk;
- To rationalise and repackage facilities management contracts to achieve management efficiencies, economies of scale and mitigation of corporate landlord compliance risk;
- To consolidate facilities management budgets providing total cost of occupancy to support strategic asset management;
- To undertake informed outsourcing based on fixed price repairs and maintenance bringing significant cost certainty and increasing transfer of risk to the supply side;
- To continue the delivery of the corporate compliance programme, working toward best practice allowing effective and transparent management of risk.

FACILITIES MANAGEMENT STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer: Matthew Hunt

Context

Through its established Asset Management Plan and ongoing modernisation programme the Council is working to deliver a corporate, operational portfolio that is appropriate, fit for purpose and affordable. This process is well underway with a significant disposal programme in train.

Key to this is the development and ongoing, effective management of healthy, safe and compliant buildings that provide both a good, efficient working environment for staff and modern facilities for the delivery of services to Southwark residents.

The Council's Facilities Management (FM) strategy is to progress towards a consolidated approach to FM for its operational estate both in terms of management and the provision of contracted services. It is moving from multiple, single provider service contracts to a small number of newly procured, appropriately specified service arrangements.

This approach to procurement will provide the platform to bring together all FM arrangements for the operational estate, and to develop those with partners to deliver further efficiencies through economies of scale

All new and refreshed office accommodation will operate under the Council's fully adopted Modern Ways of Working (MWoW) principles, with the adoption of these principles where practical in the remaining estate.

The FM Strategy will be reviewed as the council and its operational estate transforms specifically in response to reductions in funding across all services and to the resultant changes in operational property requirements.

Key Outcomes

Over the period of the MTRS we will achieve the following:

- A reducing operational estate
- Increased and co-ordinated management of FM related budgets
- A rationalised FM supplier base
- Innovative and improving FM services at reducing cost.
- Improved supplier relationships
- Continuously improving supplier performance
- Delivery of customer focussed services
- Comprehensive management information for the operational estate

Key Principles

The principles which underpin the FM strategy will continue to be reviewed and currently include:

- To maintain a sustainable corporate estate and preserve its inherent investment and utility value delivered through comprehensive FM arrangements and a co-ordinated planned preventative maintenance programme;
- To put in place and manage comprehensive condition data and associated building related management information;
- To improve stock condition through a targeted capital preventative planned maintenance programme;
- To ensure statutory building related compliance and effectively manage any residual risk;
- To implement corporate standards across all FM services to bring consistent, affordable and appropriate service levels to the working environment;
- To rationalise and repackage FM contracts through informed procurement to achieve management efficiencies and economies of scale bringing increasing cost certainty and transfer of risk to the supply side;
- To implement best practice contract management to deliver services that meet the evolving needs of the council;
- To continue the consolidation of FM budgets providing total cost of occupancy to support strategic asset management and ensure the best use of the council's resources.

APPENDIX G

Technical Information on the Autumn Statement

London Councils response on New Homes Bonus Proposals

1. On 9 December 2013, London Councils released a statement with regard to the £70m withheld from London authorities;
 - New Homes Bonus is granted to councils in recognition of the pressures they and their communities face when new housing is built in their borough. For example, the cost of more people using locally delivered services, such as adult care or libraries, or investment in infrastructure. The Autumn Statement announced that, from 2015, London boroughs will face a cut of £70 million in the New Homes Bonus. It also announced that outside of London the New Homes Bonus will not be given to Local Enterprise Panel (LEPs), as had been originally proposed, but would instead continue to go to the councils who deliver local services. The government has, however, decided that in London the New Homes Bonus will be given to the London Local Enterprise Panel, chaired by the Mayor of London.
 - The Chair of London Councils, Mayor Jules Pipe, said: “All Londoners should be outraged by this move. If the New Homes Bonus is essential for councils in Leeds and Manchester to fund the pressures of growth, why should Londoners be any different? This must be reversed. The very fact that it has been proposed raises fundamental questions about the governance of the growth agenda in London and the government’s commitment to it.”

Economic growth

2. The latest economic forecasts suggest that the economy will move from a deficit to surplus in 2017, the table below shows the recovery profile

	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19
Public sector current receipts (a)	37.8	37.7	37.8	37.9	38.1	38.1	38.3
Total managed expenditure b	42.9	43.7	42.7	41.9	40.7	39.5	38.4
Of which							
Public sector current expenditure (c)	41.9	40.8	39.6	38.9	37.8	36.6	35.6
Public sector net investment (d)	(0.4)	1.5	1.6	1.5	1.5	1.5	1.5
Depreciation(e)	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Deficit							
Public sector net borrowing (b-a)	5.1	6.0	4.9	4.0	2.6	1.3	0.1
Surplus on current budget (a-c-e)	(5.5)	(4.5)	(3.3)	(2.5)	(1.1)	0.2	1.4

Future inflation

3. Based on the latest economic forecasts, the ONS have produced their latest inflation forecasts. These are shown below with previous forecasts for comparison.
4. The Treasury’s 2% CPI inflation target is not expected to be achieved until 2016.

CPI Inflation (Target 2.0%)	2012	2013	2014	2015	2016	2017
CPI – Dec 2013	2.8%	2.6%	2.3%	2.1%	2.0%	2.0%
CPI – Mar 2013	2.8%	2.8%	2.4%	2.1%	2.0%	2.0%
CPI - Dec 2012	2.8%	2.5%	2.2%	2.0%	2.0%	-

CPI Inflation (Target 2.0%)	2012	2013	2014	2015	2016	2017
CPI – Mar 2012	2.8%	1.9%	1.9%	2.0%	2.0%	-

RPI – Dec 2013	3.2%	3.1%	2.9%	3.3%	3.6%	3.7%
RPI – Mar 2013	3.2%	3.2%	2.8%	3.2%	3.6%	3.9%
RPI – Dec 2012	3.2%	3.0%	2.6%	3.1%	3.4%	-
RPI – Mar 2012	3.2%	2.3%	2.5%	3.6%	4.0%	-

Provisional Finance Settlement

Settlement Funding Assessments (previously start up funding) and damping

- On 18 December 2013, the government announced the provisional settlement for 2014/15 and illustrative figures for 2015/16. These figures give Southwark's Settlement Funding Assessment (SFA) at £227.4m. This is some £0.9m higher than the indicative allocation issued in July as part of the consultation, and included in the report to October cabinet. However 2013/14 council tax freeze grant has been rolled into SFA in 2014/15, so the two figures are comparable and will not materially effect the current 2014/15 budget position.
- Overall Southwark's SFA has been reduced by £26.9m (10.6%), this compares with Inner London £259.6m (10.7%), and £504.4m for all London authorities (10.4%). At a national level the reduction is £2,473.9 (9.4%).

		Southwark	Inner London	London	England
Adjusted 2013/14	£m	254.3	2,415.6	4,859.2	26,256.4
2014/15 Funding	£m	227.4	2,156.0	4,354.8	23,782.5
Change	£m	(26.9)	(259.6)	(504.4)	(2,473.9)
Change	£m	(10.6)	(10.7)	(10.4)	(9.4)
2015/16 funding	£m	194.0	1,835.5	3,727.1	20,650.8
Change	£m	(33.4)	(320.5)	(627.7)	(3,131.7)
Change	%	(14.7)	(14.9)	(14.4)	(13.2)

- For Southwark, the government's calculation of settlement funding comprises of the following:

	Adjusted 2013/14 Funding	2014/15 funding	Change		2015/16 Funding	Change	
	£m	£m	£m	%	£m	£m	%
Upper - tier funding	161.416	144.294	(17.122)	(10.6%)	120.996	(23.298)	(0.161)
Lower - tier funding	62.728	53.773	(8.955)	(14.3%)	45.000	(8.773)	(0.163)
Formula Funding	224.144	198.067	(26.077)	(11.6%)	165.996	(32.071)	(0.162)
Add Grants rolled in 2011/12 Council Tax Freeze grant	2.257	2.247	(0.010)	(0.4%)	2.247	0.000	0.000
Early Intervention	14.416	13.298	(1.118)	(7.8%)	12.162	(1.136)	(0.085)
Homelessness Prevention	1.541	1.518	(0.023)	(1.5%)	1.518	0.000	0.000

	Adjusted 2013/14 Funding	2014/15 funding	Change		2015/16 Funding	Change	
	£m	£m	£m	%	£m	£m	%
Lead Local Flood Authority	0.183	0.180	(0.003)	(1.6%)	0.180	0.000	0.000
Learning Disability and Health Reform	10.831	10.933	0.102	0.9%	10.930	(0.003)	0.000
2013/14 Council Tax freeze grant	0.929	0.929	0.000	0.0%	0.929	0.000	0.000
Returned holdback	0.000	0.272	0.272	-	0.000	(0.272)	(1.000)
Settlement Funding Assessment	254.301	227.444	-26.857	(10.6%)	193.962	(33.482)	(14.7%)

8. For 2014/15, Southwark have the second highest settlement funding reduction (12th highest % decrease. The cash reductions range between £27.1m for Tower Hamlets (11.1%) to £4.7m for Richmond-upon Thames (9.2%)
9. For 2015/16, Southwark have the highest settlement funding reduction (11th highest % decrease. The cash reductions range between £33.4m for Southwark (14.7%) to £4,9m for Richmond-upon-Thames (10.6%).

Revenue spending power

10. As part of the 2014/15 finance settlement the government announced for all councils' reductions in their spending power when compared to the previous year. According to DCLG analysis, Southwark have incurred a £17.7m reduction (4.8%). This compares with a reduction for Inner London of £179.5m (4.8%) and £327.7m (3.9%) for all London boroughs. At a national level the reduction is £1,668.7m (3.1%).
11. The Governments announcement gives the national funding reduction at 2.9%, (1.8% in 2015/16) this is because it excludes the GLA. The national figures above include GLA, so to provide a like for like comparison between previous years.
12. For 2014/15, Southwark have the third highest spending power reduction (11th highest % decrease. The spending power reductions range between £18.7m for Lambeth (5.0%) to £1.2m for Richmond-upon Thames (0.7%)
13. For 2015/16, Southwark have the second highest spending power reduction (5th highest % decrease. The cash reductions range between £19.7m for Newham (6.1%) to £3.3m for Bromley (1.4%).
14. The table below shows the reductions in spending power for Southwark, London and England since 2011/12, it can be seen that over the five year period Southwark and London have borne a disproportionate share of the reductions.

		Southwark	Inner London	London	England
2011/12	£m	33.7	303.3	514.8	2,578.50
	%	8.4	7.8	5.9	4.7
2012/13	£m	16.9	175.1	325.3	1,742.90
	%	4.6	4.9	4.0	3.3
2013/14	£m	21.4	206.4	398.7	1,966.80
	%	5.9	5.9	4.9	3.8

		Southwark	Inner London	London	England
2014/15	£m	17.7	179.5	327.7	1,668.6
	%	4.8	4.8	3.9	3.1
2015/16	£m	18.8	172.0	267.6	1,053.3
	%	5.3	4.9	3.3	2.0

15. The 2015/16 spending power reductions are further disguised by the inclusion of the £3.5bn Better Care Fund designed to enable local places to integrate care that is currently commissioned by the NHS and local authorities. This is a pooled budget that will fund both NHS and local services, depending on local needs, it is possible that only a small amount of this could go to local government.
16. The table below shows the reduction in spending power if this is excluded.

		Southwark	Inner London	London	England
2015/16	£m	29.0	284.4	571.8	2,868.7
	%	8.4	8.3%	7.2%	5.7%

17. A DCLG explanatory note said it was right to include this money in the spending power calculation because "it is for local authorities and NHS to agree locally how the funding will be spent through Health and Wellbeing Boards", Simon Parker, director of the think tank New Local Government Network, said "It's surely either in the NHS ring-fence or it isn't",
18. These reductions for Southwark follow on from the loss of £33.7m (8.4%) in 2011/12 and £16.7m (4.6%) in 2012/13. For all years, the assessment is in cash terms and takes no account of inflation, albeit that pay awards have been frozen through most of the period. The real terms analysis of these reductions in spending power would clearly worsen the overall loss.

Retained Business Rates

19. For the transition to the business rates retention system, the government have calculated for each local authority a baseline funding level. For Southwark this is £103.193m for 2014/15, and £106.041m for 2015/16.
20. 40% of Southwark's baseline amount is passed on to the GLA, leaving £59.071m, see below.

	2014/15 £m	2015/16 £
Net forecast rate yield	196.970	202.344
Less: amount to be paid to central government (50%)	(98.452)	(101.172)
Business rate baseline	98.452	101.172
Less amount to be passed on to the GLA (40% of business rates baseline, 20% of net rate yield)	(39.381)	(40.469)
RBR income for Southwark Council (30%)	59.071	60.703

21. This figure is deducted from the baseline funding to determine the top-up or tariff, Southwark will receive a top-up of £44.122m in 2014/15 and £45.339 in 2015/16

22. The 2014/15 baseline funding of £103.193m is then deducted from the start up funding £227.4443m to determine the amount of revenue support grant, for Southwark this will be £124.251m in 2014/15, the total of each of the above element of the retained business rates system matches the start up funding as can be seen below. For 2014/15 the government have capped the increase to 2% for the uplift of the baseline funding amount.

		2014/15 £m	2015/16 £m
Retained Business Rates (RBR)	Variable	59.071	60.703
RBR top up from government	Fixed	44.122	45.339
Baseline funding level		103.193	106.042
Revenue Support Grant (RSG)	Fixed	124.251	87.920
Total Funding		227.444	193.962

23. Actual retained business rates income for 2014/15 will be dependent on the assessed rateable values, effect of appeals and collection rates. An NNDR1 return to estimate this was submitted by the council to DCLG. The net rate yield from the NNDR1 report is then adjusted to take account of the central government (50%) and Greater London Authority (GLA) share (20%):
24. As for any new scheme of this material significance, there is much uncertainty over the operation of the business rate retention scheme. This presents significant risk to the council but also some opportunity in the event of an increase in business rate yield that surpasses government targets. Any uncollected business rates, or unfavourable variation from government estimates of rateable values, will impact directly on council resource available and therefore on resources available to fund and to provide services.
25. Although the business rates retention scheme will include a safety net at 7.5% to protect local authorities from significant reductions in business rates, this means that shortfalls from 0-7.5% will not be protected and will have to be borne by the local authority. It would be possible for a local authority to lose just below 7.5% for a number of years and never receive any safety net payment. In addition, the council has to estimate for the impact of appeals, of which there are 1,400 outstanding at present.
26. The Strategic Director of Finance and Corporate Services and acting as S151 Officer has earmarked part of the Financial Risk Reserve to help protect the council from the risks and variations inherent in the new funding system and especially risks underlying business rate retention.

Item No. 12.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Vision for a New Housing Strategy for Southwark	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

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

Improving housing in our borough is at the heart of improving quality of life in Southwark. Regardless of whether you are a social housing tenant, leaseholder, private renter or home owner, appropriate, affordable, good quality housing is fundamental to your health and wellbeing.

This vision has emerged from the strong foundations we have built through the Housing Commission, community conversations and the new housing policies we have already adopted. Our commitment to improving housing is unquestionable. Our achievements include:

- The creation of a new professional housing department.
- Investing £326m to make every council home Warm, Dry and Safe
- Launching a programme to build 11,000 new council homes
- Since April 2010 giving planning consent to build over 11,000 new homes - we are the fifth highest London borough in terms of house building and also the fifth highest in building affordable housing
- Adopted a Southwark Standard for the private rented properties and landlords and introduced an accreditation scheme
- Introducing a new council lettings policy, which gives increased priority to those making a community contribution, through voluntary work or employment and enables only those with established roots in the community to join the housing register
- Cracking down on illegal subletting of social rented properties – taking back possession of 775 homes to relet to people on our waiting list
- Identifying Cator Street as a site for the provision of extra care sheltered housing for older people, enabling them to live independently in the community

As we move forward to develop our new housing strategy, with cabinet's approval we will base our work on the four principles that seek to meet the needs of our residents - improve the availability, affordability and quality of homes in the borough as well as empowering residents to live independently and build stronger communities where residents can work together to improve their streets and estates.

We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.

We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in

private, housing association or council ownership.

We will support and encourage all residents to take pride and responsibility in their homes and local area.

We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

I would like to use this opportunity to highlight two parts of the housing market in Southwark in which there is a growing need for our intervention – the private rented sector and affordable home ownership.

The 2011 census found that 26% of residents in Southwark are renting in the private sector. Whilst some are enjoying reasonable rents and good quality homes, far too many face unreasonable and unpredictable fees and rent rises, in homes that are sub-standard and have little or no security from eviction. We have already adopted a Southwark Private Rental Standard and are ensuring that all properties we place residents in (for instance temporary accommodation) meet this standard. Our next steps will be to build the evidence base we need to introduce a licensing scheme which will make these standards compulsory for all private landlords.

Through the development of the housing strategy and the new Southwark Plan we will also consider whether we should be doing more to encourage the development of new build professionally managed private rented homes and whether or not there is a need for private sector rented homes to be treated differently from private homes for sale in planning policies.

A recent report by The Smith Institute found that since November 2007 house prices in London have risen by 12%, despite a nationwide fall of 9%. Price rises in Southwark are the ninth highest in the country at 19.8% and the average house price now standing at £441,377. Whilst this is seen as good news by people who already own their own home, it is a nightmare for residents trying to get on the housing ladder or in need of a larger home. The reality is that even if only a 5% deposit is needed it is next to impossible, even for residents who are on very good salaries, to get onto the housing ladder. This is an issue we must take as seriously as the provision of social homes for rent, or we risk Southwark becoming an increasingly polarised borough where people on middle incomes cannot afford to live.

Long term the solution must be to build far more homes in London to meet demand and to bring average prices back within reach of Londoners. This will take time and require all boroughs to show the level of commitment to house building that we continue to demonstrate in Southwark. Alongside this we will consider how we can increase the supply of affordable home ownership options such as shared ownership and shared equity as well as considering ideas for new housing products that would help meet this need. We will also look to develop policies that ensure that Southwark residents are given greater priority to buy these homes.

Our next steps will be to further research and analyse housing needs in the borough and to engage with residents and community groups as well as key stakeholders such as housing associations, private sector landlords and developers. We aim to adopt the new housing strategy in the summer of 2015.

RECOMMENDATIONS

1. That the cabinet agrees the vision for a new thirty year housing strategy for Southwark for the period 2015-2045 as set out in paragraph 29.
2. That the cabinet notes the next steps for the development of the new housing strategy, including stakeholder engagement, as set out in paragraphs 30 to 35 of this report.

BACKGROUND INFORMATION

3. Making Southwark's council homes fit to live in and improving the borough's housing service is one of the council's greatest challenges and a top priority but council housing, and all housing in the borough, is about more than just bricks and mortar. It's also about the people who live in the borough's homes, and those who don't have a place to live.
4. Housing is also about the infra-structure which supports it- schools, transport, jobs, healthcare, leisure facilities etc. It is also about housing's role in contributing towards shaping strong and cohesive communities and creating environments where people want to live and feel safe. Most of all it is about building better lives for the future.
5. For these reasons the council, in 2011, began a process of looking at the future of council housing in the borough. This resulted in the cabinet agreeing to set up a commission, independent of council influence, to explore options for the future financing, ownership and operation of Southwark's housing stock beyond 2015/16. That work was completed in October 2012.
6. The independent commission's work was followed by one of the most extensive engagement exercises undertaken by the council with residents on the future of housing in the borough. The engagement exercise concluded in the summer and at its meeting on 16 July 2013, when considering the report 'Independent housing commission, conclusions and next steps following community engagement', cabinet made the following decision:
 - 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.
7. Southwark's current housing strategy is for the period 2009-2016. The overarching vision for this strategy is 'to improve residents' lives by providing high quality homes and housing services that promote successful and inclusive communities'. There are four strategic objectives which underpin the vision which are to:
 - Improve the quality of existing housing and use it more efficiently
 - Increase the supply of good quality housing
 - Enable choice while meeting housing needs
 - Prevent homelessness and reduce the use of temporary accommodation.
8. There have been a number of significant changes in local and national housing

and related policy since it was written. Recent national developments have included the introduction of the affordable rent product with registered providers able to offer rents at up to 80% of local market rents in order to fund their development programmes, greater freedoms for social landlords around length of tenancies, and the Government's welfare reforms, which have significant implications for housing services. There are also current government consultations on changes to local authority rent setting, and leaseholder charging, and the Mayor of London is also consulting on his draft London Housing Strategy.

9. A clear strategic direction for the council's own housing stock was established in the July cabinet report 'Independent Housing Commission- conclusions and next steps following community and stakeholder engagement'. This report restated the council's commitment to council housing as a long term community asset to the benefit of Southwark residents, and ruled out any wholesale or large-scale transfer of its stock to another provider. It also recommended that the council should provide as many homes that are as genuinely affordable as possible and look creatively at different options for financing these homes.
10. At the same cabinet meeting, the Leader of the council also made a commitment to build ten thousand more new homes in the next twenty five years. This was in addition to the commitment already given to build one thousand new council homes.
11. A strategic direction around improving housing conditions for private rented sector homes in the borough is also emerging, with consultation on plans to introduce a private sector housing standard having been undertaken recently by the council.
12. These developments raise fundamental questions around the long term vision for housing across all tenures, and it is therefore timely to commence planning for a new housing strategy.
13. In response to the recommendation of July cabinet this report sets out plans for developing a new borough-wide housing strategy for Southwark, that goes beyond what the council is delivering and sets the challenge for the council, and others, with residents to shape the future of housing and communities over the longer term.
14. The report sets out a vision for the new strategy which will shape its development. Linked to this, elsewhere on this cabinet agenda is a report setting out the council's plans for resourcing its commitment to build 10,000 new council homes in response to the decision of cabinet on 16 July 2013 that an assessment of the council's housing assets be undertaken, and long term plans be developed for delivering more council homes.

KEY ISSUES FOR CONSIDERATION

15. For the reasons set out above, the development of a borough-wide housing strategy cannot be seen in isolation from the council's wider plans for all new development, and improving its services to its residents. There are a number of key strategies and plans which will help to shape the development of the new housing strategy, some of which are already in place, and some which are in the process of being developed. The main council plans and strategies which will

impact on the development of the new housing strategy are set out below.

Fairer future for all vision

16. The council plan is the council's overarching business plan and was agreed by council assembly in July 2011. This established a number of principles and promises which collectively make up the fairer future for all vision. These include the fairer future principle which specifically celebrates the diversity of Southwark's community and which aims to create opportunities for all Southwark's residents, businesses and organisations. 'Making Southwark a place to be proud of' recognised the need to make regeneration work for local people and to develop a thirty year housing investment programme. In addition to the principles were a number of specific promises, including the promise to make every council home warm, dry and safe and also to bring the benefits of regeneration to Southwark's communities.
17. These principles and promises have shaped the development of a number of key council strategies and plans over the duration of the current administration. They will also help to inform the development of the new housing strategy. Some of the key strategies which will assist in the development of the new housing strategy are listed in the following paragraphs.

Economic wellbeing strategy 2012-2020

18. This is the council's strategy for delivering jobs and growth. Building new homes creates jobs in construction, and also in other sectors, such as logistics and retail. The fourth strand of the strategy- promoting financial wellbeing and independence- has particularly strong links with housing, in terms of helping to develop a strategic response to welfare reform, and contributing to developing long term solutions for those living in insecure housing conditions who are at risk of homelessness, exacerbated by reliance on benefits/low paid work.

Health and wellbeing strategy

19. Poor housing conditions have a proven link to a number of health problems including respiratory diseases, and can contribute to poor mental health. The first Southwark Health and Wellbeing Strategy 2013-14 was developed between the council and its partners in health, police, community and voluntary sectors, and its three priorities are:
 - Giving every child and young person the best start in life
 - Building healthier and more resilient communities and tackling the root causes of ill health
 - Improving the experience and outcomes for our most vulnerable residents and enabling them to live more independent lives.

Children and Young People's Plan

20. Another key partnership document which has strong links to the housing strategy is the Children and Young People's Plan 2013-16, the vision for which is 'Every child, young person and family in Southwark thrives and is empowered to lead a safe and healthy life. We will work together to deliver high quality services that make a measurable difference in helping to overcome inequality and disadvantage, and strengthen families' abilities to raise their children successfully

and independently'. One example of the impact that a family's housing circumstances can have on a child's life chances is if they live in an overcrowded home. Overcrowding can have a negative impact on a child's educational attainment, if they have nowhere quiet to do their homework. Southwark has very high levels of overcrowding- our 2008 housing requirements study showed that around 12% of the borough's households were overcrowded. Tackling this type of issue through a cross-service approach is fundamental to securing the changes necessary to improve a child's life outcomes.

New Southwark Plan

21. Southwark's Core Strategy was adopted in April 2011. It is the overarching planning document which sets out the council's long term vision, spacial strategies and strategic policies, with an implementation plan up to 2026. It sets out what kind of place the council wants Southwark to be in the future, including:
 - What different places in the borough, such as Elephant and Castle, Bankside, London Bridge, Peckham, Canada Water and Aylesbury will be like in the future.
 - How much affordable and private housing we require in different areas.
 - How much family housing we require in different areas.
 - Where we should build new shops, schools, health centres, community centres and leisure facilities.
 - Where we protect employment areas and create new jobs, etc.
22. The saved Southwark Plan (2007) is the council's unitary development plan and provides more detailed borough-wide policies. It includes policies on the required tenure of affordable housing and requirements for wheelchair housing.
23. The council is currently reviewing both the saved Southwark Plan and Core Strategy to prepare a Local Plan called the New Southwark Plan. This will set out a development strategy for the next 15 years. It will set out both strategic and detailed planning policies. This will be subject to an extensive statutory consultation exercise. The timetable for completion of the New Southwark Plan is late 2017.
24. The results of the consultation exercise on the housing aspects of the New Southwark Plan, which will commence shortly, will be used to inform the development of the new housing strategy.
25. The New Southwark Plan will set out a strategic vision for new developments in the whole of the borough, including new housing development. The housing strategy vision as set out in this report will help to shape the vision for new housing development as the New Southwark Plan develops. Likewise, the housing strategy will support the delivery of the new housing targets to be set out in the New Southwark Plan.

Housing strategy vision 2015-2045

26. This report sets out the overarching vision for a new housing strategy for the borough which embodies the council's objective of providing a fairer future for all. Housing is of key strategic importance in Southwark. It impacts not only on the physical landscape of the borough, but also on individual and wider social, health

and economic wellbeing.

27. The housing vision for the future, as set out below, reflects housing's strategic role in Southwark, to build stronger communities and make the borough a place where people want to live and work. It recognises housing's integral role in shaping a vibrant local economy through providing homes for people on a range of incomes. It also helps to deliver improved health outcomes for Southwark residents by providing good quality warm, safe and dry homes.
28. The anticipated duration of the new strategy is thirty years. It was felt that it was important to take a much longer term view of the type of homes and housing services which Southwark and its partners should be providing to its residents both now and in the future. However, to ensure that the strategy is delivering on its objectives and targets, it will be subject to a process of five year reviews and updating to ensure its continued relevance. This will include appropriate monitoring of delivery through the council plan and the council's normal performance management framework.
29. The vision for a new thirty year housing strategy consists of four key principles. Each principle is underpinned by key objectives which summarise the key steps required to deliver on the principles over the duration of the strategy.

Principle 1

We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.

- Building 11,000 new council homes for rent, and hundreds more to be made available on a shared ownership basis.
- Creating a new Southwark Plan and getting the most from regeneration opportunities to encourage and support housing growth across all tenures.
- Delivering a mix of homes, of different types and sizes, which are accessible and respond to people's changing needs over time, through direct provision and in partnership with housing associations.
- Ensuring a supply of new homes which are affordable to people on a range of incomes, through our major regeneration schemes in the Elephant & Castle, Aylesbury Estate, Canada Water and beyond.
- Seeking opportunities to work in partnership with the private sector to develop good quality, well managed privately owned and rented homes.

Principle 2

We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.

- Delivering the successor to our “warm, dry and safe” housing investment programme to make all our council homes fully fit for the twenty first century.
- Using our powers as the local planning authority to ensure that all new homes, regardless of ownership, are built to high standards of quality and design.
- Implementing a licensing and accreditation scheme for private landlords to drive up standards and reward good practice in the sector.
- Encouraging private landlords to offer greater security, certainty and stability for their tenants, especially families with children.
- Taking tough enforcement action against rogue landlords and letting agencies.

Principle 3

We will support and encourage all residents to take pride and responsibility in their homes and local area.

- Enabling council tenants and homeowners to take greater control over their local housing services, and supporting the development of tenant management organisations.
- Working with local housing associations to promote resident involvement and a more consistent Southwark wide service standard.
- Providing advice and assistance to private landlords and tenants on their respective rights and responsibilities.
- Working in partnership with local residents to tackle antisocial behaviour where it blights neighbourhoods and people's lives.
- Providing advice to private leaseholders on their options including the right to manage their blocks or estates.

Principle 4

We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

- Building lifetime homes, delivering extra care housing, exploring other specialist housing options for older people, and adapting properties to enable older and disabled residents to live independently as long as possible in their communities
- Providing incentives and opportunities for under-occupiers in social housing to downsize, releasing larger homes to help reduce overcrowding.
- Being ‘more than a landlord’ by connecting residents to the services and support they need across health, education, training, and employment, especially those facing particular barriers and less able to help themselves.
- Preventing homelessness wherever possible through self-reliant individuals and resilient communities.
- Working in partnership locally and across London to bring an end to rough sleeping in Southwark.

Next steps including stakeholder engagement

30. It is anticipated that the new housing strategy will be completed by summer 2015. A number of pieces of work will be undertaken during the intervening period to inform the development of the new strategy, including carrying out a strategic housing market assessment with other South East London Housing Partnership boroughs, and researching private sector housing conditions and the scope for this sector to meet local housing needs. The ongoing releases of census data and the forthcoming London strategic housing market assessment analysis will also be used to inform the new housing strategy. Southwark's new housing targets will be set out in the Mayor of London's new London Plan, which is expected to be published in 2015. The new London Housing Strategy and London Plan when developed will also be taken into account in the development of the new strategy.
31. The council has recently been through the most comprehensive community engagement exercise it has ever undertaken, on the future of council housing, as part of its response to the independent housing commission. This asked the following 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?

The review of the housing lettings policy was also consulted on as part of the same exercise.

32. As well as engaging with residents through the council's formal engagement structures (community councils, area housing forums, Tenant and Home Owner Councils), there were also opportunities to participate through more informal events through the community conversations programme. This included having conversations in busy shopping streets across the borough or in parks where people were enjoying leisure activities, social media, engagement with young people through local radio and an online questionnaire. In total there were 80 different key events, activities or ways of engaging that gathered several thousand views, ideas and suggestions. In addition to gathering views about the future of the council's own housing stock, many residents expressed views about other forms of housing in Southwark, including raising concerns about the high cost of renting privately, and about levels of homelessness.
33. The council also engaged the Smith Institute to seek the views of key external stakeholders on the commission's report and issues such as opportunities to work in partnership. These included housing association chief executives, senior officers and cabinet members in other London boroughs, and decision-makers such as DCLG, London Councils and the GLA.
34. As indicated in paragraph 24 the council is also due to begin consulting on the housing aspects of the New Southwark Plan shortly.
35. It is proposed to use the results from the engagement exercises as set out above to inform the development of the new housing strategy. However there will also be further engagement with key stakeholders such as Southwark housing association group (SOUHAG), developers, private sector landlords, with the

voluntary and community sector, with Tenant Council and Home Owners Council and other consultative bodies such as Southwark Travellers' Action Group (STAG).

Policy implications

36. It is a council plan target to develop a vision for a new long term housing strategy in 2013/14.
37. The proposed housing strategy vision is consistent with the council's overarching vision to create a fairer future for all. The four principles which comprise the housing strategy vision as set out in this report have particularly strong links to the following fairer future principles of:
 - Treating residents as we would wish members of our own families to be treated,
 - Making Southwark a place to be proud of.

Community impact statement

38. 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.
39. 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 homes. 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.
40. At 1 April 2013 there were 21,144 households on the Southwark housing register. 70% of these were new applicants (14,713) and 30% were existing tenants wishing to transfer (6431). The greatest demand was for a one bedroom property (11,159). 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.
41. 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%.
42. Southwark accepted nearly 600 households as homeless in 12/13. Homelessness is projected to increase 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 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). Additionally nearly 4000 Southwark social housing tenants are affected by the under-occupation reforms, although they have been targeted by the council for assistance with downsizing and discretionary housing payments.

43. The commitments as set out in the vision in paragraph 29 of this report will benefit all communities in Southwark, as their objective is to improve the housing conditions of the borough, irrespective of housing tenure.
44. The development of the strategy itself will also be informed by a detailed equalities assessment. Additionally the information from the equalities assessment conducted as part of the engagement on the response to the independent housing commission will be used in the strategy's development.

Resource implications

45. There are no resource implications at this time.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

46. The report recommends a vision for a new housing strategy. There are no specific legal implications arising from the recommendation. The director of legal services and her team will provide legal advice if required during the development of a new strategy.

Strategic Director of Finance and Corporate Services (FC13/084)

47. The strategic director of finance and corporate services notes that this report contains no new financial implications and that any additional costs arising from specific schemes will be submitted in separate report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet paper- Independent Housing Commission – Conclusions And Next Steps Following Community And Stakeholder Engagement	Southwark website	Claire Linnane, Corporate Strategy 020 7525 0732
Link http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=3882		
Cabinet paper – Establishment of a housing commission – 13 December 2011	Southwark website	Stephen Gaskell, Corporate Strategy 020 7525 7293
Link http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=2588		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Claire Linnane, Housing Strategy & Partnerships Manager	
Version	Final	
Dated	16 January 2014	
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	16 January 2014	

Item No. 13.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Developing Long Term Plans for the Delivery of New Council Homes	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Last year, I announced that Southwark would embark on the most ambitious council house building programme in the country: 11,000 new council homes delivering affordable homes for people right across our borough.

We asked officers to undertake further financial modelling to determine how best to deliver our commitment. Independent experts, Savills UK, have done this and in this report set out their conclusions and the next steps for the council. Their view, and ours, is that there are a variety of different mechanisms to deliver our pledge – but that it is both realistic and deliverable.

I welcome reference in the report to the work of the Futures Steering Board. This board of representatives from the community has engaged with this work and has backed our commitment to building these homes.

On the basis of this report we can now ask officers to develop a detailed investment plan and to build up capacity so that we can begin the work of delivering even more new council homes for Southwark, and to report back to the Cabinet in July.

RECOMMENDATIONS

That cabinet

1. Notes the New Homes Housing Investment Plan report independently prepared by Savills UK (Appendix 1), and in particular notes the conclusions of that report and the suggested next steps set out at paragraph 8 of this report.
2. Notes the ongoing development of a new long term housing strategy and local plan for the borough that will support delivery of the investment plan.
3. Instructs officers to further develop the investment plan and take appropriate action to build up the necessary development capacity to deliver the plan, reporting back to cabinet in July 2014.

BACKGROUND INFORMATION

4. In July 2013, following extensive consultation on the report of the Independent Housing Commission, cabinet restated the council's commitment to council housing for the long term. The leader of the council reported that the cabinet would give a commitment to 10,000 new council homes for rent over the next 25

years. This was in addition to the commitment already given to build one thousand new council homes by 2020, progress on which was reported to cabinet in October 2013.

5. Cabinet also instructed the strategic director of housing and community services to undertake further financial modeling and assessment in order to develop long term plans for delivering these additional council homes in the future.
6. Savills UK were commissioned to carry out this work. They have now completed the production of a high level new homes housing investment plan (Appendix 1). The plan reflects both the ambition to deliver 11,000 new council homes and the intention to continue investing in the council's existing stock.
7. Recognising the important role that other social housing providers and the private sector have in meeting the totality of housing needs in the borough, cabinet also instructed the director of corporate strategy to review the council's housing strategy across all tenures and sectors. The proposed vision for a new housing strategy appears elsewhere on this agenda. The development of the investment plan will be worked up in line with the longer term housing strategy vision.

KEY ISSUES FOR CONSIDERATION

8. The full report, including executive summary, on the New Homes Housing Investment Plan prepared by Savills is attached as Appendix 1. An extract of the Savills report setting out the conclusions and suggested next steps is set out below in italics:

"As a result of the initial work on the stock options appraisal, and the work since the summer to develop the housing investment plan it is reasonable to conclude that the Council's ambitions are realistic and deliverable. Key conclusions would include:

- *The HRA business plan is constructed to manage emerging risk factors associated with the existing stock but is unlikely to be able to have sufficient resources to subsidise additional new build development.*
- *The investment plan for new homes would need to rely on funding supported by the future rental income stream of the new homes and additional subsidy from market sales, intermediate homes and additional capital subsidy (e.g. Affordable Housing Fund).*
- *Recent capacity studies show a clear and transparent projection of land supply. However a key factor will be the actions required by the Council to access each of the opportunities identified including sites not in Council ownership.*
- *There are a variety of different potential delivery mechanisms available that will need to be explored to deliver the scale of development required.*
- *The funding of new homes is constrained within the HRA due to limits on the debt cap, but other structures exist which many other Councils are using to structure and finance new development in a Council owned vehicle.*

- *Management models for new housing can be developed in line with Council proposals for the existing stock.*
- *A delivery framework including governance, operations, risk management, skills audit and procurement strategy will need to be established, led and managed to enable the Council to take a proactive and co-ordinated approach to increasing development delivery capacity, including the co-ordination of multiple project streams.*

Next steps

Finally the report summarises the range of actions to be taken over the next 6 – 12 months to build up development capacity including:

- *The development of a single consolidated financial model including site specific modelling to test funding and viability*
- *Various actions to take forward opportunities under different potential delivery mechanisms, including in particular engagement with registered providers and developers/house builders and the GLA to ensure access to third party expertise and capacity where these can support the Council's objectives for new Council housing.*
- *The development of a framework for the evaluation of existing HRA assets and the agreement of an active asset management strategy to take forward opportunities in consultation with residents.*
- *Appraisal of alternative options to structure funding for new build homes in a way that allows expansion of the programme without breaching the HRA debt cap including further exploration of the establishment of a Council Vehicle.*
- *The development of a detailed business plan involving site specific proposals as these are identified and agreed and an appraisal of funding options.*
- *The establishment of delivery framework including, governance, operations, risk management framework, skills audit, procurement strategy and how this will be led and managed.*
- *An analysis of the wider impacts of a large Council housing building programme, including the management and monitoring of impacts on the Council, the environment, the housing mix in the borough, demographics and the housing market.*
- *The Council will continue to evaluate new and emerging models of delivery which may assist in meeting its objectives for housing investment and new build provision."*

The Futures Steering Board (FSB)

9. The board was set up in February 2013 and made up of tenant and leaseholder representatives. It was set up as part of the extensive community engagement

exercise that the council developed on the future of council housing. It was originally supported by Solon Community Network and is now supported by Shared Intelligence.

10. The FSB is made up of the following members:
 - Jeff Barnett - Home Owners Council
 - Cris Claridge - Southwark Group of Tenants Organisations
 - Steve Hedger - Tenants Council
 - John Nosworthy - Home Owners Council
 - Ian Ritchie - Tenants Council
 - Sandy Stewart - Home Owners Council
 - Carol Vincent - Tenants Council
 - Alistair Smyth – Shared Intelligence
11. The FSB set out its own conclusions and recommendations to the council on the future of council housing, which were reported to cabinet in July 2013. The board have continued to meet and be engaged in working with the council, acting as an important sounding board and consultative group, on the future of council housing in the borough.
12. The FSB welcomes the opportunity to work with the council to explore options for delivering more homes for people in Southwark. The board is delighted to see the council's clear and strong commitment to building 11,000 new homes to be let at social rent levels over the next 30 years.
13. The FSB want to be able to explore all options over the next 6 – 12 months. The board is particularly keen to consider more detailed financial modelling around recycling receipts to build more homes, including developing "hidden homes", in order to keep any borrowing the council needs to undertake to an absolute minimum. The FSB would also like the council to fully investigate the option of raising finance by issuing bonds.
14. With so many on our waiting list already, the board want to ensure there is a net gain of homes for social rent, which means leaving no stone left unturned to help us achieve this. A broad range of innovative financial instruments will be needed, along with strong and informed programme management.
15. The board looks forward to working together to developing new and productive approaches to this ground-breaking and vitally important programme for Southwark.

Policy implications

16. In order to deliver the new homes housing investment plan, the council will need to make the most of its position as a major landowner and as the housing and planning authority for the borough.
17. Southwark's Core Strategy was adopted in April 2011. The saved Southwark Plan (2007) is the council's unitary development plan and provides more detailed borough-wide policies. The council is currently reviewing both the saved Southwark Plan and Core Strategy to prepare a Local Plan called the New Southwark Plan. This will set out a development strategy for the next 15 years. The New Southwark Plan, consultation on which will commence shortly, will set

out a strategic vision for new developments in the whole of the borough, including new housing development. It will be important that any investment plan considerations are aligned to the emerging New Southwark Plan.

18. The proposed housing vision (elsewhere on this agenda) includes a principle of using every tool at our disposal to increase the supply of all kinds of home across Southwark, including new council homes for rent.

Community impact statement

19. 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. At 1 April 2013 there were 21,144 households on the Southwark housing register. 70% of these were new applicants (14,713) and 30% were existing tenants wishing to transfer (6431). While the council has policies to encourage greater supply of new larger properties these are still in very short supply.
20. The commitment in July to deliver 11,000 new council homes for rent over the next 25 years was based on an engagement plan that was inclusive of all the borough's communities and provided 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. The principles of that engagement process have continued to be taken forward since July, including continued involvement of the Futures Steering Board.
21. The development of an investment plan to deliver 11,000 new council homes (alongside a longer term housing strategy vision for the borough) and the intention to continue investing in the council's existing stock will benefit communities across Southwark. This will be particularly so in addressing the shortage of genuinely affordable housing for those on low incomes as well as improving the quality of housing conditions of the borough.

Resource implications

22. All costs associated with the development of this plan to date have been contained within the Housing Revenue Account. The resource implications arising from a proposal of this size are significant and will be addressed in detail as plans progress.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

23. Savills (UK) Limited has delivered an updated report building on their original Housing and Finance Stock Options Appraisal. This raises a number of matters such as land supply, funding and different delivery mechanisms and this report now looks to officers to develop the Council's investment plan further and to report back to the Cabinet later in 2014.
24. There are no legal issues to be considered arising from the report at the present time although there will clearly be a number of legal implications to be considered when officers report back to cabinet in July 2014.

Strategic Director of Finance and Corporate Services

25. This report notes progress on the ongoing development of a new long term housing strategy and local plan for the borough that will support delivery of the investment plan. The resource implications contained within the body of this report are noted.
26. There are no new financial implications quantified at this stage and any additional resources associated with developing the investment plan will need to be contained within available budgets. This will be reported through the quarterly budget monitoring and specific updates to cabinet on this strategy.
27. Further financial appraisals will be undertaken to identify the expected costs of this investment plan. Approval of any new expenditure will be subject to the council's budget and procurement processes.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet paper – Independent Housing Commission – Conclusions And Next Steps Following Community And Stakeholder Engagement	Southwark website	Claire Linnane, Corporate Strategy 020 7525 0732
Link http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=3882		
Cabinet paper – Establishment of a housing commission – 13 December 2011	Southwark website	Stephen Gaskell, Corporate Strategy 020 7525 7293
Link http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=2588		
Cabinet paper - Direct Housing Delivery : Phase 2 – 22 October 2013	Southwark website	Tim Bostridge, Regeneration 020 7525 1222
Link http://moderngov.southwark.gov.uk/documents/s41478/Report%20Direct%20Housing%20Delivery%20Phase%202.pdf		

APPENDICES

No.	Title
Appendix 1	New Homes Housing Investment Plan

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	Graeme Gordon, Director of Corporate Strategy Paul Langford, Head of Housing Operations	
Version	Final	
Dated	16 January 2014	
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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	16 January 2014	

Date: December 2013

New Homes Housing Investment Plan

Prepared for: Southwark Council



Prepared by:

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1. Executive Summary

This report builds on the July 2013 Savills report on the Housing and Finance Stock Options Appraisal. That report focussed largely on the financial position of the existing stock and concluded that although choices needed to be made between timing and levels of investment in the short term, in the longer term the Council could plan for an investment programme for existing stock beyond the current Warm, Dry, Safe programme where this represents a sustainable long term solution that meets residents expectations. It recommended further work was done to consider the financial performance of the Council's housing assets in order to inform investment decisions, and that the Council considers its appetite to lead regeneration and new build, which did not necessarily need to be constrained by the limits on borrowing within the Housing Revenue Account (HRA).

Since that report the Council has announced an ambition to expand its current new build programme of 1,000 units by an additional 10,000 units of social rented accommodation. This second stage report develops a 30 year housing investment plan which reflects this ambition as well as maintaining and investing in the existing stock base. The key stages of the Savills' review are as follows:

- The development of a high level 30 year investment plan
- Analysis of local opportunities through existing assets and land capacity
- Advice on steps required to build a development strategy to support delivery at this scale

1.1. New housing investment plan

The starting point for this report is a review of the HRA business plan, incorporating changes (including government consultation on social housing rent policy) and emerging risks since July 2013 to provide a robust baseline position.

The updated business plan illustrates that while the HRA is forecast to have sufficient resources to meet the needs of the current stock over the next 30 years, it is prudent to maintain current borrowing headroom below the debt cap in order to deal with potential liabilities in the medium term. As such it would not be prudent to rely on additional resources from the HRA to provide funding for new build development.

The report then goes on to explore alternative funding and potential delivery mechanisms that could be explored to deliver an expanded programme of new build.

The current 1,000 new homes programme is developed on the basis that they are funded from contributions from the Council's Affordable Housing Fund made up of in lieu payments from developers and Right to Buy receipts.

If this approach were taken to the funding of an additional 10,000 new homes at social rent, it is estimated that there would be a total funding requirement of £2.4bn including the impact of inflation over a 30 year period.

Any programme of new social rented homes would form part of a wider development of mixed communities new build for sale and shared ownership. Using the mix of tenures that form part of 1,000 new homes programme, this would mean an additional 2,900 market sale properties as well as additional shared ownership properties. The cross subsidy from this would reduce the net funding requirement from £2.4bn to £1.5bn over 30 years. The overall balance of market and social housing across the borough would be in line with Council housing policy, recognising that a proportion of the market element of future homes will be developed by others.

The new social rented housing will generate rental income. After allowing for costs of management, maintenance and future capital investment the balance could be available to support the cost of providing the new housing. Any financing provided through this route would reduce the subsidy requirement. However in view of the overall scale of funding required, it is unlikely that the entire debt requirement could be met through Council borrowing so an element of additional subsidy is likely to be required to be met from the Affordable Housing Fund and/or reserve balances.

It is important to consider how financing can be accessed in a way that does not impact on the HRA capital finance requirement and at a scale that can be contained within the Council's overall prudential limits.

These projections are very sensitive to changes in assumptions over time. Key risks to be managed on the programme will include build costs and land availability. Where build costs exceed current estimates, and if existing Council land supply needs to be supplemented by acquiring land from third parties, the financing requirement will increase significantly.

The report illustrates this sensitivity and considers the extent to which actions could be taken to manage these risks, including changes in tenure mix, introducing new models such as rent to buy and continuing to review the value of financing via S106 contributions compared with the value of on site provision.

The investment plan and sensitivities provide an initial indication of the funding requirement to deliver new homes and the range of routes available to meet this requirement. In exploring the range of potential delivery mechanisms available the report has therefore considered the extent to which each mechanism could offer the greatest ability to use available subsidy to maximum impact, thereby minimising the Council's exposure to additional financing requirement.

1.2. Potential Delivery Mechanisms

As well as considering the funding requirement for the additional 10,000 new social rented homes, the report has also considered the available land supply. Savills has reviewed work carried out to date to assess development potential across the borough including the 2009 Strategic Housing Land Availability Assessment (SHLAA) and 2010 Development Capacity Assessment (DCA).

Both these documents are relatively recent and show a clear and transparent projection of capacity that has been used to inform Savills' assessments of land supply required to deliver the Council's ambitions using a range of different potential delivery mechanisms.

While this shows that there is no absolute physical constraint on land supply to deliver the Council's objectives, not all of this land is in Council ownership. A key factor will be the actions

required by the Council to access each of the opportunities identified. The Council will need to employ a range of proactive actions to take advantages of opportunities available to it as major landowner, and ensure it makes best use of its powers as local housing and planning authority to prepare a new housing strategy and Local Plan. This might include, for example, taking action at an early stage to acquire non Council owned land where advantageous to do so. Given the clear and comprehensive evidence of land supply, Savills considers the Council's ability to set proactive plans to access these opportunities to be the critical factor in land availability to deliver the Council's ambitions. The Mayor's Housing Covenant – 2015-18 Programme published in December 2013 expresses the Mayor's wish to work with boroughs, through their strategic planning and enabling roles and also keenness to encourage boroughs not only to develop affordable homes in their own right but strongly encourages boroughs to work in consortia with others to maximise efficiency in programme delivery. Whilst the Mayor's Covenant inevitably presents some challenges, there is a great degree of synergy with the direction which this report sets out.

There are a variety of different potential delivery mechanisms available which will need to be explored to deliver the scale of development required. Different mechanisms will suit different opportunities.

Potential delivery mechanisms identified include

- Extending the 1,000 new homes programme across existing Council housing estate
- Working in partnership with RPs to deliver new Council housing
- Council retention of S106 affordable housing
- Joint ventures
- Reconsideration of land use and intensification

There are also smaller scale opportunities available through buy backs of existing leasehold homes and bringing empty homes back into use which will continue in line with current Council actions. Buy back activity could include buybacks to increase the long term rented stock holding, or in order to facilitate estate regeneration.

Each potential delivery mechanism has been considered at a high level to explore the extent to which it meets key criteria of maximising supply and value, looking at the following aspects:

- Indicative dwelling output
- Skills and systems required by the Council in order to bring forward opportunities
- Management of construction costs
- Exposure to sales risk
- Product control
- Financial impact on the Council

- Opportunities
- Limitations
- Further action required to progress the opportunity

As part of the development of this report Savills has also analysed the proposals put forward by the Futures Steering Board in July 2013 and used this review to inform the proposals in this report. The FSB will continue to be a key stakeholder to be included in consultation about the programme as delivery plans are developed.

1.3. Alternative structures to facilitate the funding of new Council Housing

In the past, a number of financial, legal and regulatory issues have resulted in Registered Providers (“RPs”) taking the lead in delivering new social housing, even on council owned land. On estate regeneration projects an RP would typically acquire the new affordable housing, and councils would often sell off or hand over land for an RP to build new social housing.

The main reason for this approach was that through the HRA subsidy system, councils were not able to retain the net rental income from council housing. So they could not afford to borrow to build or buy any new council housing. On the other hand RPs were able to borrow to fund the acquisition of new housing, because they retained the net rental income from new housing as well as their existing asset base. In addition, RPs had access to HCA grant and had built up development skills.

Today, the position has changed. Due to a combination of changes in the Localism Act, HRA reform, HCA grant reduction, and interest from institutional investors, councils are in a similar (or arguably stronger) position than RPs to deliver new social housing. As a result, many are looking at taking a direct involvement in the delivery and ownership of new social housing.

Ownership of the new housing within the HRA is often the preferred option for a council, but this may not be possible at scale due to Government caps on HRA borrowing. Whilst the rationale for the cap was largely to restrict borrowing against existing council housing, it applies to all debt in the HRA even for new housing. The government announced in the Autumn Statement 2013 the potential for Councils to bid competitively for a small relaxation in the HRA debt cap, to enable new build, linked to Council contributions of free land, and receipts from asset sales, and delivered in partnership with RPs. While this is welcomed, the amount of money is small when considered on a national basis and only available over a two year basis. As a result, many councils are looking to own new housing outside the HRA where there is no restriction on borrowing, beyond normal prudential borrowing principles.

Whilst ownership of new housing in the general fund may be possible, there are legal risks with this approach and no clear precedents for councils looking to deliver and hold new housing in the general fund. For these reasons many councils are using the option of establishing a council owned vehicle as a simple step to support the delivery of new council housing.

There are legal and financial implications to be considered, as well as options for the governance and operation of the Council Vehicle, and these issues are set out in the report.

Management models for new housing, whether funding is structured in a Council vehicle or directly in the HRA, can be developed in line with Council proposals to develop management models for its existing stock and actions to promote increased tenant management.

1.4. Building development capacity

The report sets out the actions required by the Council in order to access the development opportunities in the borough to enable a significant increase in delivery capacity from 1,000 to 11,000 new homes. In reality delivery capacity will need to be even larger, in order to ensure mixed communities, and to provide a level of cross subsidy from market sales.

Systems will need to be in place to ensure a step change in delivery capacity (separate from land supply) which may mean more than building up existing structures and operations, given the level of increase required.

The report proposes a governance framework with a single co-ordinating role with responsibility for budget and programme management, as well as comprehensive management of risk.

It proposes an operational framework supported by a procurement strategy that establishes frameworks for the supply of professional advice across the range of disciplines required including legal, design, cost, value, land use/planning consultancy, project management, programme management, and funding, ensuring individual project managers can access the support required in a timely manner at a competitive cost.

1.5. Conclusions

As a result of the initial work on the stock options appraisal, and the work since the summer to develop the housing investment plan it is reasonable to conclude that the Council's ambitions are realistic and deliverable. Key conclusions would include:

- The HRA business plan is constructed to manage emerging risk factors associated with the existing stock but is unlikely to be able to have sufficient resources to subsidise additional new build development.
- The investment plan for new homes would need to rely on funding supported by the future rental income stream of the new homes and additional subsidy from market sales, intermediate homes and additional capital subsidy (e.g. Affordable Housing Fund)
- Recent capacity studies show a clear and transparent projection of land supply. However a key factor will be the actions required by the Council to access each of the opportunities identified including sites not in Council ownership.
- There are a variety of different potential delivery mechanisms available that will need to be explored to deliver the scale of development required.
- The funding of new homes is constrained within the HRA due to limits on the debt cap, but other structures exist which many other Councils are using to structure and finance new development in a Council owned vehicle.

- Management models for new housing can be developed in line with Council proposals for the existing stock.
- A delivery framework including governance, operations, risk management, skills audit and procurement strategy will need to be established, led and managed to enable the Council to take a proactive and co-ordinated approach to increasing development delivery capacity, including the co-ordination of multiple project streams.

1.6. Next Steps

Finally the report summarises the range of actions to be taken over the next 6 – 12 months to build up development capacity including

- The development of a single consolidated financial model including site specific modelling to test funding and viability
- Various actions to take forward opportunities under different potential delivery mechanisms, including in particular engagement with registered providers and developers/house builders and the GLA to ensure access to third party expertise and capacity where these can support the Council's objectives for new Council housing.
- The development of a framework for the evaluation of existing HRA assets and the agreement of an active asset management strategy to take forward opportunities in consultation with residents
- Appraisal of alternative options to structure funding for new build homes in a way that allows expansion of the programme without breaching the HRA debt cap including further exploration of the establishment of a Council Vehicle
- The development of a detailed business plan involving site specific proposals as these are identified and agreed and an appraisal of funding options.
- The establishment of delivery framework including, governance, operations, risk management framework, skills audit, procurement strategy and how this will be led and managed
- An analysis of the wider impacts of a large Council housing building programme, including the management and monitoring of impacts on the Council, the environment, the housing mix in the borough, demographics and the housing market.
- The Council will continue to evaluate new and emerging models of delivery which may assist in meeting its objectives for housing investment and new build provision.

2. Introduction

2.1. Background

In July 2013 Savills reported on the Housing Stock Options appraisal. That review focussed on the financial position of the Council's Housing Revenue Account(HRA). It concluded that although choices needed to be made between timing and levels of investment in the short term, in the longer term the Council could plan for an investment programme for existing stock beyond the current Warm, Dry, Safe programme where this represents a sustainable long term solution that meets residents expectations. The recommendations from the stock options appraisal included

- 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

In addition the Council has made a commitment to increase its current new build programme of 1,000 units by an additional 10,000. Savills has been commissioned to develop a 30 year housing investment plan which reflects this ambition.

2.2. Review scope and methodology

The key stages of Savills' review are as follows:

- Develop a high level 30 year investment plan
- Analyse local opportunities through existing assets and land capacity
- Advise on steps required to build a development strategy to support delivery at this scale

The starting point for this report is a review of the HRA business plan, incorporating changes and emerging risks since July 2013 to provide a robust baseline position, in order to understand the extent to which the existing HRA has capacity to fund new homes.

The report then goes on to explore alternative funding and potential delivery mechanisms to deliver an expanded programme of new build. The report concludes with an outline development strategy with an action plan for activities over the next 6 – 12 months to test viability locally and refine the programme on a site specific basis.

3. Housing investment plan

3.1. Update of baseline HRA

Savills has revisited the HRA business plan assumptions used in their first phase report in order to incorporate the impact of emerging risk factors, including government changes to rent policy, and to confirm a realistic and prudent projection of financial capacity within the HRA. As part of this process Savills has tested and refined assumptions with the Council in the following areas

- The impact of proposed government changes in rent policy which depress future rental income by ending of the ability to converge rents to target beyond 2014/15 and the linking of future rent increases to CPI rather than RPI.
- Refining assumptions about the future capital programme, including additional amounts for fire safety, cyclical decorations and other improvements
- Testing assumptions about future capital receipts and void disposals, in the context of the requirement of land for new build.

The impact of these various factors is illustrated below.

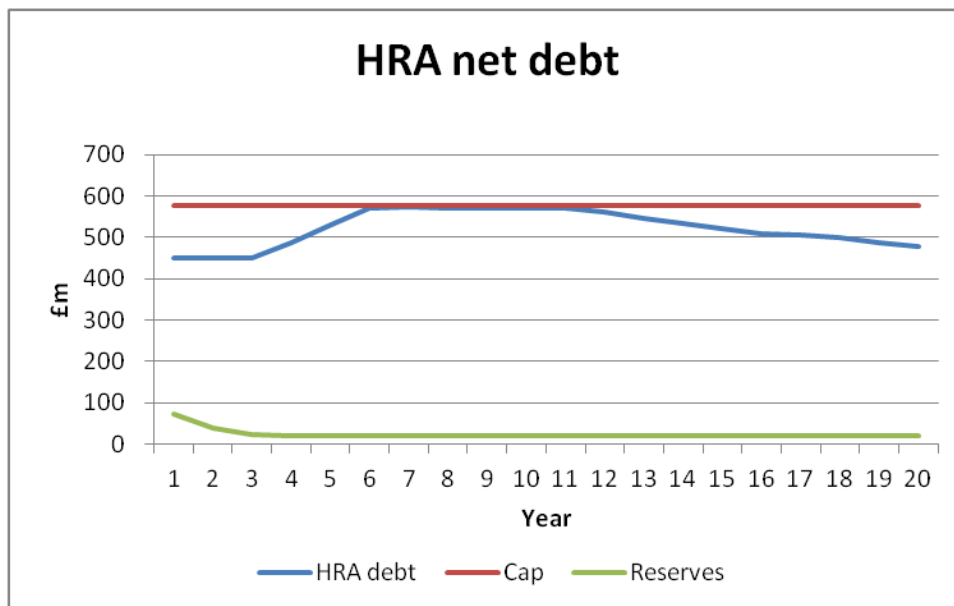


Fig 1: Baseline HRA business plan

The red line represents the cap on borrowing capacity within the HRA, set by government at £577m following the introduction of self financing in April 2012. The blue line shows a **potential** requirement to increase HRA debt up to the cap in the medium term in order to finance requirements for investment in existing homes which may be required if identified risks materialise (e.g. additional fire risk works). The green line shows the HRA maintaining a minimum balance of reserves in order to manage risk.

This illustrates that while the HRA is forecast to have sufficient resources to meet the needs of the current stock over the next 30 years, it is prudent to maintain current headroom below the debt cap in order to deal with potential liabilities in the medium term. As such it would not be prudent to rely on additional resources from the HRA to provide funding for new build development.

The assumptions for the HRA assume that existing regeneration schemes such as Aylesbury are effectively self funding with costs incurred in the short term which are recovered from the project over time.

3.2. Financial plan for new homes

3.2.1. Baseline assumptions

The current 1,000 new homes programme projects a tenure split of 70% social rent and 30% social home buy, with an additional 200 homes to be built for market sale.

This is largely funded by contributions from the Council's Affordable Housing Fund, generated through the receipt of in lieu payments for affordable housing as well as Right to Buy receipts.

Build costs were originally estimated by Grant Thornton of between £131m and £153m. Both Grant Thornton and Davis Langdon estimated costs of £160,000 per unit on phase 1. Experience from phase 1, and the nature of sites in phase 2 has meant costs are currently estimated at £170,000 per unit based on cost reports prepared by Davis Langdon.

The starting position for an additional 10,000 homes is that they are let at social (target) rents. Clearly a programme of this size would include additional units of other tenures (both market and intermediate or shared ownership) to produce a mix in line with Southwark's planning policies and housing demand.

Savills' modelling seeks to explore the subsidy required to deliver 10,000 social rented units as well as the options available to provide cross subsidy from an expanded programme that would include a range of tenure mixes.

Build cost estimates are based on a review of current market rates, assuming no significant site abnormalities and a volume building programme. This provides for an average build cost of £150,000 per unit rising in line with inflation over time. This includes an allowance for on costs, S106, CIL contributions etc. Savills are confident this is deliverable as an average across the programme, subject to effective and efficient procurement and cost control.

It is assumed the expanded 10,000 programme starts in 2015/16 and builds up over time, to continue beyond the life of the current 1,000 home programme completing in 2045/46. An illustrative profile which shows the programme building up over time is set out below.

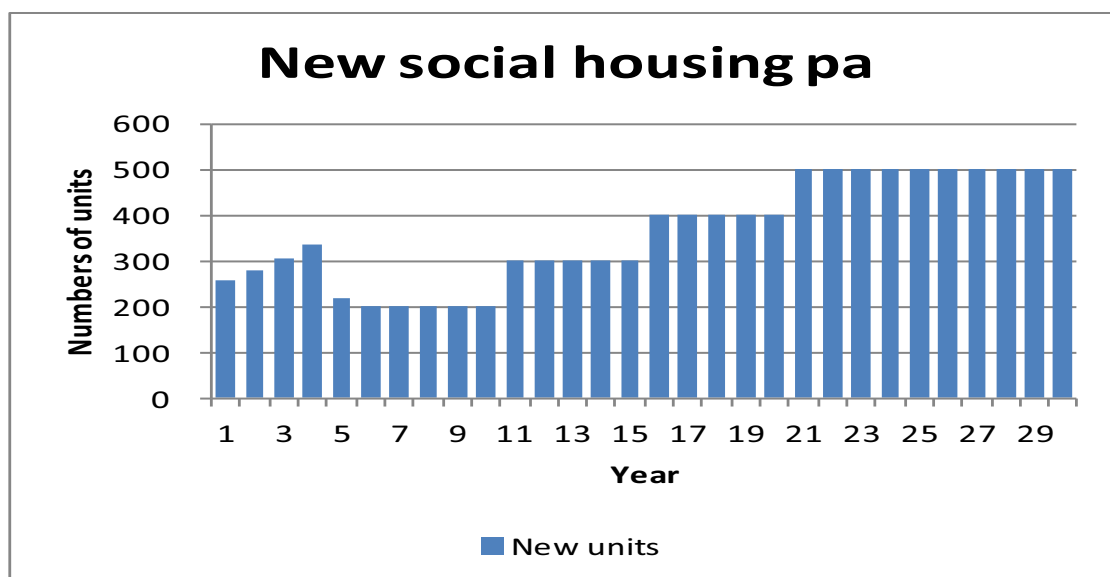


Fig 1: Projected new build numbers 11,000 homes

Where market or shared ownership housing is included in addition to the 10,000 social rented units the financial modelling is based on sales values from a market review by Savills which shows the following sales history between quarter 2 2012 to Q1 2013

All Sales: Q2 2012 to Q1 2013	North SE1 SE16 SE17	Central SE5 SE15 SE24	South SE22 SE21	Southwark
Detached	£403,600	£771,833	£1,089,098	£931,101
Semi-Detached	£387,556	£699,419	£750,286	£669,135
Terraced	£443,957	£515,393	£562,309	£512,736
Flat	£431,171	£255,738	£280,328	£357,703

Table 1: Market sales report Savills

A full market report on which these assumptions is based is included at Appendix A.

Moving prices on to a 2015/16 price base, a starting assumption of an average sales value of £378,000 is used for modelling purposes.

3.2.2. Illustrative funding requirement

Total build costs to deliver 10,000 social rented homes are estimated at £2.4bn. The annual cost increases to reflect the build up of the programme over time. At this stage the profile of build is estimated to start at 100 social rented units in 2015/16, building up over time to reach 500 social rented units and 100 market sales per annum by 2035. This profile is in addition to the 1,000 unit

programme which will increase the numbers of units delivered in the early years. The profile is provided for modelling purposes and reflects the time required to access larger scale development opportunities. It would need to be tested with more detailed site feasibility studies in the next stage of the development of the plan.

The projected base line build cost requirement for the 10,000 additional social rented over 30 years is illustrated below.

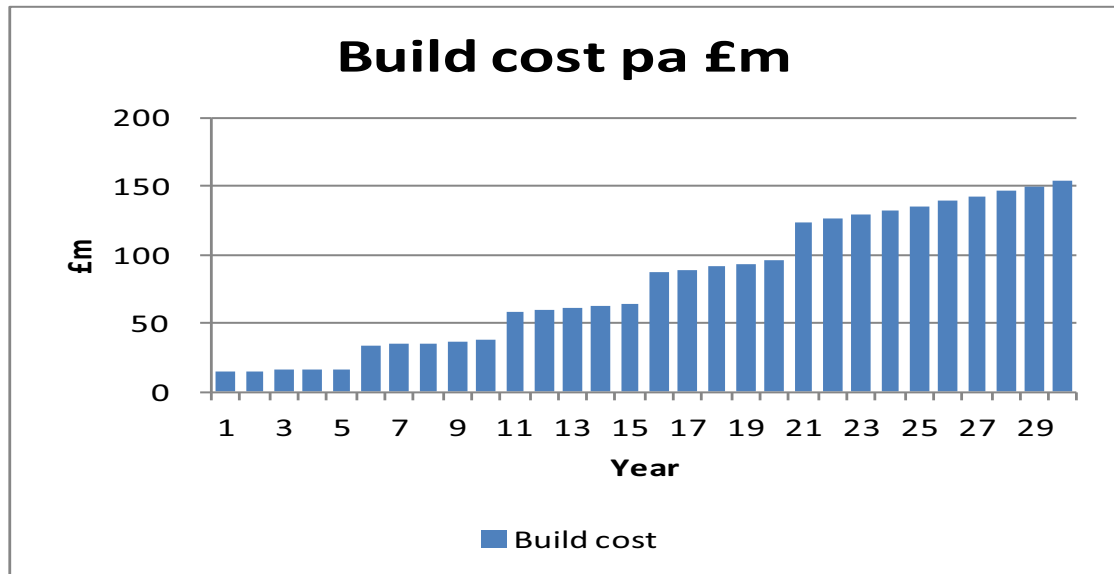


Fig 2: Projected cost requirement for 10,000 additional social rented units

Direct delivery is relatively capital hungry. If the programme were funded entirely by the Council in the way in which the 1,000 new homes programme is funded, there would be a capital funding requirement of £250m in the first 10 years, rising to a total of £2.4bn over 30 years

3.2.3. Cross subsidy from market sales and shared ownership

Using a similar ratio to the 1,000 homes programme, there would be some 2,900 market sales delivered alongside the 10,000 social housing. Additional units built for intermediate tenures such as shared ownership will also generate a level of receipts which would act as cross subsidy, potentially reducing the funding requirement further. This recognises that Southwark's contribution to new Council homes on mixed sites across the borough will not be out of kilter with planning policy targets for mixed development across the borough, but a proportion of the market element of future homes will be developed by others.

The cross subsidy from profits on these sales is forecast to reduce the scale of funding requirement to £165m over 10 years and £1.5bn over 30 years.

3.2.4. Funding secured against future rental income

In addition to the cross subsidy delivered through market and shared ownership housing, the new social rent housing will generate rental income. After allowing for costs of management, maintenance and future capital investment the balance could be available to support the cost of providing the new housing. Any financing provided through this route would reduce the subsidy requirement.

Based on a social rent level, it is estimated that the new housing would have a value of some £80,000 per property (in 2015) – i.e. additional debt of £80,000 per property could be serviced and repaid from the net rental income that it generates. Financing could come through a variety of routes including Council borrowing via PWLB, bond finance or institutional investment, for example through a sale and leaseback type structure. Access to partner investment is also explored in section 4. The chart below shows the impact of both the cross subsidy from market sale and shared ownership, as well as the additional debt that could be raised against the social housing.

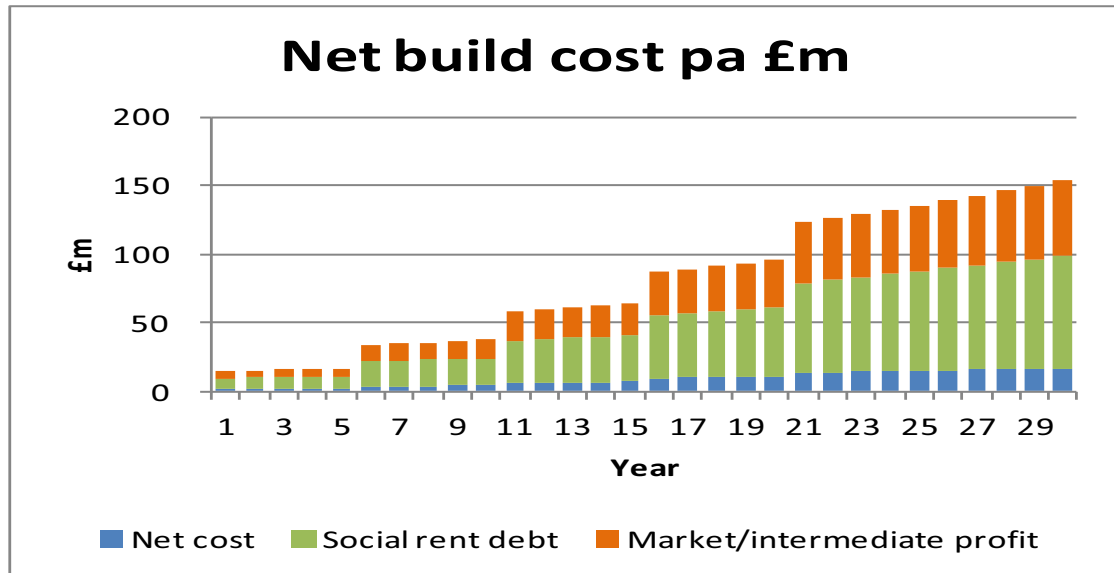


Fig 3: Projected net build cost requirement for 10,000 additional social rented units

Including the debt that could be supported by the social housing, the net cost of delivering the social rented housing reduces to £28m over 10 years and £262m over 30 years. This represents the subsidy that would be required (in addition to market sale profits and social housing debt), to deliver the 10,000 properties.

The total additional debt shown here is some £1.3bn over 30 years – equivalent to £130,000 per unit (including inflation). However, there would be an element of recycling of debt, as the housing acquired in earlier years generates rental income and reduces the need for debt to support new housing in later years. Taking account of this, the maximum additional debt requirement would reduce to £1.0bn.

In considering the financing requirement to be met by the Council it is important to consider how financing can be accessed in a way that does not impact on HRA capital finance requirement and at a scale that can be contained within the Council's overall prudential limits.

In view of the overall scale of funding required, it is unlikely that the entire debt requirement could be met through Council borrowing. To reduce the funding requirement, additional subsidy or external funding would be required.

3.2.5. Sensitivity and risk

These projections are very sensitive to changes in assumptions over time. Key risks to be managed on the programme will include build costs and land availability. As an example sensitivity Savills has modelled the impact of an increase in build costs of 10% and a requirement to purchase land for 25% of the new homes in the later years of the programme.

The impact of this on the subsidy required to deliver the social housing is an increase from £28m to £76m over 10 years or from £262m to £1.2bn over 30 years

Risk management actions to restore the financial position could include

- Revised tenure mix
 - Introduction of affordable rents for smaller units where this fits with affordability limits established by the Council in separate studies
 - Rent to buy and intermediate rents
 - Increased sales
- Additional subsidy from the Council through increased void disposals and land sales or other corporate receipts.
- Use of future HRA surpluses where these are not required for investment in existing stock
- Bringing forward sales
- Third party involvement

As an example, Savills has modelled the potential impact of a rent to buy product being used for 10% of the social housing. This would reduce the subsidy requirement by £14m in the first 10 years (down to £62m), and over 30 years would reduce the subsidy requirement by £0.1bn down to £1.1bn.

While a tenure mix provides opportunities for additional cross subsidy, it will also address the Council's planning policies to support mixed communities. Intermediate and rent to buy models will also address the housing needs of those in Southwark unable to access home ownership or social housing.

3.2.6. Evaluation of financing via S106 contributions

Another option that the Council can consider to increase the capital funding available to support new build is the evaluation of S106 contributions from developers against the provision of new Council housing via this route. It should be noted that at least in the early years, this money is already earmarked for the 1,000 new homes programme.

Affordable Housing on site is currently delivered by Registered Providers; however an alternative model would be for these properties to be acquired by the Council, to contribute to the 10,000 homes target. This option is identified in the next section of this report on potential delivery mechanisms.

The existing Direct Housing Delivery Programme is mainly funded from in lieu payments from signed s106 agreements. The council's adopted Affordable Housing SPD 2008 (Section 3.6) together with the Draft Affordable Housing SPD 2011 (section 6.3) clarifies the Southwark Plan and Core Strategy policy framework and sets out the approach in relation to securing the maximum level of affordable housing from developments. Specifically, it sets out the sequential tests relating to the delivery of affordable housing, firstly relating to securing on site provision, secondly off site provision and thirdly an in lieu payment.

The NPPF, London Plan and local policies all set out that in exceptional circumstances (the local policy refers to "very exceptional" circumstances) a commuted sum may be acceptable in lieu of on-site or off-site affordable housing. The adopted Affordable Housing SPD (2008) sets out three 'value areas' in the borough, for the purposes of negotiating commuted sums. Applications in band 1 close to the river are evaluated on a case by case basis, band 3 to the south of the borough require a payment of £80,000 per habitable room and band 2, in between, £100,000 per habitable room.

Developers of private housing are required to submit a viability assessment which is evaluated by the Council to determine the level of affordable housing required on site, or where a greater proportion be available off site or where a payment in lieu could be demonstrated to deliver a higher number of affordable homes.

BNP Paribas in their March 2011 report assessed 29 schemes identified as part of the Development Capacity Assessment.

The evaluation of the cost benefit of on site provision over payments in lieu requires assessment on a scheme by scheme basis determined by viability assessment. The BNP Recommendations were as follows¹:

- "The Council should set a relatively high level of payment in lieu to 'test' the reaction of the market. Six of the twenty-nine viable schemes could yield a payment in lieu at these levels;
- The level of payment in lieu should be kept under review and adjusted if the response is inadequate or results in too much demand, to the detriment of on-site affordable housing delivery;
- The results of BNP appraisals indicate that there is no correlation between size of scheme and the level of payment in lieu that can be secured.
- Consequently, the Council could set any size threshold that it deems appropriate.
- The Council will need to decide how to balance revenue maximisation by either securing a higher rate of payment per unit from a smaller number of schemes; or securing a lower rate per unit from a larger number of schemes. The latter approach would result in the provision of less on-site affordable housing units.

¹ Source BNP Paribas

- Careful consideration will need to be given to the timing of payments in lieu, as this will have an impact on cash-flow and viability.
- Finally, BNP views a mixed approach, whereby developers can ‘split’ their affordable housing obligations between on-site provision and payment in lieu, as an optimum route to achieving a balance between revenue maximisation and delivery of new affordable housing units.”

As part of developing its plans for the financing of 10,000 additional homes, this evaluation would need to be updated in the light of 2013 sales values and projections on a site specific basis. A process would also need to be established to regularly update and review the evaluation over the life of the programme.

The investment plan and sensitivities shown above provide an initial indication of the funding requirement to deliver new homes and the range of routes available to meet this requirement. In exploring the range of potential delivery mechanisms available Savills has therefore considered the extent to which each mechanism can offer the greatest ability to use available subsidy to maximum impact, thereby minimising the Council’s exposure to additional financing requirement.

4. Potential delivery mechanisms

4.1. Analysing local opportunities through existing assets and land capacity

As well as considering the funding requirement for the additional 10,000 new social rented homes, Savills has also considered the available land supply. Savills has reviewed work carried out to date to assess development potential across the borough including the 2009 Strategic Housing Land Availability Assessment (SHLAA) and 2010 Development Capacity Assessment (DCA).

The Core Strategy sets a housing target of 24,450 net new homes in Southwark between 2011 and 2026, which equates to 1,630 homes per year. The London Plan 2011 introduces a higher target of 20,050 net new homes between 2011 and 2021, which equates to 2,005 homes per year. The Mayor's draft housing strategy Homes for London, published November 2013 highlights increasing concern over how to house London's growing population which has led to a top down review of the current housing targets and implementation strategy. The ongoing housing shortage is invariably pushing up house prices and rents and as a result a challenging quota of 42,000 homes per annum has been suggested over the next ten years across London as a whole. Southwark's planning policies are supportive of growth and highlight the need for new homes, particularly affordable homes all across the borough. Southwark regularly reviews housing capacity and monitors housing completions in order to inform these targets as there is some debate about whether the higher figure is achievable. Therefore the addition of the Direct Delivery programme and the commitment to building 11,000 homes over a 30 year period will help the Council to meet its targets. In this context Savills believes there is sufficient land capacity available to deliver an additional 10,000 homes over 30 years. It does not require a change in the Council's planning policies to accommodate this level of growth, although the Council may want to reflect the programme in its emerging New Southwark Plan.

These documents are relatively recent and show a clear and transparent projection of capacity and that the Council has been targeting housing growth in the borough in a way that means although its plans are ambitious, they are realistic. These documents have been used to inform Savills' assessments of land supply required to deliver the Council's ambitions using a range of different potential delivery mechanisms set out in section 4.2.

The report sets out below an extract from the introduction to the DCA in Southwark. While it reflects a standard methodology it does give some view of the land which is available, should market conditions prevail to deliver these sites.

"The Development Capacity Assessment (DCA) is a tool used to estimate potential future housing capacity that may come forward across a number of sites in the Borough. It was developed following on from the Strategic Housing Land Availability Assessment 2009 (SHLAA) produced by the Greater London Authority (GLA). The DCA looks in more detail at the potential housing sites over 0.25 Hectares identified through Southwark's input into the SHLAA alongside smaller sites. The SHLAA helped the GLA in developing a 10 year housing target for each Borough which was set out in the London Plan 2011.

The DCA considers the sites proposed as potential development sites in the 2009 SHLAA and determined whether they are all suitable as potential housing sites in the future and the timescale in which they realistically may come forward. It has assessed sites already proposed as allocated

sites in the Southwark Plan UDP 2007, as well as sites that currently have valid planning permission, those that are on land owned by the council, those that are proposed through the Council's Area Action Plans and other sites above and below 0.25 Hectares that have the potential to accommodate housing in the future.

These assessments are not based on discussions with owners, rather, they are an assessment of potential sites that may help the Council to deliver on its housing targets over the time period of the Core Strategy. As such, it is important to stress that the Development Capacity Assessment is a forward capacity estimate only which assists Southwark Council in developing its housing trajectory. It is not to be used as a definitive list of sites that will come forward in the future, or with the number and breakdown of housing units that are outlined within it."²

While this shows that there is no absolute physical constraint on land supply to deliver the Council's objectives, not all of this land is in Council ownership. A key factor will be the actions required by the Council to access each of the opportunities identified. The Council will need to employ a range of proactive actions to take advantages of opportunities available to it as major landowner, and ensure it makes best use of its powers as local housing and planning authority to prepare a new housing strategy and Local Plan. Given the clear and comprehensive evidence of land supply, Savills considers the Council's ability to access these opportunities to be the critical factor in land availability to deliver the Council's ambitions. This might include, for example, taking action at an early stage to acquire non Council owned land where advantageous to do so. In order to ensure the Council can take maximum advantage of the range of potential delivery mechanisms set out below, it will need to set proactive plans to access these opportunities and drive value. The report sets out examples of these requirements below.

4.2. Potential delivery mechanisms

In order to deliver a programme of the size required to fit with the Council's ambitions, all available potential delivery mechanisms will need to be considered.

Potential delivery mechanisms identified include

- Extending the 1,000 new homes programme across existing Council housing estate
- Working in partnership with RPs to deliver new Council housing
- Council retention of S106 affordable housing
- Joint ventures
- Reconsideration of land use and intensification

There are also smaller scale opportunities available through buy backs of existing leasehold homes and bringing empty homes back into use which this report assumes continue to be progressed in line with current Council actions. Buy back activity could include buybacks to increase the long term rented stock holding, or in order to facilitate estate regeneration. The

² Development Capacity Assessment august 2010

strategy proposed in the report assumes that these opportunities are progressed in line with current Council actions.

The various potential delivery mechanisms available need to be considered in combination rather than as a menu of options. Different mechanisms will suit different opportunities. In order to consider the merits of each of the potential delivery mechanisms that would provide access to a larger supply the report sets out an initial view of the following aspects, exploring the extent to which each potential mechanism meets key criteria of maximising supply and value:

- Indicative dwelling output
- Skills and systems required by the Council in order to take maximum advantage of the supply available
- Management of construction costs
- Exposure to sales risk
- Product control
- Financial impact on the Council
- Opportunities
- Limitations
- Further action required to progress the opportunity

4.2.1. Extending 1,000 Homes Programme.

Indicative Dwelling Output

The existing 1,000 new homes programme has drawn on opportunities for development of new homes through the identification of Council owned land. This has been identified by a variety of means; via local knowledge of the stock and redundant sites (e.g. garages). In addition there is potential to expand the Hidden Homes Programme potentially through adding floors onto suitable existing blocks in council ownership.

Supply through this route could be expanded via identification through stock condition survey work used to identify high capital investment estates and a framework for active management of HRA assets.

The current programme anticipates 1,000 new Council rent and shared ownership homes (plus 200 market sale) over a period to 2020. The current programme is limited by funding which is via cash in lieu payments and RTB receipts, and potentially funding from the GLA. There is sufficient land available, as illustrated by the 2009 SHLAA and 2010 DCA, to show there is potentially scope both to increase this programme and to extend it beyond 2020. Savills estimate that there is potential to increase supply through this route by up to another 1,000 dwellings. Supply is constrained through this route and any proposals would need to be taken forward in consultation with residents.

Skills and Systems

The Council has had to skill up to embark on the 1,000 homes programme and has had to adopt systems for procuring professional teams and construction partners. The programme is in its relatively early stages and there is an opportunity to review systems and practices to identify whether value and costs can be driven to provide greater efficiency.

Construction Costs

The council has sought advice from Davis Langdon on construction cost. In Savills' view the cost assumptions are at the upper end of what Savills would expect for valuation purposes. Construction is intended to be delivered via OJEU compliant procurement using existing frameworks, although other options are available including direct LBS procurement. There is the opportunity to review construction costs and tendering practices. Particularly key is the importance of supervision of design teams to ensure that design is focussed on delivering appropriate quality and that design drives value in open market sale products.

Exposure to Sales Risk

Savills understand that whilst 200 units will be provided for sale under the existing programme, there has been little appetite for the Council to take developers risk [or returns] at scale. The Council will need to evaluate its preferred approach which will depend on circumstances. One option is to seek to work with developers to deliver open market sale through joint ventures. Whilst this presents the opportunity to share or transfer risk, there is also the lost opportunity to take developer's profit, which could in turn be used to provide additional cross subsidy to fund Council rent and shared ownership housing. There is the opportunity to introduce skills and expertise into the development process to enable the Council to benefit from greater returns, whilst maintaining an appropriate level of risk assurance.

Product Control

The Council retains maximum control for the product and provided appropriate levels of design supervision are introduced, value and costs can be driven effectively.

Financial Impact

Direct provision utilising capital resources is relatively capacity hungry method to develop. However via factoring in revenue streams and sales receipts, along with potential capital grants from the GLA, the cashflow is capable of being managed to reduce debt call.

Opportunities

Opportunities to improve delivery through this mechanism include

- Identification of further estates through a detailed review of HRA assets
- Procurement review
- Development management review
- Approach to sales risk

Limitations

The limitations of this approach include

- Ultimately constrained supply of land where residents support further development

Possible Further Action

Possible further action to maximise delivery through this mechanism would include

- Review procurement
- Review development management
- Review programme appraisal methodology
- Evaluate approach to sales risk

4.2.2. Work in partnership with RPs to deliver new Council Housing

Indicative Dwelling Output

Registered Providers (RPs) have a long track record of delivery of homes in the borough. The current RP development pipeline is 2,234 new homes over the next 3 years³. RPs are well placed to secure debt on their existing assets and can lever in significant levels of debt, which they continue to invest in the borough. This is valuable capacity and this activity forms a significant element of the local new homes provision market.

There is potentially a risk that these RPs see the Council's strategy as a threat to their existing investment plans in Southwark. However these RPs are current investment partners where generally there is a good understanding and relationship with the Council.

In Savills' view, there is merit in seeking to work closely with existing RP partners and potentially new RPs and property companies to establish collaborative relationships with the aim of developing models of new homes delivery which seek to maximise the number of new homes produced whilst continuing to lever their assets.

In recent years RPs have responded to the changed funding regime, where grant rates are reduced, by diversifying into development of homes for sale and, increasingly, market rent. This is in addition to their existing shared ownership product range. Therefore there is an opportunity to work with RPs where the Council works in partnership, securing new social rent as council housing with RPs securing other housing products to meet their own needs. Savills propose that early discussions are held with RPs to discuss ways of joint working. These discussions would need to be held at Executive Director/Chief Executive level in addition to any ongoing liaison through Southwark Housing Association Group (SouHAG).

³ Source: Cabinet report 16 July 2013 Independent Housing Commission

Savills believe there is an ability to access opportunities to deliver an additional 1,500 – 2,500 social rented Council homes in this way.

Skills and Systems

Whilst there is some variance, there is a significant range of best practice in development skills and process which afford the Council with the ability, through joint working, of shared approaches and benefit from existing expertise.

Construction Costs

RPs have established OJEU procurement frameworks in place which provide the opportunity for the Council to secure competitive rates based on existing levels of capacity and volume. In section six the report recommends a review of current procurement frameworks and the extent to which alternatives may present better value for money and a more effective route to expertise in the local market.

Exposure to Sales Risk

Again there is the opportunity to share learning and best practice with RPs and potentially dependant upon the nature of a partnership to either share or transfer market sale risk.

Product Control

RPs have established programmes and are conversant with existing design expectations. However, where the Council has different requirements (e.g. lifts in low rise blocks and higher specification of fire safety) these can be incorporated through early engagement with an RP and the design of products.

Financial Impact

As noted above there is the ability, depending upon appetite to either share or transfer risk. For example if the Council purchases the completed social rented housing it bears the financing risk but none of the development risks associated with the project.

Opportunities

Savills believes there is scope to deliver new opportunities, either arising from Council land holdings or where third party land is acquired – in conjunction with RPs whose stock is adjacent to Southwark's.

Limitations

Whilst many RPs do wish to diversify, this route will not suit all current partners. Early discussions with individual RPs will be key to establishing a good understanding of mutual objectives.

Possible Further Action

Possible further action to maximise delivery through this mechanism would include

- One to ones with senior representatives from Council and RPs to explore opportunities.

4.2.3. Council Retains S106 affordable housing

Indicative Dwelling Output

Via the planning system the market will generate a pipeline of affordable housing. The current system means that these affordable homes are purchased by RPs. The level of affordable housing is determined by a blend of policy compliance which is subject to a toolkit viability assessment. Whilst the level of affordable housing which can be “afforded” by a particular project is subject to market conditions, it is anticipated that there would be a supply between 500 to 1,000 homes, which without Council intervention may have been sold to RPs to deliver as affordable rather than social rents.

Skills and Systems

The key issue is pricing of the social rented housing. Developers would normally seek prices through competitive tendering; therefore the “value” of the social rent in the viability is subject to market forces. However, the value could be established by formula and negotiation in conjunction with the Council as the Local Planning Authority (LPA). Savills have experience of this model operating in practice. The Council has considerable skills and expertise in this area which is deployed in its existing approach to negotiating section 106’s.

Construction Costs and Exposure to Sales Risk

This route relates entirely to the Council's use of planning powers and as such does not expose the Council to construction or sales risk.

Product Control

Potentially there is less control over product as the delivery of the Council rent and shared ownership will be ancillary to the developers' objective to deliver at a low cost and to maximise value of the market product. Early involvement, which is possible through negotiations at the planning stage, can mitigate this risk.

Financial Impact

This will be subject to viability and management performance. It will need to be tested on site by site basis.

Opportunities and Limitations

Volume is largely determined by the market and the Council’s need to take “in lieu” payments to fund the 1,000 homes programme. Cost value can only be assessed on an individual scheme by scheme basis to evaluate where it is beneficial to take dwellings on site or via funding to the new homes programme.

Possible Further Action

Possible further action to maximise delivery through this mechanism would include

- Discussion with developers / house builders
- Utilise new Southwark Plan to create supportive environment

4.2.4. Joint Ventures

Indicative Dwelling Output

There is sufficient land available, as illustrated by the 2009 SHLAA and 2010 DCA to potentially provide 2,000 to 3,000 dwellings over a thirty year period on large scale sites that would be suitable to a joint venture approach. However to unlock this potential will require significant gearing up and capacity building within the Council. This will mean taking a different approach to the risk and reward balance. Before embarking upon JV activity the Council will need to carefully consider its objectives for doing so. Potentially JVs offer the opportunity for the partners to pool strengths to mutual benefit. Here a key driver for the Council will be access to lower construction costs, development, construction and market sale expertise. Drivers for developers are access to opportunity and collaboration with the Council and access to its statutory powers.

Skills and Systems

It is proposed that consideration is given to establishing joint ventures as delivery vehicles to deliver either large standalone land opportunities, or as an extension of this to deliver clusters of development opportunities in a particular location. Southwark has one of the strongest track records of delivering housing regeneration through JV arrangements including at Peckham, Canada Water, Elephant and Castle, One Tower Bridge and Aylesbury. The issue for the Council in gearing up its skills and systems to expand this for the delivery of 10,000 new homes will be one of resources.

The premise of the proposed JV would be to bring together complementary skills and resources to create additional value and to create vehicles to deliver complex and challenging opportunities. In essence this means that the Council brings land, investment and statutory powers, i.e. planning and Compulsory Purchase. Developers / house builders bring effective supply chains, construction, sales and marketing expertise. Blending these complementary skills can, if effectively structured, drive costs down and values up.

Construction Costs

Developers and house builders have very effective supply chains based on volume procurement, standardisation and group procurement arrangements with suppliers. A developer's business model is to seek to maximise the efficiency of build and to maximise value created, through understanding the market and product. The Council entering into a JV with a developer allows these benefits to be acquired.

Exposure to Sales Risk

JV structures vary widely, however the principle is one of risk sharing not risk transfer. In order to maximise the returns to either party, both parties will share common objectives. In this case it would be structured so that the Council acquired social housing from the JV. There are examples of this working successfully elsewhere in the market. Savills is advising Oxford City Council (OCC) and Grosvenor in their Joint Venture to develop land at Barton, Oxfordshire to deliver 800

homes. Savills is advising the joint venture on affordable housing and land disposal to developers. Outputs are profits from the regeneration, OCC are re-investing these profits into creation of Council housing at affordable rents.

Product Control

By joining with a third party developer in a JV, absolute control of the product can be secured by establishing Council requirements at the establishment of the joint venture.

Financial Impact

The financial impact on the Council will depend on the structure of the JV. One example is for the Council to contribute land and to receive completed housing units in return. An additional route could be through the Council providing loan finance to the JV secured at low rates via the PWLB but on lent to the JV with a margin, providing a revenue return back to the Council. Alternatively a developer may be able to put its own investment either from a third party (unsecured cash) or (typically) – working capital. This would reduce the loan requirement at the Council, but also reduce the return the Council might achieve on the financing arrangement, as the developer's cost of funding is likely to be higher than the Council.

Opportunities

In general, the prior creation of a separate vehicle and/or legal structure could have some benefits when a public sector body has a significant pipeline of similar development projects, and a desire to contract with a single private sector partner to bring these forward. However, there can be significant time and complexity in the procurement and establishment of such a vehicle. Consequently Savills would suggest that this delivery mechanism is suited to larger estates and unlocking non residential sites.

Limitations

This mechanism provides for the future flexibility to bring in third party development expertise where this is seen as beneficial to the expansion of activity and increased requirement for funding. The Council would need to consider its appetite to share risk and reward, as well its ability to manage the relationship over time, ensuring value to the Council as originally envisaged.

Possible Further Action

Possible further action to maximise delivery through this mechanism would include

- Work to establish Council's preferred approach
- Soft market testing with developers

4.2.5. Reconsideration of land use and intensification

Indicative Dwelling Output

In order to unlock land to meet housing and employment needs better, a collaborative approach to master planning and regeneration is required using the levers available to the Council as landowner and planning authority to determine, influence and deliver (in partnership) change in

localities. This would involve consideration of complex issues around different employment uses that are more modern and compatible with residential neighbours which could be considered as part of the development of the new Housing Strategy and Local Plan.

Potentially by deploying a joint venture model or series of JVs combining complementary skills and resources it is possible to negotiate transactions with existing land owners. This approach may lend itself to unlocking opportunities. These are more likely to be larger, longer term proposals which Savills believes could deliver in the region of 2,000 – 3,000 dwellings, in the later part of the 30 year period.

Skills and Systems

The skill requirements at the Council will be similar to the JV section above. In addition the Council will need to gear up internal resource to work on negotiation with land owners and developers and to co-ordinate with stakeholders and develop masterplans and business models.

This is a complex area and the Council will have a good knowledge of the opportunities which exist. In order to unlock these opportunities and for the Council to secure social rented housing it will be necessary for the Council to take an active role and to seek to work with developer partners over a long period of time. JVs offer the opportunity for the Council to share in the long term value of these opportunities and secure the social housing.

Construction Costs, Exposure to Sales Risk, Product Control, Financial Impact, Opportunities

These will all be as set out in the section above on Joint Ventures. In terms of financial impact it will be important for the Council to take proactive action as both a planning and housing authority to ensure value is captured by the Council from any redesignation and intensification of third party sites. Opportunities to acquire non council owned land at an early stage could be explored where advantageous to do so. The Council has an opportunity to bring the full weight of its powers as Local Planning Authority, CPO and enforcement to bear with early engagement of the market to drive value for the Council, providing it takes proactive action early.

The Government's Autumn Statement 2013 has announced an increase in funding in the form of loans or equity stakes for infrastructure to support and unlock large regeneration sites (defined as 1,500+ homes). There is likely to be an annual bidding round, with the HCA administering the scheme. The Government is keen to get Local Enterprise Partnerships (LEPs) involved, so £50m in 2015/16 is earmarked for LEP-supported schemes. There are nine schemes currently in the pipeline but longer term this fund may provide opportunities for Southwark bringing forward complex large sites. The development of strong links between the LEP growth strategy and the Council's plans for new homes would facilitate access to funds where available and required.

Limitations

The Council will need to consider the extent to which any redesignation may conflict with employment generation policies. It will also need to consider how any value uplift will increase its costs, for example where land needs to be acquired from third parties.

Possible Further Action

Savills understands that Grant Thornton has already advised the Council on the opportunities available through this route and this provides a useful starting point to set plans for proactive action. Savills would recommend that more work is done to assess how the Council can access the land capacity and opportunities that might be released through this route.

5. Alternative structures to facilitate funding of new Council housing

In the past, a number of financial, legal and regulatory issues have resulted in Registered Providers (“RPs”) taking the lead in delivering new social housing, even on council owned land. On estate regeneration projects an RP would typically acquire the new social housing, and councils would often sell off or hand over land for an RP to build new social housing. The GLA’s December 2013 Investment Prospectus prescribes conditions on rents which can be charged and furthermore nominations protocols, which may not provide the best fit with Southwark’s ambitions. At this stage the financial model does not rely on receipt of grant but does require subsidy in some form (for example from the affordable housing fund and cross subsidy from market sales).

The main reason for this approach was that through the HRA subsidy system, councils were not able to retain the net rental income from council housing. So they could not afford to borrow to build or buy any new council housing. On the other hand RPs were able to borrow to fund the acquisition of new housing, because they retained the net rental income from new housing as well as their existing asset base. In addition, RPs had access to HCA grant and had built up development skills.

Today, the position has changed. Due to a combination of changes in the Localism Act, HRA reform, HCA grant reduction, and interest from institutional investors, councils are in a similar (or arguably stronger) position than RPs in the ability to deliver new social housing. In particular:

- Following the HRA self-financing reforms, councils now have control of a substantial asset base, with debt levels that are typically lower than an RP’s. They can now retain net rent on existing and new housing, so have the financial ability to fund the build or acquisition of new housing.
- Councils have easy access to funding for capital investment from the Public Works Loan Board (PWLB) or from external funders, and they can typically secure funding at a better rate than most RPs⁴.
- HCA grant levels are much lower and councils also have access.

As a result, many local authorities are looking at taking a direct involvement in the delivery of new social housing, and in owning the new housing themselves.

Ownership of the new housing within the HRA is often the preferred option for a council, but this may not be possible because Government has imposed a cap on the total level of debt that can

⁴ To support capital investment, local authorities have access to funding from the Public Works Loan Board (PWLB). Variable rate loans are available for up to 10 years and fixed rate loans for up to 50 years. Fixed interest rates are determined by the UK Debt Management Office (DMO), by reference to gilt yields and published twice a day. The cost of borrowing for a local authority is some 0.8% above gilts (the cost of borrowing for Government), so is very competitive when compared to most private sector organisations. Today, the fixed rate for a 30 year loan is some 4.4%, and the short term variable rate 1.27%. Whilst RP funding costs are typically 0.5% to 1% higher than local authorities, some of the very largest are able to borrow at rates close to local authorities.

be held in the HRA. Whilst the rationale for the cap was largely to restrict borrowing against existing council housing, it applies to all debt in the HRA even for new housing. The government announced in the Autumn Statement 2013 the potential for councils to bid competitively for a small relaxation in the HRA debt cap, to enable new build, linked to council contributions of free land, and receipts from asset sales, and delivered in partnership with RPs. While this is welcomed, the amount of money is small when considered on a national basis and only available over a two year basis. As a result, many councils are looking to own new housing outside the HRA where there is no restriction on borrowing, beyond normal prudential borrowing principles.

Whilst ownership of new housing in the general fund may be possible, there are legal risks with this approach and no clear precedents for councils looking to deliver and hold new housing in the general fund. For these reasons many councils are using the option of establishing a council owned vehicle as a simple step to support the delivery of new council housing.

5.1. New build through Council Vehicle

Under this option the Council establishes a separate wholly owned vehicle, using its General Powers of Competence, which becomes the owner of the new rented housing. The separation of ownership into a new vehicle provides transparency and accountability, and the flexibility to deliver new council housing through different routes.

The new tenancies let by the Council Vehicle would not be secure tenancies with the Right to Buy, but assured tenancies, similar to those that would be offered by an RP. However, the Council could impose full control over the terms of these tenancies, and choose to require the Council Vehicle to offer tenants a range of contractual rights, similar to those that they would have held by statute under a secure tenancy (e.g. Right to Buy).

The Council Vehicle could be funded through PWLB loans in the same way as the HRA, but the borrowing would not count towards the HRA debt cap. The only restriction on borrowing would be the normal prudential borrowing principles. Resources from the Affordable Housing Fund, or potentially other capital reserves, could also be made available to the Council Vehicle. However, there may be some limitations on the use of retained right to buy receipts through a Council Vehicle.

There are a range of issues relating to consents associated with both land transfer and financial support which are detailed below.

When appropriating land between the HRA and general fund there are no tax issues to be considered, but when transferring land to a separate legal entity the implications of stamp duty land tax (SDLT) need to be considered. The operation of the Council Vehicle could also open up VAT and corporation tax issues. There are options for managing and mitigating these liabilities through the legal structure of the Council Vehicle and the use of the Council's ability to recover VAT. Again, these will require more detailed advice.

The option of holding the housing in a Council Vehicle provides advantages to the Council in terms of flexibility of funding (in that the Council itself would not necessarily need to borrow) and in terms of flexibility of tenancy type and the ability to engage in a wide range of commercial activity. This route is a relatively tried and tested approach which has been adopted by an increasing number of Councils (estimated 40 councils) including, for example, at Woking,

Ashford, Newcastle, Gateshead, Hounslow, Brent, Ealing and Greenwich. Examples of models in use at other authorities are included at Appendix B.

5.2. Governance and operation of the Council Vehicle

There is a range of options for the operational organisation of a vehicle to deliver a council's objectives, ranging from:

1. The establishment of a vehicle (effectively part of the Council) that is there purely as the legal owner and funder of the housing.
2. The development of a Council Vehicle into a separate organisation that undertakes a wide range of activities to deliver new housing.

The exact operational structure of a vehicle will vary from council to council depending on the requirements and preferences of each organisation. In order to progress with delivering housing outputs in a timely manner, the Council Vehicle can initially be set up as set out in 1, moving towards 2 if required.

As the Council Vehicle would be a wholly owned subsidiary, the Council would be able to exercise full control over its activities, in appointment and removal of directors, and if necessary winding up the vehicle.

5.3. Legal and financial implications

5.3.1. Council Vehicle formation

Formation of a new vehicle is a straightforward process. In terms of legal form, the new Council Vehicle could be a Company Limited by Guarantee (CLG) or a Company Limited by Shares (CLS). The preferred route due to flexibility for future changes and tax reasons is a CLS.

Transfer of property between different entities can give rise to a liability to pay Stamp Duty Land Tax (SDLT). However, there is relief from this liability where the two entities are part of the same group of companies. Formation of a CLS under the Council's ownership should allow the Council to take advantage of this relief.

5.3.2. Transfer of land or property from the Council to the Council Vehicle – possible need for consent

The Council Vehicle option can be used in any of the potential delivery mechanisms set out in section 4. Completed housing could be acquired by the Council Vehicle from a developer, or alternatively the Council Vehicle could develop housing itself on Council land, or enter into partnership with third parties.

In the case of development by the Council Vehicle on Council land, consideration would need to be given to the timing of transfer of property by the Council, and any payment by the vehicle. There may be a need to seek consent from Government for the disposal of land, and possibly for the provision of financial assistance to the Council Vehicle (for example if the land were transferred below market value). State aid issues may also need to be addressed in respect of any market housing that the Council Vehicle develops but would not apply to social housing developed.

There are a number of general consents in place that deal with these circumstances – if these do not apply, the Council would need to apply for special consent. Consents would be needed to address both the disposal of land and any potential financial assistance, to use the same example as above, if land were transferred below market value. Whilst recent changes to the general consents on HRA land give councils flexibility to dispose of vacant HRA land at any value, the issue of financial assistance still needs to be considered. Different consents apply depending on whether the land is being transferred from the HRA or general fund.

In summary, whether or not there is a need to apply for special consent will depend on a number of issues, including:

- Is the land vacant or does it contain existing housing?
- Is the land being transferred from the HRA or General Fund?
- Is it being transferred at market value or an under-value?
- Is it being transferred for affordable housing?

In general, the transfer of vacant land at market value from the Council to the Council Vehicle is likely to be covered by general consents. Legal advice would be needed to consider the precise circumstances of any proposed transfer, and whether or not specific consent would be required.

5.3.3. Payment for transfer of land or property

At its inception, the Council Vehicle will have no financial resources, and would be financially reliant on the Council. As a result, payment by the Council Vehicle to the Council for the transfer of land would be either through the Council accepting deferred payment, or a loan from the Council to the Council Vehicle at a level equal to or above the transfer value.

In either case, the Council Vehicle would have a financial liability to the Council, and would need to be satisfied that it was capable of meeting this liability when it fell due. Similarly, the Council would need to be satisfied that its loan to the Council Vehicle complied with its internal risk and treasury policies.

As well as needing to satisfy the Council's internal risk and treasury policies, the Council may also need to be mindful of state aid issues in setting the terms of any lending to the Council Vehicle. Whilst there are some exemptions for affordable housing, it may be that lending would need to be at a market rate where state aid issues might arise in respect of funding for market housing options. This could be addressed by a rate that was linked to prevailing PWLB rates with an additional margin.

5.3.4. Financing of the Council Vehicle

As a part of the initial set up of the Council Vehicle, a comprehensive business plan would need to be developed that demonstrated its financial viability. This would need to cover the sourcing and terms of financing of the Council Vehicle and demonstrate that it had the ability to meet its financial liabilities.

In addition to the initial land transfer, the Council Vehicle would need to be satisfied that it would be able to secure sufficient financial resources to support subsequent activities, including development of housing on the land, and any other operating activities.

The simplest source of finance would be from the Council, through loans from existing financial resources or additional borrowing. In the case of new PWLB funding, as the Council would not be borrowing for capital expenditure on HRA assets, then any additional borrowing would have no impact on the HRA Capital Financing Requirement, which is restricted by the borrowing cap.

In developing its financing strategy, both the Council Vehicle and the Council may wish to explore alternatives to loan financing from the Council to the Council Vehicle, to ensure that there were no other options that were more appropriate or offered better value for money. For example, there is a precedent in Barking & Dagenham where their council owned housing entity secured external funding instead of using loans from the Council. Whilst there are a number of arguments for and against alternative financing options, there is now very strong interest by institutional investors in financing new Council housing investment.

5.4. Management models for new housing

Management models for new housing, whether funding is structured in a Council vehicle or directly in the HRA, can be developed in line with Council proposals to develop management models for its existing stock and actions to promote increased tenant management.

This could follow the local management model explored at options appraisal stage including

- The establishment of an overarching framework of governance to ensure the development of local decisions while managing the impact on the overall HRA of local management decisions.
- 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. Area based asset analysis work 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 suit 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.

There is clearly a significant role for the existing Council service in the ongoing management of any new social housing held by a Council owned vehicle. Legal advice would be required on whether this could be dealt with through a management agreement or require broader

procurement processes as this will depend very much on decisions about how the vehicle is structured should a decision be established to proceed down this route.

6. Building development capacity

The report highlights the sorts of actions required by the Council in order access the development opportunities in the borough to enable a significant increase in delivery capacity from 1,000 to 11,000 new homes. In reality delivery capacity is likely to need to be even larger, in order to ensure mixed communities, and to provide a level of cross subsidy from market sales.

Systems will need to be in place to ensure a step change in delivery capacity (separate from land supply) which may mean more than building up existing structures and operations, given the level of increased capacity required.

This section sets out the headings and achievable workstreams for the next few months to provide a foundation for delivery.

6.1. Governance

The governance framework for the programme would benefit from a single co-ordinating role responsible for budget ownership, management and control mechanisms including:

- Investment decisions, which need to be timely to move in a dynamic market
- Spending
- Purchases
- Statutory Powers e.g. CPO
- Delegated authority
- Standing Orders and the need for any revision to deal with increased programme size

Workstream 1: Review existing governance systems.

6.2. Risk Mapping

Comprehensive risk maps with sensitivity analysis will also need to be developed to include key development risks:

- Planning
- Land assembly / leasehold interests
- Resident consultation
- House price variations
- Impact of rent policy
- Construction costs

Workstream 2: Review existing risk identification approach and propose a new approach for an expanded programme.

6.3. Operational Skills and Systems

The operational framework would need to include actions required to ensure systems are in place for delivery including a skills audit / gap analysis/ staff resource requirements and a review of project management systems, procedures and practices.

The skills available to the development function would need to include;

- Ability to appraise opportunities to identify the most suitable form of development
- Awareness of value creation and place making to maximise the development opportunity
- Strong planning skills to be able to present rationale for developing outside of existing plans
- Ability to persuade / influence local residents / members / officers on the opportunity being created and benefits to the local community
- Flexible approach to working within other teams within the Council to create new opportunities
- Strong financial ability to understand how the required level of return will be achieved from proposed development
- Project management skills to ensure programmes are delivered to time, cost and quality as this will create confidence both by Council and residents and enable future support
- Good market knowledge across all sectors

Workstream 3: Carry out skills audit and organisational restructure.

6.3.1. Housing for Sale and Non Residential

The types of skills needed would encompass all tenure types including housing for sale and potentially non residential uses. This is so that each opportunity is analysed in how it creates the most value, short, medium and long term. Product design and finish must respond to the specific market and specialist input into design is required to maximise value.

Workstream 4: Carry out review of design process and approach to housing for sale.

6.3.2. Programme Management

Managing the cashflows of the development process and clear consistent reporting is also a significant key task. This will assist in driving the performance of the programme. Acquiring or holding land costs money or has opportunity costs and the way in which these costs are supported, through investment income or other sources until such time the scheme is developed and generates receipts / revenues has to be critical to the overall success of the programme.

The Council may wish to consider establishing a single coordinating role, initially in order to provide the proactive momentum and co-ordination needed to establish the development function. Ideally this role would have both private and public sector development experience and be able to put together a team with the required skill mix and capacity, to include existing skilled individuals within the Council.

Workstream 5: Review project appraisal, cashflow and management systems and recommend potential systems suitable for an extended programme.

6.3.3. Procurement strategy

The programme will require a range of procured services including

- Construction
- Development partners
- Professional advisors
 - Legal
 - Design
 - Cost consultancy
 - Value added / agency consultancy
 - Land use/planning consultancy
 - Project management
 - Programme management
 - Funding

Workstream 6: Review framework arrangements for constructors, development partners and advisors.

6.4. Potential delivery mechanisms

The following actions are recommended for each of the potential delivery mechanisms:

Extending 1,000 new homes programme

Action: Review procurement

Action: Review development management

Action: Review programme appraisal methodology

Action: Establish approach to sales risk

Action: Establish a framework for evaluating the performance of existing assets

Work in partnership with RPs

Action: One to ones with senior representatives from Council and RPs to explore opportunities

Council retains S106 opportunities

Action: One to one discussions with developers/house builders

Joint ventures

Action: Development of Council's approach/consideration of alternative models

Action: Soft market testing with developers

Land redesignation and intensification

Action: Further work on land capacity and opportunities

Action: Proactive approach to planning and regulatory powers within strategic masterplanning framework

Workstream 7: Evaluation and development of potential delivery mechanisms

6.4.1. Alternative structures to facilitate funding of new Council housing

- Appraisal of alternative options as set out in this paper and a recommendation to structure funding in a way that allows expansion of the programme without breaching HRA debt cap
- A decision on the legal form of any Council Vehicle established and whether the council should be the sole shareholder, directors, key business activities and the principles of its operational relationship with the council
- Development of management model for new housing
- Development of outline business case setting out high level funding requirements and deliverables. A detailed business plan would then need to be developed involving site specific proposals as these are identified and agreed.
- Appraisal of funding options

Workstream 8: Funding strategy for new Council housing

7. Conclusion

This report builds on the first phase report on Housing Stock Options appraisal to focus on Council plans to develop 11,000 new homes.

Savills has revisited the HRA business plan assumptions used in the first phase report in order to incorporate the impact of emerging risk factors, including government changes to rent policy, in order to confirm a realistic and prudent projection of financial capacity within the HRA.

This illustrates that while the HRA is forecast to have sufficient resources to meet the needs of the current stock over the next 30 years, it is prudent to maintain current headroom below the debt cap in order to deal with potential liabilities in the medium term. As such it would not be prudent to rely on additional resources from the HRA to provide funding for new build development.

In developing a high level investment plan for an additional 10,000 new homes Savills has first looked at the financial plans relating to the initial 1,000 new homes programme. This is largely funded by contributions from the Council's Affordable Housing Fund, generated through the receipt of in lieu payments for affordable housing as well as Right to Buy receipts.

An expanded programme would entail estimated build costs of £2.4bn (taking into account inflation over the 30 year investment plan period). Direct delivery would be very capital hungry and the Council would need to take into account

- Cross subsidy from an expanded programme that includes market sales and intermediate homes
- Access to finance funded from future rental income.

Both of these factors could significantly reduce the capital funding required from other sources such as the Affordable Housing Fund.

In considering the financing requirement to be met by the Council it is important to consider how financing can be accessed in a way that does not impact on HRA capital finance requirement and at a scale that can be contained within the Council's overall prudential limits.

In view of the overall scale of funding required, it is unlikely that the entire debt requirement could be met through Council borrowing. To reduce the funding requirement, additional subsidy or external funding would be required.

As well as considering the funding requirement, the report has also considered the available land supply. Recent capacity studies show a clear and transparent projection of land supply. However a key factor will be the actions required by the Council to access each of the opportunities identified. This will be the critical factor in land availability to deliver the Council's ambitions.

The report sets out a variety of potential delivery mechanisms which will need to be explored in order to access the scale of opportunities required to deliver a programme of this scale. In order to ensure the Council can take maximum advantage of the range of potential delivery mechanisms, it will need to set proactive plans to access these opportunities and drive value.

Active management of the Council's existing HRA assets will also be required to maximise opportunities across the existing HRA portfolio.

The funding of new Council housing directly in the HRA is significantly constrained by the HRA debt cap. However there are alternative structures that exist, and which many councils are now developing, in order to facilitate the funding of new council housing. This involves the establishment of a Council Vehicle to hold the long term interest in the housing. The establishment of a Council Vehicle for new housing also holds other advantages in terms of commercial accountability and flexibility suitable to the development process. There are various legal and financial implications associated with the establishment of a Council Vehicle for the development of new housing that would need to be considered as part of the development of an outline business case for the proposals if adopted.

Management models for new housing, whether funding is structured in a Council Vehicle or directly in the HRA, can be developed in line with Council proposals to develop management models for its existing stock and actions to promote increased tenant management.

The report highlights the sorts of actions that may be required by the Council in order access the development opportunities in the borough and enable a significant increase in delivery capacity from 1,000 to 11,000 new homes. In reality delivery capacity is likely to need to be even larger, in order to ensure mixed communities, and to provide a level of cross subsidy from market sales.

Systems will need to be in place to ensure a step change in delivery capacity which may mean more than building up existing structures and operations, given the level of increased capacity required.

A delivery framework is proposed that provides for a single point of co-ordination of multiple project streams. Suggested next steps are set out to enable the Council to move forward in building the development strategy over the next 6 – 12 months.

The Council will continue to evaluate new and emerging models of delivery which may assist in meeting its objectives for housing investment and new build provision.

8. Appendix A: Housing Market Report

9. Appendix B: Examples of Council vehicles established for the purpose of housing development

Ealing

In the light of the HRA self-financing reforms, the London Borough of Ealing has identified that there are a number of alternative delivery options that can be considered to support the council's housing development and regeneration objectives. Following an analysis of legal and financial issues, the principle of establishing a council owned company has now been approved and the detailed business case is being developed for cabinet consideration. The intention is that the council company would initially support the Copley Close estate regeneration project, by developing new rented properties outside the HRA debt cap, and that it would then be available to use for subsequent projects.

Ashford

Earlier this year, Ashford Council approved the creation of two wholly owned Local Authority Companies – a Property Company and also a Building Consultancy Company. The creation of the property company is intended to support the development of new housing in the borough, using a variety of tenures, ranging from social rents, intermediate rents and market rents through to outright sale, where it might best suit that community and sale values will assist in providing funding to enable more development. Approval took account of detailed consideration of legal, governance and funding issues.

Thurrock

Earlier this year, Thurrock Council approved in principle a proposal to establish a wholly owned housing company to assist in the delivery of the council's housing development and regeneration objectives. It is expected that the company will help deliver the council's target of 1,000 new affordable homes and support the broader housing regeneration activity. A key factor in the decision to establish a separate council company is that it would enable council control of development outside the restrictions of the HRA debt cap.

Woking

Woking Borough Council owns and funds a group of companies, which were formed to assist the council in delivery of a number of key objectives, including decent and affordable housing and economic development. Thameswey Housing Limited provides affordable housing within the borough and Thameswey Developments Limited is a property developer, developing both commercial and residential schemes to further the Council's ambitions. Whilst the original council company was set up in 1999 to address energy and environmental objectives, it was broadened out in 2010 to address housing objectives

Item No. 14.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval: Special Educational Needs and/or Disability (SEND) School Bus Transport	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Dora Dixon-Fyle, Children's Services	

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

Establishing a safe, reliable and efficient special needs and disability bus transport service is important to help us ensure that we are able to meet our statutory duty in the provision of travel support to our most vulnerable children and young people. The costs associated with providing the SEND bus service is commensurate with the need to secure a high quality, specialist service, we do however also need to achieve good value for money. The strategy contained in this report provides the framework to reach these objectives.

RECOMMENDATION

1. The Cabinet approves the procurement strategy outlined in this report for the SEND school bus transport service which is to undertake a competitive tender process to appoint a contractor to provide these services (for a period of five years and eight months) with a commencement of 1 January 2015 and ending on 31 August 2020 with an estimated annual value of £1.95m. The contract will have an extension provision for a further two periods of twelve months making an estimated total contract value of £15.9m.

BACKGROUND INFORMATION

2. In September 2006 the council awarded contracts for the provision of a SEND school bus transport to Ruskin Private Hire Ltd and Olympic South Ltd now trading as Healthcare and Transport Services Ltd (HATS) for a period of five years, with the option to extend for two further periods of twelve months. The contracts were due to expire in August 2011 but they were extended by the two extension periods up until 31 August 2013.
3. In July 2013 an interim arrangement was put in place to award SEND school bus transport contracts to the existing transport providers commencing in September 2013 for a period of 16 months, allowing time to procure a new SEND school bus transport service.
4. The current SEND school bus service provides the council with vehicles, drivers, (temporary cover) passenger assistants (PA) as required and depot facilities in the borough and is contracted to two external transport providers. The SEND school bus contracts operate alongside SEND taxi transport contracts and other non vehicular travel assistance to provide a full school transport service.

5. PAs carry out an important, challenging and sensitive role within the SEND school bus service, supporting children on their journeys to and from school. 69 of these PA staff are employed directly by the council and provision has been built into the current contracts with external transport providers for supply of any additional PA staff required to cover sickness absence or additional travel support. In addition there are around 17 PA staff, who are employed by schools and combine their PA role with a teaching assistant at one of Southwark's special schools.
6. Around 400 children and young people receive specialised travel assistance from the council of which 336 use the SEND school bus transport. The service currently provides 50 buses which operate predominantly within the borough transporting children to and from our special schools.
7. The school bus transport service that Southwark had in place between September 2006 and August 2013 comprised of in-house and externalised components. Vehicles, drivers and depots were provided through contracts and monitored by the council, whilst a large number of passenger assistant staff are Southwark council employees. This is a very unique operating model. Whilst some complexities arose with this arrangement e.g. a variety of employment terms and conditions, particularly across PA staff, reporting lines and staff management arrangements for transport staff, officers were of the view that through adoption of a partnering arrangement, this model could still provide the best solution for Southwark's school bus transport service.
8. A comprehensive school transport service review was carried out in 2011/12 and highlighted the following service improvements:
 - Introduction of a more unified approach to day to day organisation, training and staff development.
 - Streamlined customer communication, complaints processes and contact points.
 - Joined-up supervision/coordination of staff working on transport rounds including in-house passenger assistants.
9. A partnering approach was developed between the council and incumbent external bus transport providers which commenced in September 2013. This alternative way of working was designed to address some of the points highlighted in paragraph 8 above.
10. Initial assessment of this trial arrangement has been used to inform this procurement strategy for a new bus contract from 1 January 2015. Transport providers arrange training session for all drivers and passenger assistant staff working on their routes which improves service delivery. This arrangement also allows greater coordination of staff allocated to rounds and the provider then can take the lead on any queries or complaints raised by parents/carers. Regular meetings between external transport providers delivering the service and officers of the transport team are held to review the effectiveness of each of these operational changes all of which have so far been positive.

Summary of the business case/justification for the procurement

11. Local authorities have a statutory duty to provide appropriate travel assistance to enable eligible children to get to and from school. The cost of delivering this

specialist service is high; the number of eligible children has also been increasing year on year. The council needs to continue to have an effective contract in place to help contain spend within budget.

12. The new contract for SEND school bus transport will be based on the successful elements of the operational model currently in place to provide a comprehensive service that:
- is able to deliver the council's statutory transport duties and be fully compliant with all necessary transport operational requirements
 - will provide the entire SEND school bus service
 - has fit for purpose staff training and development arrangements
 - is able to deliver an excellent customer experience and communication.

Market considerations

13. The market for the provision of school buses is mature and competitive and it is expected that a sufficient number of quality responses will be received. The market is made up mainly of private sector companies with regional and national reach. Other local authorities in London also provide this service as a trading service to other local authorities.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

14. A project board has been in operation to oversee development of the SEND buses procurement. The project board considered the following options to ensure that market challenge and competition could be demonstrated in the procurement of the SEND school bus transport service:
- Option 1: Do nothing – as the council has a statutory duty to provide travel assistance for eligible pupils this is not a viable option.
 - Option 2: Continue with existing arrangements – this is not a viable option as the current interim contracts do not have provision for extensions and there is a continuing need for this service. This service is subject to tender requirements.
 - Option 3: Use a SEND school bus transport service of a neighbouring borough – whilst there are SEND bus services in surrounding boroughs they may be difficult to access due to existing contractual arrangements of those authorities with their providers. This option was therefore not considered viable for the main service at this time.
 - Option 4: Bring the service in-house - currently there is no expertise or staff within the council to provide this service in-house and additionally the council would take on the associated TUPE liabilities of the existing providers' staff delivering this service.
 - Option 5: Carry out a competitive procurement process – there are a number of providers who could deliver this service and it is felt that this option will deliver best value for the council.

Proposed procurement route

15. Under the Public Contracts Regulations 2006, the services are Part A services that are in excess of the relevant European Union thresholds. The council proposes to adopt the restricted procedure for the purposes of this procurement. The evaluation stages of that procedure are detailed further in paragraphs 32 - 33 of this report.
16. CSO 5.4 requires that the council take all reasonable steps to obtain at least 5 tenders following a publicly advertised competitive tendering process.
17. Appropriate logistical arrangements will need to be in place to facilitate council employed passenger assistants working on the service. This will include a Southwark based meeting point to enable them to board vehicles and also, for supervisors to coordinate and arrange staff cover when needed will be required. This is an essential requirement and will enable the service to run effectively. Tenderers will be required to demonstrate how they propose to deliver the service to meet this requirement and comply with all relevant transport operator regulations.

Identified risks for the procurement

18. A risk register has been produced and will be monitored by the project manager. Updates and alerts will be escalated to the project board. The table below summaries the main risks.

No.	Risk	Likelihood	Risk Control
1	Lack of market interest due to operational set up (mix of internal and external elements).	Low	New partnering arrangements providing new flexibility to jointly manage the service that has been successful and tested by the LA.
2	Not enough council resources to deliver this procurement process as there are two tendering processes (SEND taxis and SEND school bus transport) taking place at the same time and there may be a large number of responses.	Low	Additional resources have been identified to support the process. The two procurement processes have also been staggered to ensure the availability of sufficient resources at key points during each procurement process.
3	Not achieving best value by having one provider in a long term arrangements.	Low	Arrangements will build in mechanism to deal with necessary changes to routes, fuel prices and insurance costs.
4	Having a sole provider results in lack of service in the event that provider is lost e.g. through poor performance, insolvency, etc.	Low	<ul style="list-style-type: none"> •Rigorous assessment of tenders. •Contract fit for purpose. •Comprehensive monitoring and management of the service through the life of the contract. •Close working relations between the council and contractor. •Temporary use of neighbouring boroughs transport service in an

No.	Risk	Likelihood	Risk Control
			emergency.

Key /Non Key decisions

19. This report relates to a key decision.

Policy Implications

20. This contract will enable the council to fulfil its statutory duty to provide transport services to eligible children and young people as set out in the Education Act 1996 and in the Education and Inspection Act 2006 and will support delivery of the Sthwark School Travel Assistance Policy.
21. The contract assists the council in meeting its statutory public sector equality duty (PSED) under 149 of the Equality Act 2010 and also supports the council's published approach to equalities.

Procurement Project Plan (Key Decisions)

22. The procurement plan is outlined below and the project board will keep these dates under constant review.

Activity	Complete by:
Placement of GW1 report on Forward Plan	22/10/2013
DCRB Review Gateway 1	11/12/2013
CCRB Review Gateway 1	19/12/2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	16/01/2014
Approval of Gateway 1: Procurement strategy report	28/01/2014
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	05/02/2014
Completion of tender documentation	05/02/2014
Advertise the contract	12/02/2014
Closing date for expressions of interest	17/03/2014
Completion of short-listing of applicants	13/04/2014
Invitation to tender	15/04/2014
Closing date for return of tenders	30/05/2014
Completion of any clarification meetings/presentations/evaluation interviews	31/07/2014
Completion of evaluation of tenders	31/07/2014
Forward Plan	29/07/2014
DCRB Review Gateway 2	06/08/2014
CCRB Review Gateway 2	14/08/2014
Notification of forthcoming decision – despatch of Cabinet agenda papers	Sept 2014
Approval of Gateway 2: Contract Award Report	Sept 2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	Sept 2014
Alcatel Standstill Period	Oct 2014
Contract award	Oct 2014
TUPE Consultation period ends	31/12/2014
Contract start	01/01/2015
Contract completion date	31/08/2020
Contract completion date – (if extension(s) exercised)	31/08/2022

TUPE/Pensions implications

23. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) as well as the European Acquired Rights Directive 2001/23/EC of 12 March 2001 are likely to apply to this contract. The appointment of a new contractor for the existing services in this proposed retender is likely to amount to a Service Provision Change under TUPE.
24. There should be no TUPE nor pensions implications for the council as an employer because the services being retendered are not delivered by the council

directly. The council intends to retain the same level of in house provision of Passenger Assistants as it currently provides. TUPE is therefore only likely to apply in relation to any incumbent and new provider of the same service and this may result in the transfer of staff from one to the other.

25. There may be pensions implications for the council if there is a transfer from any incumbent provider of any staff who were originally employed by the council to deliver the service/s.
26. However until due diligence is carried out the full TUPE and pensions implications cannot be determined. Current service providers will therefore be requested to provide the details of terms and conditions (including pay and pension information) of their employees engaged on the services they provide. This information will be included in the ITT packs for other tenderers to prepare their bids.
27. TUPE liabilities will therefore be identified to potential tenderers so these can be costed into any bid by them. It will also be made clear to tenderers that the responsibility to seek legal advice to take a view regarding TUPE will rest with them and that they should obtain independent advice before submitting a tender.

Development of the tender documentation

28. The tender documentation will be developed by the project team which includes officers from the council's legal, finance and corporate procurement teams.
29. The project board will oversee all elements of the procurement process and sign off all the relevant tender documentation ((Official Journal of the European Union (OJEU) notice, pre qualification questionnaire (PQQ), invitation to tender (ITT), service specification and the quality and price evaluation methodologies).
30. Key service improvements identified through the school transport service review will be incorporated into the new school bus transport specification and contract documentation as summarised in paragraph 9 above.

Advertising the contract

31. The tender will be advertised in a number of ways:
 - Notice in OJEU
 - Public advertisements in trade journals
 - Advertisement published on the council's website
 - Existing and other SEND school bus transport providers known to the council will also be alerted to the advert placed on the council's website.

Evaluation

32. Due to the sensitive nature of the SEND bus service which provides transport for some of the most vulnerable children and young people in the borough. High expectations will be placed on companies tendering for the service in terms of their ability to implement safeguarding protocols, recruit good quality staff and their ability to adopt a partnering approach to working with the council. With this in mind, officers intend to adopt a 60:40 (price/quality) weighted model with more emphasis on quality rather than the council's standard approach 70:30. The

contract will be awarded on the basis of MEAT (most economically advantageous tender) following a Part A EU restricted procedure consisting of two stages – pre qualification questionnaire (PQQ) and invitation to tender (ITT).

- Stage One – PQQ - the purpose of the PQQ is to create a short list of organisations who have demonstrated that they have sufficient financial and economic standing, and technical capacity and ability to be invited to tender for this contract. PQQs will be evaluated in accordance with requirements of the Public Contract Regulation 2006. The final PQQ evaluation methodology will be signed off by the project board and advised to those expressing interest. Only those tenderers who attain the minimum technical score and pass all other sections will be invited to tender.
 - Stage Two – ITT - method statements will be used to evaluate tenders against key quality criteria such as quality of resources, approach to service delivery, management of information and approach to service improvement. To pass, tenderers will have to achieve a minimum score on selected method statements. Tenderers will be asked to complete a pricing schedule which will require them to cost the various aspects of the service. An evaluation matrix has been developed with finance colleagues which will result in all bids being ranked. The quality and price scores will be added together to give final ranking.
33. It is envisaged that in the event of any minor changes to a round during an academic year e.g. change in the number of passengers/pick ups the price will stay the same within an agreed range. Therefore tolerances for change will be included and these will be agreed as part of the tender documentation.

Community impact statement

34. This is a specialist service for children and young people with special educational needs and/or physical disabilities. Service users represent a wide range of communities, children and young people and their families/carers with English as an additional language. This transport service supports this cohort to attend school.
35. Comprehensive consultations were carried out and informed the way forward for the future SEND transport policies including service users' and their carers' involvement in the design of the eligibility criteria. The consultation process referred to in paragraphs 55-56 confirmed that the SEND school bus transport a service valued by children and young people and their parents/carers and it meets their needs.
36. All potential providers will be required to demonstrate their commitment to diversity and equal opportunities. It will be highlighted within the service specification that all contracted arrangements will need to meet specific cultural and language needs where applicable. It is crucial that services that the council provides for children and young people are accessible and support their needs by promoting equality and responding to diversity – including issues with respect to age, disability, faith, gender, ethnicity and sexual orientation.

Economic considerations

37. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues, including how what is proposed to be procured may improve

the economic, social and environmental well-being of the local area. These issues are considered in paragraphs 38-40.

38. The tender will be widely advertised and it is anticipated that this will attract the interest of local, regional and national providers and afford them the opportunity to register their interest in competing for the work.

Social considerations

39. All potential SEND school bus transport providers will be expected to meet the London Living Wage (LLW) requirements. For this service it is considered that best value will be achieved by including this requirement as it will enable providers to employ suitably qualified professional drivers and additional passenger assistants required on this contract who are able to provide a high quality service.

Environmental considerations

40. Transport providers are expected to comply with all environmental legislation and use and source green, environmentally friendly vehicles whenever it is possible to do so. They will be asked to demonstrate their compliance with these factors at appropriate stages of the procurement process.

Plans for the monitoring and management of the contract

41. Day to day monitoring of the contract will be reported through monthly review meetings between officers and the transport provider. Spot checks on transport rounds will be undertaken by the council, producing highlight reports on performance. In addition to regular monitoring arrangements, quarterly performance and service improvement planning meetings will be held. These meetings will be led by the Director of Education and attended by the Director/owner of the successful transport provider.
42. The tender specification will describe the council's desire to establish close partnering arrangements in order to deliver a joined up service through external and in-house transport staff. The contract will be monitored and managed on a day to day basis by the home school transport team in respect of:
- compliance with the specification and contract terms and conditions
 - the performance of the contractor
 - cost
 - user satisfaction
 - risk management and
 - key performance indicators

Staffing/procurement implications

43. There is a cross departmental project team tasked with delivering this procurement. There are governance arrangements in place to oversee the progress of the procurement and to make necessary decisions during the process.

44. The project board meets on a fortnightly or if needed more frequent basis to drive forward this procurement and procurement of SEND taxis for children, young people and vulnerable adults.
45. The staffing resource required to deliver this procurement is to be funded through existing staff budgets.

Financial implications CS0279

46. The home to school transport budget has consistently experienced over spends for the past three financial years, with an overspend of £559k forecast for the provision of transport in 2013/14:

Direct Transport Costs

Year	Budget £000's	Actual £000's	Variance £000's	Variance from budget %
2011/12	2,478	3,075	598	24
2012/13	2,489	3,288	799	32
2013/14 forecast	2,921	3,480	559	19

47. £1.95m of £3.48m of the direct transport costs outturn is forecast to be bus transport contract expenditure for 2013/14.
48. The service as a whole has seen a steady rise in the number of children with special educational needs and/or disabilities transported each year and is subject to additional costs due to 'in-year' increases of children with SEND provided with a service. Models of prior years have seen bus contract rounds increase over initial September estimates, as new children with SEND require transport services and cannot be accommodated within existing arrangements. In 2012/13 an 8% increase in children was experienced between September 2012 to July 2013.
49. The inclusion of tolerances within the new bus contract should allow for these predictable fluctuations and may enable a stabilisation of contract costs with the onus on suppliers to provide a service within a given range.
50. The current year forecast show an increase in bus usage as former mini bus rounds in the taxi contract move into the main bus provision:

Type	2011/12		2012/13		2013/14	
	No	%	No	%	No	%
Taxi	87	23	128	32	67	17
Buses	295	77	266	68	336	83
Total Children Transported	382	100	394	100	403	100

51. However there is an expectation that the new bus contract will not experience an increase in costs on the current outturn of £1.95m, as officers take the opportunity to reconfigure the service with providers and secure efficiencies where possible. Taking this into account the cost of the new bus contract is not projected to exceed £15.9m over the life of the contract.

52. The contractors tenders will need to take account of the TUPE implications in their pricing; this cost has been estimated within the contract value. The existing cost of the TUPE arrangements are £123k per annum which are decreasing as staff members leave.
53. The contract will be funded from the SEND transport allocated budgets for the respective years.

Legal implications

54. Legal implications are included in the advice from the Director of Legal Services.

Consultation

55. This procurement strategy has been developed to deliver part of the Southwark School Travel Assistance Policy.
56. An in-depth review of the home to school transport service took place in 2011/12 and resulted in a number of operational changes, including the transfer of more out of borough work to the SEND taxi contract. This move helped the council to achieve significant savings and improved end user service satisfaction. The council has also improved the assessment process of the travel assistance and has started to negotiate and offer a wider range of travel solution options. For example, access to independent travel training and direct payment to families, is beginning to help to reduce home to school transport costs.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

57. This report is seeking approval to procure a SEND school bus contract.
58. The report confirms that the council has a statutory duty to provide appropriate travel assistance to enable children to get to and from school. This duty presents an ongoing need for transport services which are delivered in a variety of ways through a number of contracts. This report covers the provision of bus services only. The proposed contract will provide a borough wide service transporting children to schools in and outside of Southwark.
59. The report confirms that a service review has been undertaken which has helped inform decisions regarding specification and type of contract to be procured. Southwark operates a service model that has a combination of in - house and external elements. It is proposed that this model continues to be adopted going forward however the need for improved operational arrangements has been highlighted. It is therefore proposed that partnering elements be inserted into the new contract to enable shared service responsibilities to be better developed.
60. The procurement options considered and discounted are outlined in paragraph 14.
61. The procurement project plan is achievable, provided the appropriate resources are allocated to deliver the project. The report confirms that a project board is in operation to oversee the procurement and monitor the progress of the project. It is envisaged that the project board will sign off key stages of the project and the production of key tender documentation.

62. Paragraph 32 describes the approach to evaluation. A weighted model for evaluation (60:40) in favour of price is proposed. Whilst this is not in line with the council's current recommended weighting, the report provides some justification for this approach. A cross departmental project team has been established to work on this transport procurement. Evaluation of submissions will be undertaken by officers with expertise in transport services including home to school transport.
63. Paragraphs 41 - 42 outline the monitoring and management arrangements for the new contract and services delivered through it.

Director of Legal Services

64. This report seeks the approval of the procurement strategy for the SEND school bus transport service as further detailed in paragraph 1. At an estimated value exceeding £4m, this is a Strategic Procurement under contract standing orders (CSOs), and approval is therefore reserved to the Cabinet.
65. The Cabinet is advised that the relevant law relating to the council's duty to make arrangements for transporting children and young people with SEN to school is found under the Education Act 1996, and in particular Part IV and schedules 27 and 35. Under s.508B local authorities must make travel arrangements for eligible children to facilitate attendance at school and those arrangements must be free of charge. There are supplementary provisions under the Education and Inspections Act 2006.
66. The bus service is a 'part A' service under the Public Contract Regulations 2006, and is therefore subject to the full application of those tendering requirements. As noted in paragraph 15 the council intends to undertake a competitive process which accords with the EU requirements, and which will be advertised in OJEU.
67. The Cabinet will be aware of the Public Sector Equality Duty in section 149 of the Equality Act 2010. In exercising its functions (and in its decision making processes) the council must have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
68. The relevant protected characteristics are age, disability, gender reassignment, marriage/civil partnership pregnancy/maternity, race, religion/belief, sex, sexual orientation.
69. The Cabinet is referred to paragraphs 34-36 of this report which note the community impact statement, and they should consider the equalities impact and issues when approving the procurement strategy, and at each stage of the process.

Strategic Director of Finance and Corporate Services (FC13/086)

70. This report seeks cabinet approval to the procurement strategy for the SEND school bus transport service. Financial implications are outlined in paragraphs 46 and 53 and show an expected annual cost of no more than £1.95m.
71. The strategic director of finance and corporate services notes that funding is currently identified in the draft 2014/15 budget, which is subject to approval by Council Assembly on 26 February 2014. A budget for this contract will need to be identified in future years to ensure the continuation of this service.
72. Prior to contract award a full financial appraisal will be completed, including TUPE implications and ensuring the council's commitment to London Living Wage is met. Staffing and any other costs connected with this contract will be contained within existing departmental budgets.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon-Fyle, Cabinet Member for Children's Services	
Lead Officer	Romi Bowen, Strategic Director Children's and Adults' Services	
Report Author	Glenn Garcia, Head of Pupil Access	
Version	Final	
Dated	17 January 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	17 January 2014	

Item No. 15.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Consistent Responses to Antisocial Behaviour	
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

Antisocial behaviour can have a significantly detrimental impact on our communities, particularly where that behaviour is sustained over a period. If it remains unchallenged, it can seriously blight the lives of people living, working or shopping in our borough. Victims of antisocial behaviour can feel isolated unless the council and other agencies intervene to support them.

Proposed changes to legislation on dealing with antisocial behaviour mean that it is now time for the council to update the policy set out in 2011. Following a review of all the work that the council's departments carry out in addressing antisocial behaviour, this report sets out the next steps we should take at this stage. Most importantly this includes implementing a Landlords Charter for Registered Social Landlords (RSLs), including the council itself, to help tackle this problem.

We anticipate that Parliament will have carried out much of the work to establish the new legislation by the summer. This report therefore recommends that a further report come to the Cabinet in the summer to consider how the council should implement these revised powers once these are more certain.

RECOMMENDATIONS

1. That the Cabinet note the findings of the systemic service review undertaken by officers from across the council of our antisocial behaviour (ASB) responses.
2. That the Cabinet agree to the implementation of a Southwark Landlords Charter (please see Appendix 1) for handling all reports of antisocial behaviour, including standards of service based on our current minimum standards for antisocial behaviour. This includes:
 - Every complainant having a named point of contact who will deal with their case.
 - Closer cross departmental working and a case management approach to noise complaints.
3. That the Cabinet note the progress made so far by officers to improve services for all victims of antisocial behaviour, as per the outcomes of the review.

4. That the Cabinet notes that this report is the first stage of a review of the council's and partners' approach to addressing anti social behaviour in light of the new legislation and changing needs of our communities. The Cabinet instructs officers to report back in summer 2014 in more detail, including operational opportunities and implications.
5. To note the proposed communications as part of the community reassurance strategy, to enhance the council's reputation for helping people to feel safe and will highlight the activity that the council is undertaking to tackle crime, anti-social behaviour and their underlying causes.

BACKGROUND INFORMATION

6. Everybody has the right to feel safe and protected no matter where they are or who they are with. Intimidating and nuisance behaviour caused by individuals or groups has the power to blight the quality of life for individuals, families and communities. It has been recognised that such behaviours can significantly affect the peaceful enjoyment of people's environment and as such, need to be dealt with.
7. Southwark Council's commitment to tackling anti social behaviour is reflected in its fairer future promise to 'Work with residents and the police to make the borough safer for all by cracking down on anti social behaviour.'
8. In addition the Safer Southwark Partnership (SSP) has produced a four year (2011-2015) strategy setting out the multi agency approach to tackling this issue in our borough.
9. The council wants to ensure that the victims of ASB, whether individuals, families or communities, feel supported in addressing nuisance or intimidating behaviour. We want people to know where they can get help to deal with problems and ensure that they understand what support they can expect from us.
10. This is also in line with the council's new customer access strategy which commits us to providing excellent customer service, a right first time service. We want to ensure that all partners share information, problem-solve and work together, with our communities, to ensure that concerns are addressed in a timely manner.
11. In this context officers have undertaken a systematic review of the council's response to antisocial behaviour. This report outlines the findings of the review and the proposed recommendations.
12. In order to conduct the review we brought together managers from community safety and housing and community services. This enabled us to gather information from those involved in every stage of the antisocial behaviour reporting process.

Legislative and policy environment changes

13. In May 2013, the government detailed their proposed changes to antisocial behaviour legislation. These include changes to the tools used to tackle antisocial behaviour and the introduction of the community trigger. The draft bill

and proposed changes based on the pre-legislative scrutiny process are included in the appendices.

14. The changes being introduced by the government focus on a more citizen-led approach which favours simpler and more flexible tools and powers, which will enable professionals to get to the root of neighbourhood problems, more quickly and cost effectively.
15. The proposed legislative changes provide an opportunity for the council and its partner agencies to review its overall approach in tackling anti social behaviour.
16. This report represents the findings and actions from the first stage of review which will establish more responsive multi agency interventions to support victims and assess and address the underlying vulnerabilities that are often at the heart of nuisance behaviour.
17. The next stage of the review will commence as the legislative framework comes into being. The council will use the opportunity provided by these new powers to review our service delivery, tools and approaches to tackle anti social behaviour. This will include the council's response to noise nuisance issues which remains a particular concern to local residents.
18. A particular driver for change will be the implementation of the community trigger. The community trigger was defined by the Home Office as a mechanism that will give victims and communities the right to demand agencies deal with persistent anti-social behaviour.
19. The community trigger is a process which allows members of the community to ask the Community Safety Partnership in the Southwark, the Safer Southwark Partnership (SSP), to review their responses to complaints of anti-social behaviour.
20. The community trigger is designed to ensure the SSP work together to try and resolve any complaints about anti-social behaviour. We will do this by talking about the problem, sharing information and using our resources to try and reach an agreeable outcome. The community trigger cannot be used to report general acts of crime or as a service request.
21. Officers have assessed the community trigger and this can be delivered within our current partnership processes to minimise duplication and maximise efficiency. This will allow us provide a multiagency platform to tackle repeat victims, plan any actions necessary and create a positive resolution for the victim.
22. When the community trigger process is finalised, following enactment of the legislation in April 2014, it will require approval by the SSP and the local Police and Crime Commissioner (PCC).
23. The London arrangements for the implementing the community trigger will be peculiar due the powers of the PCC being twinned with those of the Mayor of London. For this reason we will be consulting The Mayor's Office for Policing and Crime (MOPAC) for their input.

24. As part of our review officers have considered the above changes in order to future proof our plans.

KEY ISSUES FOR CONSIDERATION

Review findings

25. The review process identified the core issues in relation to how the council responds to incidents and how they manage their relationships with our customers. These are dealt with in detail in the next sections.

Service usage

26. According to information collected by the council in the financial year 2012-2013 there were 2,119 incidents of antisocial behaviour recorded. This is an increase from 1,230 in 2011 – 2012.
27. Noise nuisance cases can take up a significant amount of resources by the complex nature of some cases. There were 314 reports in 2012 - 13 of 'noisy neighbours' which is the highest reported single category with domestic noise being the main issue.
28. All noise complaints account for more than a quarter of all cases in 2012 - 13, rising to more than a third when expanded to cases where noise is one element of a wider complaint.

Increased clarity and consistency

29. Reports of antisocial behaviour from council tenants or leaseholders are managed by either housing operations or in the most serious cases SASBU. Other teams may investigate specific aspects of a case if that case is particularly complex.
30. The managers whom were spoken to from housing, SASBU and the noise team all stated that clients often stated their confusion about where to report their problem and their frustration associated with this.
31. Greater clarity is required in relation to the teams, the services and who manages the different types of incident. This will make it easier for a customer to know in which way it is best to report an incident of antisocial behaviour. When budgets and services are being reduced, we need to minimise duplication and make sure that we target our responses appropriately.
32. In terms of noise, officers across departments will adopt a case management approach to ensure we work seamlessly behind the access points. It will not matter where a customer approaches, their case will be managed by the right officers.

Customer satisfaction

33. To date measuring customer satisfaction has been difficult due to the low rate of return of customer satisfaction surveys. Phone surveys on closed cases and the small number of postal forms returned have indicated high levels of customer

satisfaction with the council's response to ASB issues. Officers were able to feed in anecdotal information as well as conduct an analysis of complaints received about ASB.

34. Moving forward, a wider sample is required to ensure we measure the success or otherwise of the outcomes of the review, including the borough wide Landlord Charter. Officers are therefore working with the resident involvement team to commission a full satisfaction evaluation. Officers have also worked with the call centre now it has returned in house to ensure a regular satisfaction sample survey is undertaken, to continue to inform service development and improvement.

Partnership working and social landlords

35. The council currently works with social landlords formally via Southwark Housing Action Group (SOUHAG). In the last year a great deal of work has been done to consolidate relationships between the council and RSLs around the ASB agenda. This includes RSLs being represented at strategic and operational SSP meetings to discuss ASB, giving them access to partnership support and services. These meetings include the ASB Strategy Group and the Partnership Tasking Group.
36. Community safety and enforcement currently has a robust framework for managing partnership working with localised Information Sharing Groups (ISG) and case conferences. These are managed by SASBU and bring together partners to manage cases where complex problem solving is required or enforcement is necessary. In addition fortnightly Partnership Tasking Group meetings take place bringing together a range of partners to discuss operational issues across the borough.

Community involvement

37. Community involvement in addressing antisocial behaviour is currently focused on community ward panels, which are managed by the local safer neighbourhood teams (SNT) and the Southwark Police Community Consultative Group (SPCCG). The Mayor's Office for Policing and Crime (MOPAC) is combining these two functions into a new safer neighbourhood board (SNB). Whilst the details are to be confirmed, this will aim to hand more powers to community ward panels to hold local policing to account and provide a clearer structure. The implementation will offer us as a challenge and an opportunity to successfully integrate resident participation, and the role of the 'community trigger' into our ways of working.
38. The new antisocial behaviour legislation will provide the opportunity to instigate local community solutions empowering local residents to tackle local antisocial behaviour problems.

Communications

39. An area that officers have identified for improvement is our communications messages around antisocial behaviour. Our fairer future promises set out our offer on antisocial behaviour and this should be clear on our written and online materials.

40. Robust communication of our offer to the council's customers in tackling antisocial behaviour will be instrumental to making it a success, highlighting what services are available, to who and when. Moving forward this will incorporate the new tools for tackling antisocial behaviour such as the community trigger.

Best practice

41. As part of this review, officers have examined other local authorities' processes and procedures for dealing with ASB complaints and have found two examples of best practice, which they believe would benefit the residents of the borough:
- Waltham Forest Council has agreed an antisocial behaviour charter which sets out minimum standards of what residents should expect when they report antisocial behaviour across all housing providers.
 - Merton Council has produced some clear and concise publicity which highlights what their offer is for residents who report antisocial behaviour and when it is and is not appropriate to contact the council to report an incident.

REVIEW RECOMMENDATIONS

42. The below actions from the findings of the review have been, will be or are waiting to be enacted subject to approval at cabinet. A related action plan is performance managed by the ASB strategic group, a sub group of the Safer Southwark Partnership to ensure officers complete objectives according to timescales.
43. The second stage of this review will be managed by a cross council group of senior officers. The group will make recommendations for consideration by the Cabinet on the reconfiguration of our service delivery with regards to anti social behaviour in light of the new powers.

A one council and victim-centred approach

44. There needs to be a consistent approach to how officers deal with reports of ASB.
45. Customers should be given a named point of contact when they first report an incident of antisocial behaviour. The named contact will be a resident officer in respect of council tenants and leaseholders and a Southwark anti social behaviour unit (SASBU) officer for the most serious cases, as well as for private landlord and owner occupiers. For Registered Social Landlord (RSL) tenants and leaseholders the relevant RSL will provide the named point of contact.
46. Once adopted this approach needs to be clear to all of our customers and embedded in to our minimum standards .Officers propose this is supported with training for staff and publicity for customers. The named point of contact will be responsible for coordinating all the agencies involved in any case. Agencies will adopt a victim centred approach ensuring that the victim or witness is kept fully informed of the progress of cases and any action to be taken. This approach will also ensure a case management approach for noise cases.
47. Internally high risk cases or where legal action is appropriate the case will be passed to SASBU.

48. As part of the council's fairer future promise to 'improve our customer services' all customer service functions will now be delivered in house including by the new customer contact centre. Training to call centre staff provided by SASBU and the noise team will identify what constitutes noise nuisance and further aspects of case management as appropriate. Officers will be conducting consultation with front line staff to specify the training to their requirements and fill any skills gaps identified.
49. Housing operations has reviewed their antisocial behaviour procedure, building on the lessons learned from the systemic review. This new procedure will be rolled out and any associated training provided to officers.

Right first time service delivery

50. In order to quantify how the changes are working, officers recommend a revised customer feedback system conducted via telephone interview. This will review 10 percent of cases per year and will enable us to build continual improvement into our systems, adapting our services to the needs of our customers. This will be conducted by the customer experience team, with information provided by SASBU. This will help ensure that services are easily accessible, simple to use, streamlined, convenient, and minimise avoidable contact.
51. In depth focus groups in partnership with resident involvement will be used to inform our baseline for satisfaction and to ensure the council focus their offer on the needs of victims and the findings will be used to frame our work.
52. Community safety and enforcement has agreed to provide training around handling antisocial behaviour reports and noise nuisance complaints to all relevant staff. This will focus on those working in the customer service centre initially to ensure a right first time service when contacting the council. Training will be ongoing.

Working with landlords

53. Officers have worked with partners at SOUHAG to sign up key RSLs who have significant stock in Southwark to a shared Charter in relation to antisocial behaviour. In consulting with our RSL partners were clear a Charter was an extremely positive move and were keen to sign up. They wanted a Charter which was clear, concise and targeted to ensure it would be effective within their organisations and working practices.
54. A Charter will enable social landlords in Southwark to provide a uniform service to all of their tenants and leaseholders. This will also enable us to embed our safeguarding processes and help Southwark's Family Focus Plus to identify families who may require further in depth support.
55. Officers have worked with SOUHAG at the strategic and management groups to develop a charter. This charter can be found at Appendix I.
 - A common understanding of ASB for all signatories of the charter based on the two currently recognised definitions as set out in the charter.
 - A commitment to adopt a victim centred approach
 - How we will support the most vulnerable victims and witnesses

- How we will deal with reported cases and the minimum standards people can expect from us
 - How we will share our intelligence and work together to reduce the level and fear of ASB in Southwark
56. Our own tenancy agreement and conditions of tenancy have been reworded to explain the potential consequences of causing serious antisocial behaviour, including the loss of tenancy.
57. The minimum standards contained within the Charter have been revised to recognise the findings of other cross council reviews. The domestic abuse review clearly agreed a definition of domestic abuse and the council notes that domestic abuse is not antisocial behaviour, but is a crime type. To reflect this domestic abuse has been removed this from the categories of antisocial behaviour. Domestic abuse will be tackled through the system designed as part of the domestic abuse review.
58. The Landlords Charter will be reviewed in line with the changing legislative framework and the councils approach to tackling anti social behaviour.

Partnership working

59. The 'community trigger' should be embedded via the biweekly PTG meetings. These are the operational meetings where members of the SSP complete problem solving and complement the biweekly police tasking meetings. Repeat callers/victims and repeat locations where ASB is a feature are identified and discussed at this forum.
60. This will be a formal mechanism for escalating high risk or repeat cases, so that the Safer Southwark Partnership can prioritise or close cases accordingly. This will enable them to focus our resources on those who need it most and minimise wasted resources on low risk repeats callers and vexatious complainants.
61. RSLs will be involved in this process and the Landlords Charter will include a commitment to adopting strict safeguarding protocols and an adoption of the Council and Police Risk Assessment Matrix.

Community Involvement

62. Officers from housing operations and SASBU have been working together to identify future partners to deliver new mechanisms for community involvement, in line with the legislative changes.
63. Tackling antisocial behaviour is a priority for residents and forms part of the council's community reassurance strategy that is being supported by the council's communications team. The scope of this involvement will be expanded in the new financial year.

Policy implications

64. The implementation of a new antisocial behaviour framework and accompanying agreement with social landlords in the borough will play an important role in achieving the above mentioned council's fairer future promises.

65. The proposed approach supports the aims and objectives detailed within the above mentioned antisocial behaviour strategy 2011 – 2015 as follows:
- **Placing victims and witnesses at the centre of our work** by improving internal processes, improving cross agency work and providing training.
 - **Strengthen communities** by promoting the minimum standards, and encouraging residents to take an active role through neighbourhood watch and community panels.
 - **Increase reporting** by integrating a robust performance framework, helping to solve problems on estates and ensure that breaches of tenancy are acted upon.
 - **Increase capacity to take appropriate and proportionate action** by building the new antisocial behaviour powers into our framework.
66. In February 2012 the council launched its antisocial behaviour minimum standards document which was agreed by the SSP. This provides a framework of minimum standards to be adhered to across the partnership organisations of the SSP. This will form the basis for our charter and will be updated to reflect any changes that we implement.
67. Housing and community engagement have a low level antisocial behaviour procedure which is in the process of being reviewed and will reflect the changes in local practice and national legislation.
68. There will be a clear division between service requests and complaints. Officers are working with corporate complaints to ensure the relationship between the community trigger, corporate complaints, and local government ombudsman complaints is regularly monitored. We will ensure that coordination between partners is systematic and effective and this will minimise duplication of cases.
69. Our ASB review is aligned to existing policy frameworks including
- The Safer Southwark Partnership's statutory rolling action plan,
 - The Southwark hate crime strategy 2011 - 2015
 - Southwark corporate complaints policy 2013
 - Customer access strategy 2012
70. This has been developed taking into consideration similar strategies from other London boroughs.

Community impact statement

71. Southwark Council recognises that improving the quality of life for Southwark's people, through better access to services and creating sustainable mixed communities with opportunities for local people is part of our core business.
72. Antisocial behaviour affects all members of the community, although the elderly those with disabilities, ethnic minorities, and those in the LGBT community tend to be disproportionately affected. Some of these issues are also linked to 'hate crimes' which are those directed at people due to their real or perceived gender identity, disability, race or ethnicity, religion, or sexual orientation.

73. The proposed coordinated response to managing reports of antisocial behaviour will have a positive affect on all residents of the borough regardless of their age, faith, race, gender identity, sexual orientation or if they have a disability.

Financial implications

74. There are no additional resource implications arising from this report as the proposed recommendations can be implemented within existing financial and staffing resources.

Consultation

75. As part of the review of ASB, officers analysed a number of data sources in relation to service use and satisfaction levels, to ensure the views of those accessing the service were taken into consideration. These sources included:
- Stage 1 and 2 complaints related to anti social behaviours.
 - Data collected from satisfaction surveys from housing operations and SASBU sent to those who have accessed ASB services.
 - The housing and community services STAR survey results
 - The corporate tracker survey
 - Data from the Safer Southwark Partnership, including data collated as part of the statutory strategic assessment process.
76. The 2012 antisocial behaviour satisfaction surveys indicated a high level of satisfaction with 93% of respondents satisfied with the support from resident officers and 75% satisfied with the final outcome. SASBU surveys indicated 90% satisfied with the support received from officers and 90% satisfied with the final outcome. The number of surveys returned has historically been a low proportion.
77. In contrast, tenant and leaseholder general satisfaction surveys conducted by the Housing and Community Services department have historically shown a lower satisfaction rate, with 47% satisfaction with the support received and 46% satisfied with the final outcome in 2012.
78. The reputation tracker asks residents if specific types of anti social behaviour are a problem in their area. The latest results from 2013 show a positive trajectory with an increasing majority of residents stating that ASB related issues were not a problem in their area.
79. All findings were considered in the development of the proposals to ensure continuous service improvement.
80. As detailed above we are committed to meaningful consultation to deliver continuous improvement in our provision of antisocial behaviour services. Officers have therefore developed a new approach to gauge ongoing satisfaction rates and to inform continuous service improvement. This includes:
- A proactive quarterly telephone survey to a ten per cent sample of service users. This will be delivered through the new in house call centre
 - An annual in depth focus groups with 50 representatives of service users to enable a more detailed assessment and analysis of service delivery

81. Officers will ensure community input and opinion continues to shape service delivery and improvement plans.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

82. This report seeking the approval of the Cabinet to approve the Southwark Landlords Charter.
83. Pursuant to Part 3 B of the Constitution the Cabinet has responsibility to formulate the council's overall policy objectives and priorities.
84. The council has and is working with other bodies to formulate and deliver the Charter.

Strategic Director of Finance and Corporate Services (FC13/080)

85. The strategic director of finance and corporate services notes that there are no immediate resource implications arising from this report. Any additional resources required in the future will need to be financially appraised and their approval will be subject to the council's policies and procedures.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Antisocial behaviour strategy 2011-2015	Community Safety Partnership Services	George Roscoe 020 7525 3552
Link http://www.southwark.gov.uk/downloads/download/2868/antisocial_behaviour_strategy_2011-2015		
Corporate complaints policy(s)	Corporate complaints	Zoe Bulmer 020 7525 3128
Link http://www.southwark.gov.uk/downloads/download/3401/corporate_complaints_policy		
Draft antisocial behaviour, policing and crime bill 2012	Home Office ASB team	Catherine Frayne 020 7035 6035
Link http://www.official-documents.gov.uk/document/cm84/8495/8495.pdf		
Antisocial behaviour minimum standards	Community Safety Partnership Services	George Roscoe 020 7525 3552
Link http://www.southwark.gov.uk/downloads/download/2452/minimum_standards		

APPENDICES

No.	Title
Appendix 1	Southwark Landlord Charter

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Deborah Collins, Strategic Director of Environment and Leisure	
Report Author	Jonathan Toy, Head of Community Safety and Enforcement	
Version	Final	
Dated	17 January 2014	
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	17 January 2014	

Southwark Landlords Charter

Southwark Council, the police and partners in the community are working hard to keep you safe.

Introduction

This charter has been agreed by social housing providers working in partnership within the London Borough of Southwark to combat antisocial behaviour (ASB).

The charter was created because people living and working in Southwark have told us that they are concerned about crime and antisocial behaviour in the borough.

Everybody has the right to feel safe and protected no matter where they are or who they are with. Intimidating and nuisance behaviour caused by individuals or groups has the power to blight the quality of life for individuals, families and communities. It has been recognised that such behaviours can significantly affect the peaceful enjoyment of people's environment and as such, need to be dealt with.

Please note that we refers to signatories of the charter and you refers to members of the public.

This charter therefore sets out:

- A common understanding of ASB for all signatories of the charter
- A commitment to adopt a victim centred approach
- How we will support the most vulnerable victims and witnesses
- How we will deal with reported cases and the minimum standards people can expect from us
- How we will share our intelligence and work together to reduce the level and fear of ASB in Southwark

Most importantly this charter will ensure that the victims of ASB, whether individuals, families or communities, feel supported in addressing nuisance or intimidating behaviour. We want people to know where they can get help to deal with problems and what they can expect from agencies irrespective of their tenures.

A common understanding of anti social behaviour

There are two definitions in legislation for anti social behaviour. Signatories of this charter will recognise both definitions.

The Crime and Disorder Act 1998 defines antisocial behaviour as a person acting:

'...in a manner that caused or was likely to cause harassment, alarm or distress to one or more persons not of the same household as himself'.

Another definition from the Housing Act 1996 that is widely adopted by social landlords and applied in the use of antisocial behaviour injunctions (ASBIs) is:

'...engaging in or threatening to engage in conduct causing or likely to cause a nuisance or annoyance to a person residing, visiting or otherwise engaging in a lawful activity in the locality'.

We recognise the need for flexibility in terms of defining ASB in order to provide an effective response to the complex needs of residents. We jointly recognise that ASB can take many forms

which may fall under broader headings, from behaviours which are targeted at individuals to behaviours which affect the wider community.

Following the Government's consultation on rationalising the set of tools and powers available to tackle ASB, the ASB and Policing Act 2014 will deliver significant reforms including:

- Identifying vulnerable and repeat victims earlier through better logging of calls and managing of cases
- Simpler legal processes reducing the number of tools and powers from 19 to 6 orders
- Introducing Community Harm statements for courts to see the impact of ASB on peoples daily lives
- A Community Trigger to force agencies to deal with multiple reports of ASB

This charter does not confine itself to any strict definition of what constitutes ASB but commits signatories to a common understanding and most importantly a victim centred approach.

The recommendations in this charter centre on activities which support the resolution of ASB incidents more effectively and those which might prevent it from happening in the first place.

Placing victims and witnesses at the centre of services

The signatories to this charter are committed to the ongoing improvement of services for communities and individuals who experience or witness antisocial behaviour. It is imperative that victims of crime and ASB feel supported, know where to turn and understand what support is available for them. We recognise the adverse impact antisocial behaviour can have on the day to day lives of residents and those who work and visit the borough.

A more streamlined, multi-agency approach will further strengthen existing services and aim to improve outcomes for victims in terms of coordinating support and increasing feedback on case progression.

We therefore agree to:

- Adopt a cross agency case management approach to ensure robust responses, particularly in relation to repeat victims
- Adopt a common framework for measuring the risks associated with ASB taking in to account the specific needs and risk/ vulnerability of a victim/complainant in order to inform the level and nature of response
- Agree detailed action plans with complainants so that they fully understand the actions that can and will be taken
- Ensure services are simple and easy to access
- Improve our internal processes for gathering customer feedback and continuous service improvement mechanisms
- Review and develop the Southwark Victims' Charter. Increase our transparency in working with victims and witnesses

Supporting the most vulnerable families and individuals by adopting an early intervention/prevention approach

We believe that a balanced approach between prevention, community involvement, early intervention and enforcement is essential in finding long term sustainable solutions.

Experience has taught us that investing in one type of intervention alone does not necessarily address the wider causes or manage the consequences of ASB. This partnership agrees to work together embracing the principles of prevention, early intervention and support for families and individuals who may require support to deal with issues that are leading to ASB and criminal behaviour

We agree to improve collaboration with police, community safety teams and other agencies including mental health teams to:

- Identify the most vulnerable families and refer to appropriate support agencies
- Make full use of parenting facilitators to work with families where children's behaviour is causing issues
- Refer young people at risk of offending to the Challenge and Support service
- Ensure that there are robust measures in place to identify safeguarding issues

Adopting minimum standards

The signatories to this charter are committed to providing consistent minimum standards in responding to ASB complaints and agree to adopt the minimum standards as outlined in the table below:

Category 1 You will be contacted within 24 hours	Report of offensive and hate related graffiti
	Hate crime, such as hate crime relating to religion and faith, race and ethnicity, sexual orientation, gender identity and disability
	Using or threatening to use violence / physical violence
Category 2 You will be contacted within 3 working days	Rowdy behaviour
	Vandalism, graffiti and damage to property
	Large groups congregating
Category 3 You will be contacted within 5 working days	Noisy neighbours
	Street drinking and begging
	Litter, rubbish, flytipping
	Misuse of motorised vehicles
	Neighbour disputes

Sharing information and managing our resources

The signatories to this charter are committed to embracing a partnership approach to tackling antisocial behaviour. With the advent of the Anti Social Behaviour and Policing Act in 2014 there is an expectation that partners will work together and share information. The community trigger will make it incumbent on partners to do so.

Partners pledge to:

- Participate in relevant strategic and operational Safer Southwark Partnership meetings and act upon decisions made at those meetings. This will include the Anti Social Behaviour Strategic Group, Partnership Tasking Group (PTG) and area based information sharing groups and case conferences.
- Share appropriate and relevant information including enforcement data, ensuring there is an accurate picture of ASB across the borough
- Report ASB performance information to residents and customers

Moving forward

This Charter will serve to promote and contribute to more accountability and trust between agencies and various housing providers building a shared commitment to work together and problem solve issues that affect the whole community.

The signatories of this charter agree to its annual review and refresh, ensuring we deliver best practice high quality services for the residents of Southwark.

Item No. 16.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Blackfriars Road Supplementary Planning Document	
Ward(s) or groups affected:		Cathedrals	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

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

Blackfriars Road is a wide boulevard running south from the River Thames to historic St George’s Circus, linking Elephant and Castle to the South Bank and beyond to the City. The area is being transformed by a series of new developments alongside the opening of an entrance to Blackfriars Station and innovative public realm schemes.

I am recommending that this SPD is adopted to ensure that the pressure for residential development is balanced with the need for places for leisure and business and a pleasant environment. Development needs to take place in a coordinated way so that Blackfriars Road reaches its potential and meets the needs of both existing and new residents. This SPD will provide a strategic framework and detailed guidance to coordinate future growth along and around the Blackfriars Road.

Our emerging vision is that Blackfriars Road will be transformed into a vibrant place, a destination rather than a thoroughfare. Running south from the river front at Bankside to historic St George’s Circus, Blackfriars Road is a gateway north into Central London, and south to the Elephant and Castle. The historic, wide boulevard will provide a range of different activities regenerating the area from the river along Blackfriars Road and stimulating change at the Elephant and Castle. Much of the character and historic value of the surrounding residential areas, particularly the conservation areas and listed buildings will continue to be protected and enhanced.

One particular highlight is the work we are doing with TfL, to create an elegant public realm incorporating a safe, segregated route for cyclists.

We will continue to work with the local community, residents, landowners and many of our partners and stakeholders to enhance the Blackfriars Road and surrounding areas. By working with all these groups and stakeholders we will manage the fast paced change taking part on the Blackfriars Road whilst ensuring development meets the needs of both existing and new residents

RECOMMENDATIONS

That cabinet:

1. Adopts the Blackfriars Road Supplementary Planning Document (SPD) (Appendix A).

2. Notes the representations received on the draft Blackfriars Road SPD and the officer comments to the representations (Appendix B). Notes the tracked change version of the Blackfriars Road SPD which takes into account the representations received on the draft Blackfriars Road SPD (Appendix C).
3. Notes the consultation report (Appendix D), the updated equalities analysis (Appendix E), the updated sustainability appraisal (Appendix F), the sustainability appraisal statement (Appendix G), the appropriate assessment (Appendix H) the updated urban design study (Appendix I) and the updated business and retail background paper (Appendix J).

BACKGROUND INFORMATION

4. The Blackfriars Road SPD covers an area of approximately 56 hectares, taking in all of Blackfriars Road, running from Blackfriars Bridge to St George's Circus, and some of the surrounding streets. The area is part of the Cathedrals ward.
5. The SPD lies mostly within the Bankside, Borough and London Bridge Opportunity Area, which is identified in the London Plan as having the potential to provide around 25,000 jobs and a minimum of 1,900 new homes. A small part of the southern end of Blackfriars Road around St George's Circus lies within the Elephant and Castle Opportunity Area. There is already an adopted supplementary planning document/opportunity area planning framework for Elephant and Castle which the Blackfriars Road SPD is consistent with. It is appropriate to include part of the Elephant and Castle Opportunity Area within the SPD for Blackfriars Road to ensure a cohesive strategy for the area. The Blackfriars Road SPD will replace the guidance for the Elephant and Castle SPD for the overlapping area.
6. The council previously prepared a draft SPD/opportunity area planning framework for Bankside, Borough and London Bridge in conjunction with the Greater London Authority, which was consulted upon in 2010. This Blackfriars Road SPD updates the guidance for the Blackfriars Road. A review is being carried out regarding the policy and guidance necessary for the remainder of the Opportunity Area as part of the preparation of the New Southwark Plan.
7. Blackfriars Road is rapidly changing with many large sites under construction, about to start construction or going through the planning process. There is also potential for further change with a number of development sites likely to come forward within the next five years. The SPD provides a strategic framework and detailed guidance to provide a focus and an understanding of the amount of development that will create a vibrant, pleasant street along Blackfriars Road. The purpose of the SPD is to find a balance between the pressure for dense residential development and the need to provide a place where business can thrive and residents and workers can enjoy arts, cultural and leisure activities. The draft SPD puts forward the idea of finding the unique characteristic of Blackfriars Road. From the consultation this has emerged as the character of the street as a large wide boulevard in Central London helping to regenerate along the River front, along and around Blackfriars Road and south to Elephant and Castle.
8. The SPD is consistent with and provides further detailed guidance to the policies in the development plan: the London Plan (2011, Core Strategy (2011) and the saved Southwark Plan (2007). It is also consistent with the National Planning Policy Framework (2012).

9. The draft Blackfriars Road SPD was approved for consultation via the Individual Decision Maker process in June 2013. The draft SPD was made available for public consultation between 21 June and 12 September 2013. Following the close of consultation, the representations received on the draft SPD have been considered and where appropriate changes have been made to the document. A tracked changes version of the SPD is provided in Appendix C.

CONSULTATION

10. The Planning and Compulsory Purchase Act 2004 (as amended), the Town and Country Planning (Local Planning) Regulations 2012 and Southwark's Statement of Community Involvement 2008 (SCI) set out consultation requirements for SPDs. We met these requirements in consulting on the SPD as set out in more detail within the consultation report (Appendix D).

Previous stages of consultation

11. We have taken into consideration previous related consultations in preparing the Blackfriars Road SPD. The area covered by the Blackfriars Road SPD lies mostly within part of the Bankside, Borough and London Bridge Opportunity Area. A small part of the SPD area falls within the Elephant and Castle Opportunity Area. The council consulted on a draft Bankside, Borough and London Bridge SPD in 2010, which set out draft guidance for the whole of the Bankside, Borough and London Bridge Opportunity area. The council also consulted on an Elephant and Castle Opportunity Area SPD/Opportunity Area Planning Framework, which was adopted in 2012. We reviewed feedback received on both these documents in preparing the SPD for Blackfriars Road.
12. We also consulted on a sustainability appraisal scoping report in October 2012 for the whole of the Bankside, Borough and London Bridge Opportunity Area. Comments received on the scoping report fed into the preparation of this SPD and the sustainability appraisal. Officer comments on all the comments received on the sustainability scoping report are set out with the updated sustainability appraisal (Appendix F).
13. Consultation has also been carried out informally throughout early 2013, including developing many links with local residents, groups and business. This has included walking tours and consultation at pop up cafes. More detail on this wider consultation can be viewed at:
www.southwark.gov.uk/blackfriarsroad

Summary of the consultation carried out on the Blackfriars Road SPD

14. We consulted with a wide range of organisations, local groups and residents on the draft Blackfriars Road SPD. In accordance with our SCI, the SPD was available for comment for a period of 12 weeks, from 21 June to 12 September 2013.
15. We publically launched the draft SPD at a New London Architecture event on 21 June 2013, where the Leader of the council introduced the SPD, and copies of an SPD summary leaflet were made available. The SPD was made public on our website from this date.

16. In accordance with the Regulations and our SCI, we wrote to all our neighbouring boroughs and prescribed bodies to let them know that the SPD was out for consultation, with details of how to comment and where to view the SPD. We also wrote to everyone on the planning policy mailing list (around 3000 groups and residents). In addition we distributed a four page SPD summary leaflet to all the addresses within the SPD boundary.
17. Officers ran two workshops on the SPD in August to enable residents and groups to discuss the SPD in detail. Officers also attended a further four meetings/events organised by local groups and residents. The SPD was also made available at Borough, Bankside and Walworth Community Council, and was taken to Planning Committee for comment.
18. Councillor Colley and the Director of Planning met local ward Members and residents to discuss their concerns with the SPD.

Summary of representations

19. 636 representations were received from 75 groups and individuals. All of the representations and the officer responses to these are set out within Appendix B. A summary of the representations is set out below.

Planning Committee

20. The draft SPD was taken to Planning Committee for comment on 3 September 2013. Planning Committee noted the SPD was out for consultation and provided no formal comments on the draft SPD.

Members

Ward members for Cathedrals ward

21. Ward councillors raised concerns about:

- The SPD being rushed through when they considered there to be two neighbourhood plans in the pipeline covering parts of the SPD area.
- The boundary of the SPD particularly the inclusion of the area to the south of St George's Circus.
- The emerging vision, including that they find it unclear from the draft SPD what the "distinct identity" will or should be. They question how it will be delivered when it is so vague. They feel that there are two separate characters within the SPD boundary. They ask how cultural, leisure, arts and entertainment uses will be encouraged. They also raise concern that the SPD emerging vision and SPD 1 should be clearer in supporting policy 1.5 of the Southwark Plan.
- The development sites, setting out some they think are incorrectly referenced, one they think should not be included and one that needs clearer guidelines.
- The number of hotels in SE1 should be restricted to ensure other important planning needs can be met.
- The acknowledgement that the impact of food, drink, evening and night time economy uses on local amenity must be considered but also request that reference should be made to the saturation area in place.

- A tall building at Southwark tube or St Georges' Circus. They comment on this within the emerging vision and SPD 5. They emphasise their strong opposition to tall buildings on the southern end of Blackfriars Road.
- Residents living in the area should have a higher profile in the list of groups involved and that ward councillors should be included in the list.

Councillor Barber

22. Councillor Barber was surprised to see some cycling provision had dropped out. He set out that it had been agreed to target re-establishing the Hopton Road through to Upper Ground under Blackfriars Road bridge link. He asks for this east-west corridor for cyclists to be re-established. He sets out that ideally this indicative cycle link would be clearly marked on figure 6.

Local residents, individuals and groups

23. 41 residents/individuals and 12 local groups provided representations on the draft SPD. Representations were received from a range of groups representing both residents and local businesses. The following groups submitted representations:

- The St Georges Circus Group
- Southwark Living Streets
- Bankside Residents Forum
- South Bank Employers Group
- The Albert Association
- Better Bankside
- Waterloo Quarter Business Improvement District
- Waterloo Community Development Group
- Bankside Open Spaces Trust
- Webber and Quentin Tenants and Residents Association (two sets of representations)
- St George's R.C. Cathedral

General comments

24. A number of residents and groups suggest that the SPD does not take into account the views of the residents already living in the area and the focus of the SPD is about development rather than the needs of residents.
25. A small number of residents commented that they find the document to be written in non-accessible language, not in plain English.
26. Some groups, including South Bank Employers Group and Waterloo Quarter Business Improvement District feel that the SPD should look more at cross boundary issues.
27. Bankside Open Spaces Trust welcomes the SPD, particularly the general commitment towards open space, greening and enhancing the public realm. However they also have one key concern with the boundary of the SPD and that they think it should not overlap with the Elephant and Castle SPD boundary and so they think the SPD should be withdrawn. They contend that the council should withdraw the SPD and reissue a SPD with an appropriate boundary to interlink with the Elephant and Castle SPD.

Links with neighbourhood plans and other planning documents

28. Some groups and residents ask the council to demonstrate that the SPD will give a better outcome than those envisaged by neighbourhood forums. Some groups including Waterloo Development Group also raise concern that they think the SPD is premature before the forums begin their neighbourhood plans.
29. Better Bankside raise concern that they cannot formulate a response without the benefit of the neighbourhood plan consultation. They welcome the council's views on how the adoption of the SPD and the neighbourhood plan can dovetail.
30. South Bank Employers Group suggest it would be helpful to include more detail in the SPD on how the different documents such as the New Southwark Plan, neighbourhood plans etc all fit in with the SPD. They also ask that the SPD should reference its commitment to working in partnership with South Bank and Waterloo Neighbourhood Forum throughout.

Status of the SPD

31. Some residents feel that the Southwark Plan and Core Strategy should be updated before the SPD is adopted.
32. Some groups and residents ask why the SPD is not given a different status due to the quantum of change planned. Some groups ask why it is not a masterplan. Some say that they are unclear of the status of the SPD.
33. Some groups and residents contend that the council falls short of its obligation under the Town and Country Planning Act, the National Planning Policy Framework, regional policy and its own adopted policies by attempting to use the SPD to introduce new guidance as if it is policy, specifically for tall buildings. They feel that the SPD is not consistent with national, regional and local adopted policies.
34. The Albert Association set out that if the SPD is taken forward and approved by cabinet they will consider the option of a Judicial Review.

Boundaries of the SPD

35. Some residents and groups questioned the SPD boundary. A number of different issues were raised.
36. There were some concerns around the south of the SPD boundary overlapping with the Elephant and Castle SPD.
37. Waterloo Community Development Group suggest that the SPD should focus on either Bankside or Waterloo, not the area proposed in the SPD. They contend that there is no need for an SPD for the proposed area.
38. Quentin and Webber Tenants and Residents Association ask that the boundary be redrawn or a second SPD be produced to take into account that the Blackfriars Road is completely different and separate to the surrounding streets as they view them as two completely separate areas. They also suggest that the southern part of the boundary is too wide and it should focus more on Blackfriars Road itself.

39. Bankside Open Spaces Trust contends that the council should withdraw the SPD and reissue it with an appropriate boundary to interlink with the Elephant and Castle SPD. They set out that they think it is contrary to national planning policy to have overlapping areas of SPDs.

Vision

40. Some residents and groups feel the SPD lacks a clear and inspiring vision.
41. Some groups and residents feel that the vision focuses predominately on larger commercial development and that the needs of small businesses and residents have not been sufficiently considered.
42. Some residents dislike the focus of the vision on making the area a destination where people want to “live, work and visit” as it ignores the fact that people already do.
43. Some residents and local groups feel that the vision does not acknowledge the differing characters of the area.
44. Bankside Open Spaces Trust make a number of suggested changes to the vision including wanting reference about working towards creating a coherent landscaping scheme, looking at opportunities to create new open spaces within development sites.

Development sites

45. Some residents and local groups ask for more detail on the potential development sites, wanting plans of what is likely to happen and information on why these sites have been selected.
46. A number of residents and community groups object to the inclusion of development site 43: Bakerloo sidings within the SPD.
47. Quentin and Webber Tenants and Residents Association suggest Friars Bridge Court, 41-45 Blackfriars Road should be included as a development site.
48. Waterloo Community Development Group comments that many of the sites proposed for redevelopment are not development opportunities.

SPD 1: Business space

49. Some residents and community groups including Waterloo Community Development Group feel that the small businesses in the railway arches should not be replaced with offices. Similarly some groups including Webber and Quentin Tenants and Residents Association think there is disregard for the principle of encouraging and helping small businesses.
50. Waterloo Quarter Business Improvement District welcomes the reference to flexible innovative business space. However they raise concern with the emerging trend towards loss of office space in the southern section of Blackfriars Road and emphasise that the increase in diversity of business space should not be at the expense of reducing the overall quantity. They also welcome the

proposal to continue to convert railway arches into a variety of commercial uses and also welcome the promotion of active frontages along Blackfriars Road.

51. Bankside Residents Forum suggests that development should be required to provide affordable business space.

SPD 2: Mixed use town centre

52. Some residents and local groups commented on needing a range of shops, with a number of residents and groups specifically mentioning wanting a supermarket. Others commented that there are too many small supermarkets and chain restaurants and that there should be more local independent small businesses.
53. A number of groups and residents express concern that they feel that the needs and impacts of residents are not considered enough in the SPD.
54. Some groups and residents including Bankside Residents Forum and Quinton and Webber Tenants and Residents Association question why hotels are being promoted when Southwark already are close to their target. There is also questioning of whether hotel facilities are used by local residents.
55. Some residents suggest that there should be no further A5 use (hot food takeaways). Some residents also suggested that new business spaces should be limited in size to attract local and SME retailers, dedicated space for art galleries, and avoid space only being used Monday to Friday.

SPD 3: Public realm and open space

56. Some residents and groups commented on the lack of green and open spaces in the SPD area and that the council should seek to increase this provision from new development.
57. Some groups think the guidance should go further in encouraging improved public realm. There are comments about improving the areas around the railway viaducts.
58. Southwark Living Streets welcome the number of improved and proposed pedestrian links north of Southwark Station. They also provide detailed comments on possible improvements including wanting to see Christchurch and Paris Gardens enhanced, extending the green route from the river south to The Cut and Southwark Station. They also propose that development number 27 should have a through pedestrian route to address the few pedestrian routes south of Southwark Station.
59. Southwark Living Streets set out that they feel that the Circus is currently a barrier for pedestrian movement. They think the SPD should be clear about requirements at this intersection. This should require the central island needing to be linked to its surroundings by pedestrian crossings of the road.
60. Some residents and groups ask how the Allies and Morrison Blackfriars Road Public Realm Study has been taken into account in the SPD.
61. Bankside Open Spaces Trust suggest that SPD 3 should focus more on green spaces and links. They also include a list of further smaller local open spaces that they suggest should be added to the diagram. Some residents also

comment on the need to protect and encourage more pocket parks and smaller green spaces and links.

SPD 4: Built form and heritage

62. Some groups and residents comment that there is not enough emphasis on conserving and enhance the existing heritage, specifically in relation to the building heights guidance. Concern is expressed about losing the heritage of Blackfriars Road and its surrounding area, with specific mentions of recent planning applications and approvals.
63. A number of local community groups and residents including The St George's Circus Group comment that the Elephant and Castle SPD has a list of buildings that are or have the potential to be locally listed and that it is notable that this SPD does not. There are requests, including those from Bankside Residents Forum to include a list of heritage buildings/local listed buildings/buildings of particular interest. Some residents and groups have also suggested other buildings to be added to the council's list.

SPD 5: Building heights

64. Many residents and local groups object to the SPD's approach to building heights. The majority of residents and local groups object to the proposed building strategy for the area from Southwark Tube Station to St George's Circus. The main focus of the comments were opposing a possible tall building at St George's Circus. There were also comments on the criteria for tall buildings.
65. Some community groups including the Albert Association, The St George's Circus Group, Webber and Quentin Tenants and Residents Association and a number of residents, content that the SPD is setting new policy for building heights and that it is contrary to the Core Strategy and/or the Bankside, Borough and London Bridge Tall Building Study (2009) and/or the Tall Buildings Study 2010. They claim that the SPD is contrary to the Core Strategy in relation to tall buildings at the southern end of Blackfriars Road.
66. Residents and community groups raise concern particularly of a building of up to 70 metres at St Georges Circus with many objections that the council is ignoring the importance of St George's Circus obelisk and the surrounding conservation area. Some of the residents and groups state that the area is not a public transport node. Many residents and groups also object to the up to 30 metres along the section of the Blackfriars Road from Southwark Station to St George's Circus.
67. The contention is made by some of these groups that the council has not identified within the local development framework in advance of specific proposals, the spatial, scale and quality requirements. They feel that the council is attempting to circumnavigate the process in an attempt to rush through the SPD to justify Barratt Homes speculative application for a 70m tall building at St George's Circus. Some groups and residents state that there is no evidence to demonstrate that a tall building at St George's Circus would not dominate.
68. The St George's Circus Group content that the new guidance fails to recognise the distinctive character of southern Blackfriars Road as a mainly low-rise area with many historic listed and non-listed buildings. They also suggest that the

guidance is unclear re whether the guidance for building heights applies within the St George's Circus Conservation Area.

69. Some residents and groups object to the proposed building heights at Southwark Tube Station, citing that the Palestra building is too tall and dominant already. Many feel that the proposed height is too high and out of context.
70. One resident supports the height proposals at the north end of the road.
71. There are also many concerns on building heights impacting on local views, wind tunneling and daylight and sunlight. A number of residents raise that they consider there to be no mention of environmental impact assessment, wind and daylight modeling.
72. Some residents and groups have raised concern that the council told UNESCO that they would take care with tall buildings and they feel that is not happening.
73. Southwark Living Streets are concerned that a larger number of tall buildings could form a canyon effect creating swirling winds that will cause pedestrians difficulties.

SPD 6: Active travel

74. A number of residents ask for more detail on cycling within SPD, particularly on including segregated cycle lanes and further upgrades for cycle infrastructure.
75. Southwark Living Streets think a strong case should be made for a 20mph speed limit in the whole area, and especially on Blackfriars Road itself.
76. Bankside Residents Forum comment that the SPD should also refer to fact that many cyclists and pedestrians prefer to use the smaller scale, quieter routes away from major roads and that this should be reflected in the plan's vision and proposals.
77. A number of residents and community groups have commented that Blackfriars Road falls under the jurisdiction of TfL. They comment that under the Localism Act both TfL and the council are duty bound to share any consultation information regarding active travel. They ask about plans proposed by TfL.
78. Waterloo Community Development Group feel that traffic speed, noise, pollution and traffic volumes are not addressed in the SPD. They suggest that the road should be narrower at points and the pavements wider.

Implementation and infrastructure

79. A number of residents and groups raise that the SPD does not plan for the necessary infrastructure including social amenities such as community space, health facilities, children's play facilities and other open areas.
80. Some groups and residents think there should be more detail on section 106 and the Community Infrastructure Levy as well as more detail on infrastructure costs and delivery. South Bank Employer's Group content that ideally the SPD should await further input from the two neighbourhood forums.

81. There were some comments from residents setting out existing problems such as the amount of construction taking place, some comments on streets being used for loading/parking areas for construction etc.

Housing and residents

82. A number of residents and groups comment that they feel that the SPD is favouring developers and there is not enough emphasis on the local community and its needs.
83. There were some comments raising concern on the amount of private housing being delivered in the area and the need for more affordable housing in the area. Some groups and residents request further information and guidance on affordable housing policy and delivery. Some groups such as Bankside Residents Forum comment that the council's affordable housing policy already has no credibility and should be actively written into the SPD.
84. South Bank Employer's Group suggests that the SPD should consider how it can support local universities in their student housing needs.

Environment and sustainability

85. South Bank Employer's Group comments that the SPD is silent on carbon reduction. They refer to the need for further guidance on green infrastructure within the SPD.
86. One local resident commented that they would like to see an overarching environmental policy and there were a number of comments on the need for SPD 5: Building heights to focus more on the impacts of the environment.
87. There were a few comments about the need to restore and renew the existing building stock rather than complete redevelopment.

Equalities analysis

88. One resident commented on the equalities analysis, stating that it is entirely devoid of evidence for any of its assertions. It does not appear to have resulted from any factual base nor from consultation with the affected groups.

Urban design study

89. Bankside Residents Forum comments that they feel that the fact that the evidence base has been prepared in house gives the outcomes less credibility.

Consultation

90. A number of residents and community groups have raised concern that they feel that the SPD has been rushed through.
91. A small number of residents and local groups expressed disappointed that the SPD was launched at the NLA, outside of the borough.
92. Similarly a small number expressed disappointment that that consultation took place over the summer holiday period.

93. Some residents raised concern that they felt that there was inadequate consultation time.

Developers/landowners

94. The following landowners/developers provided representations on the SPD.

- London South bank University
- Empyrean Developments
- CEREP Sampson House, CEREP Ludgate House and Carlyle Real Estate Advisors LLP
- Linden Homes
- Lenta Business Centre
- Guidewell Ltd
- Network Rail
- CBRE Lionbrook & Southwark Charities
- Blackfriars Limited
- Development Securities
- Barratt London
- Dunedin Property Asset Management
- 34 - 68 Colombo Street

General comments

95. A large number of developers and/or landowners support the production of the SPD.

Boundaries of the SPD

96. London South Bank University suggest that the boundary of the SPD be extended further south to take in more of the Elephant and Castle opportunity area to include two sites within London South Bank University's ownership.

Vision

97. A number of developers and landowners overall support the emerging vision. In particular there is support for the overall vision for tall buildings.
98. Some developers suggest that the vision should also mention new residential development and the continued provision of housing.
99. London South Bank University ask for higher education to be acknowledged in the vision.
100. Network Rail support the aspirations in the vision but ask that it refers to employment opportunities rather than small businesses where it refers to the railway arches in line with their objectives.

Development sites

101. Some of the developers/landowners request further sites to add to figure 5: Potential development sites. This includes the following:

- Lenta Business Centre suggests the Foundry Annex, located on Webber Street and Glasshill Street.
- Network Rail suggests three new sites to identify as development site: Bear Lane Site, Dolben/Gambia Street Site, and Great Suffolk Street/Union Street/Ewer Street site.
- Guidewell Ltd suggest further land within their ownership: Rennie Court, the Doggetts Coat & Badge Public House and River Court
- 34-68 Colombo Street – suggest their site Colombo Centre, 34-68 Colombo Street
- London South Bank University suggest:
 - -Caxton House on Borough Road
 - -The Passmore Edwards Library/12 Borough Road on Borough Road
 - -Peabody Hugh Astor Court housing on Thomas Doyle Street

102. CBRE Lionbrook and Southwark Charities request that the boundary of site 9: Quadrant House and Conoco House be extended.

103. Dunedin Property Asset Management questions the inclusion of a number sites and their impact on St George's Circus.

SPD 1: Business space

104. There is some support for the guidance.

105. Development Securities, Barratt London, CEREP Sampson House, CEREP Ludgate House and Carlyle Real Estate Advisors LLP put forward that greater emphasis needs to be placed on residential development and that not all of Blackfriars Road is suitable for Grade A office accommodation or larger floorspace offices.

106. Lenta Business Centre find that SPD 1 is too restrictive and suggest amendments to the guidance to incorporate more flexibility such as a credit scheme between developments and allowing relocations of existing business space onto another existing business site within the borough.

107. Network Rail request that paragraph 3.6 refers to employment opportunities rather than small business when it refers to the opportunities in the railway arches to be consistent with their objectives and the NPPF.

SPD 2: Mixed use town centre

108. Some of the developers/landowners support the guidance.

109. A number of developers/landowners contend that housing should be included within SPD2 or somewhere else within the SPD.

110. A number of developers including CEREP Sampson House, CEREP Ludgate House and Carlyle Real Estate Advisors LLP, Barratt London, Development Securities contend that the fact box on town centres uses is not consistent with the NPPF.

111. Blackfriars Limited agrees that demand for hotel rooms in Southwark will continue to grow. Dunedin Property Asset Management asks why hotels are

being promoted when Southwark is already close to achieving the GLA requirements.

SPD 3: Public realm and open space

- 112. Some developers/landowners support the guidance.
- 113. A few developers commented that it will not always be possible to provide substantial areas of public realm.
- 114. London South Bank University asks that London Road is also shown on figure 6 as a possible green route and key approach.

SPD 4: Built form and heritage

- 115. Some developers/landowners support the guidance and its approach to promoting high quality design.
- 116. Network Rail ask for flexibility with how the council requires the use of materials that are considered sympathetic to the heritage of the area as there may be circumstances where alternative methods may be required to allow the function of the railways. They specifically object to the stringent use of “resisting the use of solid external roller shutters”.

SPD 5: Building heights

- 117. Overall the majority of the developers/landowners support the overarching vision for more tall buildings but have detailed comments on the potential heights of the tall buildings and the criteria required for tall buildings.
- 118. Network Rail thinks that the tall building guidance should be reviewed and that the stringent control over the location of tall buildings should be relaxed. They suggest an alternative southern boundary for the tallest buildings as the railway viaduct between Waterloo East and London Bridge. They set out that this would not impact upon the protected strategic views.
- 119. Network Rail also think that the thresholds in the guidance for Southwark tube and at St George’s Circus are too restrictive and should say “in the region of 70 metres” rather than up to 70 metres.
- 120. Linden Homes question what they consider to be arbitrary building height limits in the SPD. They contend that buildings that exceed 30 metres could be located in locations along Blackfriars Road.
- 121. Guidewell Ltd support SPD 5 in not setting a specific upper limit to building heights on the north of Blackfriars Road and suggest that it would be helpful if the SPD makes it clearer by stating that there is no defined upper height limit at this northern end.
- 122. Dunedin Property Asset Management objects to a tall building at St George’s Circus.
- 123. London South Bank University is generally supportive of the building heights strategy in the SPD, especially the identification of St George’s Circus as a

suitable location for a tall building. They ask for further clarification on whether it is envisaged for single tall building or a cluster of tall buildings.

124. Barratt London welcomes the acceptance of a tall building at St Georges Circus. However they feel it is inappropriate to prescribe a height of up to 70 metres. Instead it would be appropriate to note the potential for a tall building at 128-150 Blackfriars Road/ St George's Circus which represents a step down in height from the very tall buildings at the north of Blackfriars Road and at Elephant and Castle which are up to mid 40 storeys.
125. Development Securities welcomes the acceptance that Southwark Tube is an appropriate site for a tall building. However, they question the appropriateness of including the 70metre height as they do not feel it is appropriate to apply what they consider to be a cap on the height.
126. Development Securities, Barratt London and CEREP Sampson House, CEREP Ludgate House and Carlyle Real Estate Advisors LLP support the objective of exemplary standard of design and high quality accommodation for taller buildings. Barratt London requests that reference should be included to exceeding the minimum dwelling size standards within the London Plan.
127. A number of developers including Development Securities, Empyrean Developments, Blackfriars Limited and Barratt London consider that some of the criteria for tall buildings are too prescriptive. Specifically there are objections to the requirement for publically accessible area on upper floors, and the link requiring the amount of public space at the base of the building to relate to its height.

SPD 6: Active travel

128. Network Rail support SPD 6.
129. London South Bank University recommends that the TfL modeling of Blackfriars Road should be extended to include the whole of London Road.

Greater London Authority

130. The Mayor sets out that the SPD appears comprehensive and should prove to be a useful tool for both planners and prospective developers.
131. The Mayor in particular supports the council's approach to tall buildings and its building height strategy in the Blackfriars area. In Vauxhall Nine Elms Battersea OAPF some heights were limited to avoid them appearing in the Mayor's strategic views. As this is not the case on Blackfriars Road, the Mayor would welcome a more flexible approach, suggesting the wording should say "in the region of 70/30metres" rather than "up to 70/30 metres". He also comments that as stated in the SPD, it will be important to demonstrate that the buildings contribute positively to London's skyline.

Transport for London (Borough Planning)

132. Transport for London (TfL) (Borough Planning) responded that they are the Highway Authority for Blackfriars Road and that as they are in early stages of designing urban realm improvements they are not in a position to support specific proposals (they specifically mention lighting and public art).

133. They request that the vision is revised to reflect the emerging proposals in the Mayor's Vision for Cycling in London. They also request that the wording "ensuring vehicular traffic continues to move smoothly is removed" as TfL will be undertaking detailed and London wide traffic modeling to test design options and at present are unable to determine the likely impact of proposals upon vehicular traffic.
134. TfL (Borough Planning) encourages the council to continue to work further with Network Rail and where appropriate with South Eastern to discuss future options including those for Waterloo East.

Transport for London (Property)

135. Transport for London (TfL) Property support site 18, Southwark Tube Station, and site 43, TfL Bakerloo sidings.
136. TfL Property support the principle of development on site 18 but also comment that whilst a tall building is welcomed at this location it can only be achieved if the structural capacity of the existing station structure remains unaffected and disruption to the tube network is not incurred. They ask for additional wording to be inserted into the supporting text of SPD5: Building heights to make it reflect the operational and engineering constraints on this site.
137. TfL Property raise that on site 43, Bakerloo Sidings, they require the support of planning policy for a tall building on site 43, to ensure viability of developing this site.

English Heritage

138. English Heritage in general supports the aims of the SPD to provide a framework to guide future development in a coordinated manner. However they think that a masterplan should be prepared for the Blackfriars Road area due to the scale of proposed change.
139. English Heritage raise a concern that they think including an emerging vision is beyond the scope of a SPD as they think it is setting policy. They also raise concerns that they think the SPD sets new policy for building heights further than the policy set out in the Core Strategy.
140. English Heritage support the encouragement of railway arches to be used for a range of business including creative and cultural industries but also feel that we should promote this concept to other buildings as well as the railway arches.
141. English Heritage welcome SPD 4's emphasis on the conservation and enhancement of the historic environment, but are concerned that the many opportunities sites identified could result in the loss of buildings of particular local interest. They are concerned that the scale of development proposed and the potential loss of buildings of local interest could mean the resultant character does not reflect the current positive aspects of the area.
142. They ask the council to look at undesignated heritage assets within the SPD.
143. They are concerned that the significance of the historic environment may be potentially harmed by the change in heights proposed in the SPD. They think that

greater justification needs to be given for the north of Blackfriars Road where they are no defined height limit. They are concerned about the impact of these tall buildings on heritage assets including north of the river.

144. English Heritage also asks what is being proposed at Southwark tube station and St George's Circus. They do not see the justification for a taller landmark element at St George's Circus especially due to the grade 2 * listed obelisk already in their view providing a legible historic landmark.
145. English Heritage also provides some minor comments on the sustainability appraisal.

Environment Agency

146. The Environment Agency welcomes the SPD and supports the emerging ideas for a vision on Blackfriars Road. They set out that they would wish to see developments fronting the River Thames aligning with the Environment Agency Thames Estuary 2100 (TE2100) Plan. They will support Southwark in interpreting this data to ensure the revision of the borough Strategic Flood Risk Assessment.

NHS Southwark

147. NHS Southwark carried out a Health Impact Assessment (HIA) on the draft SPD. They identified both potential positive and negative impact that the SPD would have on health. They looked at the impact on the SPD on things such as health, mental health and wellbeing; impact on conditions that would indirectly affect health; affect on individual's own ability to improve their own health; and whether there will be a change in demand of health and social care. They identified many positive impacts such as the SPD helping to create an environment conducive to active travel having particularly positive effects for obesity, diabetes and cardiovascular disease. Similarly they identified that an increase in the number of well designed open spaces could enhance opportunities for exercise and children's play.
148. Some of the potential negative impacts identified included a possible negative impact on climate change due to increase population and large developments which may have an impact on global health. NHS Southwark also identified that a significant population increase will create an increased need for all health services and this needs to be planned.

NHS London Healthy Urban Development Unit

149. NHS London Healthy Urban Development Unit comment that there is no reference to analysis of current uses on the 43 development sites.
150. They support SPD2: Mixed town centre and SPD3: Public realm and open space.
151. They comment that they support paragraph 3.15 which looks to seek improvements to social infrastructure and keep the need for new infrastructure under review. They also comment that there is a need to address the intermediate and future impact of housing and population growth in the area. They would welcome an updated Development Capacity Assessment for the area.
152. They also comment that they support the intention to manage the provision of student accommodation as a concentration of student housing can have a significant impact on healthcare services.

KEY ISSUES FOR CONSIDERATION

153. A number of minor changes have been made to the final Blackfriars SPD to take into account comments raised through consultation and for clarity and consistency. The SPD has been reviewed and updated to ensure plain English is used throughout. The tracked changed Blackfriars SPD (Appendix C) shows the changes from the June 2013 draft SPD. The changes and the content of the SPD are summarised below.

Scope of the SPD

154. The SPD will be used to make decisions on planning applications alongside policies and guidance in existing policy documents. It provides more detailed guidance on the policies within the London Plan (2011), Core Strategy (2011) and the saved Southwark Plan (2007). It does not set new policy. This is set out within the SPD to ensure applicants and the community understand the scope of the SPD and that it must be read alongside other policy documents. The SPD has been updated to include an appendix cross referring to the borough wide Southwark policies and guidance which need to be read alongside this SPD.
155. The introduction has been updated in response to the representations received to explain more clearly why the SPD is needed, due to the scale of growth proposed and to ensure that the pressure for residential development is balanced with the need for a vibrant street. The SPD has been updated to make it clearer that most of the change will take place on the Blackfriars Road and that much of the surrounding area's character and historic value will continue to be protected, especially where there are conservation areas and listed buildings.
156. Wording has been added to the SPD to further explain that the Blackfriars Road lies mostly within the Bankside, Borough and London Bridge Opportunity area, with a small part at the southern end of the road falling within the Elephant and Castle Opportunity Area. Updates have been made to the SPD to set out that the Blackfriars Road SPD will replace the guidance for the Elephant and Castle SPD/OAPF for the overlapping area.

157. The SPD has been updated following consultation to make it clearer that neighbourhood plans are currently being prepared by the local community and that once adopted the neighbourhood plans will form part of Southwark's development plan and will be used to make decisions on planning applications.
158. The SPD boundary has been amended following consultation to extend slightly further south along the boundary of Thomas Doyle Street and Keyworth Street, as suggested by London South Bank University.

The vision for Blackfriars Road

159. Whilst SPD cannot set a new vision as it cannot create new policy, it can highlight aspirations for change. A new vision can then be adopted through the New Southwark Plan. The SPD has been factually updated to refer to the progress in preparing the New Southwark Plan and to link to the website for up-to-date information.
160. The ideas of the emerging vision include aspirations such as:
- Transforming Blackfriars Road to link Central London in Southwark as far as the Elephant and Castle with Central London north of the River.
 - Continuing to work with the many stakeholders to enhance the area.
 - Continuing to offer a mix of offices, services and shops.
 - Maximising opportunities to increase the amount and type of development.
 - Encouraging cultural, leisure, arts and entertainment uses.
 - Improved social and community infrastructure.
 - Ensuring that building heights respond to their context with a range of building heights with the tallest buildings at the northern end.
 - Working with Transport for London, to improve the road to make it safe, easier and more enjoyable for pedestrians and cyclists.
 - Improving the look and feel of the streets and public spaces.
 - Maximising opportunities to improve open spaces.

161. Updates have been made to the ideas for the emerging vision to take into account the comments raised in the consultation responses. The updates include:
- Making it clearer that the majority of change will take place on Blackfriars Road and that most of the surrounding area will continue to see little change and the character will be protected and enhanced.
 - Referring more specifically to the need to balance development with meeting the needs of existing and new residents to ensure that residents will benefit from the increased range of town centre and business uses.
 - Referring specifically to higher education.
 - Providing more detail on the potential improvements to the Blackfriars Road itself, making it safer and more encouraging for cyclists and pedestrians.

The strategies and guidance

162. The SPD sets out six key strategies to manage change.

SPD 1: Business space

163. SPD 1 sets out the approach to business space. It sets out that we will encourage the generation of jobs and businesses to help consolidate and

expand the existing business services cluster. Already there are many businesses on and around the Blackfriars Road, and this guidance will help to reinforce its location as a strategic office location and to encourage other businesses to set up offices here. SPD 1 requires existing business floorspace to be retained or replaced if a site comes forward for development, in line with existing policies in the Core Strategy and saved Southwark Plan. It sets out that any additional floorspace on sites already in business use can be used for other town centre uses including retail, leisure and entertainment facilities. SPD 1 also sets out that we support a range of uses in the railway arches, to build on the existing regeneration of the many arches.

164. Updates have been made to SPD 1 to make it clear that new business floorspace should be designed flexibly to accommodate a range of unit sizes including space suitable for small and start-up businesses to help meet a variety of needs. The “we are doing this because section” of SPD 1 has also been updated to cross refer to saved Southwark Plan policy 1.5 which aims to protect small business units. An update has also been made to refer to employment opportunities within the railway arches in line with Network Rail’s objectives.
165. A minor update has also been made to the “we are doing this because” section to refer to London South Bank University’s new Clarence Centre for Enterprise and Innovation.

SPD 2: Mixed use town centre

166. SPD 2 sets out the approach to creating a mixed use town centre. The area is already designated as a town centre, although there are currently limited town centre uses, particularly evening and weekend uses in parts of the SPD boundary. SPD 2 seeks to encourage a range of different town centres uses including shops, leisure and entertainment, bars, cafes, hotels and cultural uses alongside business uses, community facilities and housing to increase the amount of activity and encourage a wide range of occupiers and visitors. It supports proposals for new hotels, encourages a mix of arts, cultural and leisure uses, whilst ensuring that the impact of proposals are carefully considered, due to the close proximity to homes in much of the SPD area. It also supports the provision of new social and community infrastructure as part of mixed use development.
167. There were many representations raising that housing should be looked at through the SPD. The SPD purposely does not provide detailed guidance about housing because the borough wide policies and guidance in the Core Strategy, saved Southwark Plan, Affordable Housing, and Residential Design Standards supplementary planning documents already cover housing sufficiently. There is no differing approach for the Blackfriars Road. However, as previously set out in the draft SPD, housing is an appropriate use within town centres and thus SPD 2 has been updated to include residential into the bullet point on encouraging a range of uses. The supporting text has also been updated to make it clearer that there is residential development in the area, that more people will be living there in the future and that the increased provision of town centre uses will benefit residents. The fact box on town centre uses has also been updated to make this clearer by referring to the updated definition of town centre uses in the National Planning Policy Framework. An appendix has also been inserted to cross refer to the key Southwark plan policies including those on housing.

168. An update has been made to make it clearer that space should be designed flexibly to accommodate a range of units sizes, in order to be consistent with SPD 1.
169. It has also been made clearer that opportunities to increase and improve the range of infrastructure and facilities will be maximised referring specifically to health facilities and community facilities, as these were issues raised in a number of representations.
170. SPD 2 sets out that we will consider the impact of all proposals for food, drink, evening and night time economy uses on the overall mix of the area and on local amenity. Text has been added into the “we are doing this because” section to cross refer to the Borough and Bankside licensing saturation area.

SPD 3: Public realm and open space

171. SPD 3 seeks to improve the public realm and open spaces by working with our many partners to provide a high quality design of public squares, streets and spaces. It sets out principles for all of the SPD area to include principles such as requiring public realm to create clearly defined streets, enhance local distinctiveness and to provide new links for pedestrians and cyclists. It also sets out additional principles for Blackfriars Road, the Thames Path and St George’s Circus.
172. Minor changes have been made to SPD 3 to ensure consistency as well as making it clear the new links should enhance wayfinding. Bankside Open Spaces Trust has been added to the list of groups that we work with in delivering this guidance. The architects Allies and Morrison have prepared a set of public realm principles for Blackfriars Road that been incorporated within SPD 3.
173. The “we are doing this because” section of SPD 3 has been updated to include new text cross referring to the Open Space Strategy (2013) and how we will work with developers to encourage new open space provision on development sites in lines with the recommendations in the Strategy.

SPD 4: Built form and heritage

174. SPD 4 sets out more detailed guidance on built form and heritage to ensure a high quality design and architecture, reinforcing the area’s character and distinctiveness. This includes guidance on enhancing the historic environment and ensuring inclusive design principles are applied.
175. English Heritage and a number of other representations raised the issue of needing to “complete” the Circus and to reinforce its geometry and character. SPD 3 already refers to this for public realm schemes. SPD 4 has been updated to also refer to this aspiration for development to reinforce the geometry and character of the Circus.

SPD 5: Building heights

176. SPD 5 provides further guidance on building heights. It sets out that development should reinforce the civic character of Blackfriars Road, Stamford Street, Southwark Street and the river front. It establishes a general principle of appropriate heights of up to 30 metres along these main routes, with heights on streets off these main routes generally needing to be lower to fit in with their surroundings. It also sets out places along Blackfriars Road where taller buildings will be encouraged. The guidance sets out that the tallest buildings should be at the north end of Blackfriars road, with the tallest heights being set

back from the river, and focused around the junction of Blackfriars Road, Stamford Street and Southwark Street. It sets out that a tall building of up to 70 metres should provide a focal point at Southwark tube station, and similarly a tall building of up to 70 metres could provide a focal point at the southern end of Blackfriars Road towards St George's Circus, being set back from the Circus itself. SPD 5 also provides detailed guidance on the design principles that all tall buildings must meet, as well as meeting the criteria in saved Southwark Plan policy 3.20.

177. A large number of representations were received objecting to this guidance, as summarised above. The responses objecting to the guidance are mixed. Local residents and groups are opposed to the SPD 5 particularly the guidance referring to the potential for taller buildings of up to 70 metres at Southwark Station and at St George's Circus. They feel the appropriate height should be much lower. Some objectors also contend that the SPD guidance is contrary to the development plan. English Heritage's comments are summarised in paragraphs 138-154,. Many developers and landowners felt that the guidance is too prescriptive and should not include a limit on building height. Similarly the Greater London Authority feels that the guidance should be amended to say "in the region" rather than "up to" 70 metres.
178. The policy approach within the SPD is considered to be consistent with the NPPF (2012), the London Plan (2011), the Core Strategy (2011) and the saved Southwark Plan (2007), taking into account changes in the surrounding context since developing the Core Strategy vision in 2009/2010. The London Plan, Core Strategy and saved Southwark Plan form the development plan for Southwark, with the NPPF setting out national guidance. The development plan sets out the policies for tall buildings. Key policies are: London Plan policy 7.7 which identifies that tall and larger buildings should generally be limited to sites in the Central Activities Zone, opportunity areas, areas of intensification or town centres that have good access to public transport. Blackfriars Road lies within the Central Activities Zone, is an opportunity area and a town centre with good access to public transport. Core Strategy strategic policy 12 requires tall buildings to have an exemplary standard of design and identifies locations where tall buildings could go. The Core Strategy vision for Bankside and Borough refers to the council setting out in detail which sites are appropriate, sensitive and inappropriate for tall buildings through the supplementary planning document/opportunity area framework. Saved Southwark Plan policy 3.20 sets out criteria for considering applications for tall buildings and applies across the borough
179. The guidance in the Blackfriars Road SPD provides detail on how to implement these development plan policies specific to Blackfriars Road. This approach is supported by our evidence base including the Blackfriars Road Urban Design Study (Appendix I) which has been prepared in accordance with CABE and English Heritage "Guidance on Tall Buildings", 2007.
180. Minor changes have been made to SPD 5 following consultation. These are shown as tracked changes in Appendix C.

SPD 6: Active travel

181. SPD 6 provides guidance on active travel, setting out the many groups we will work with to encourage active travel by making the area more attractive and safer, with better connections. Its sets out improvements to walking and cycling

routes, specifically through working with TfL to make significant improvements to Blackfriars Road itself. It also sets out aspirations to increase east-west linkages.

182. The SPD has been updated to refer to work being carried out by Transport for London to create a segregated route for cyclists as well as improving links between the different modes of transport. The architects Allies and Morrison have prepared a set of public realm principles for Blackfriars Road that have been incorporated within SPD 6.

Implementation

183. The final section of the SPD sets out information and guidance on how the aspirations and vision for Blackfriars Road will be delivered. It sets out information on partnership working, business involvement and community involvement, setting out a commitment to continue to work with all the different groups.
184. It also provides guidance on how change will be managed through mechanisms such as management plans during and post construction to ensure the development is coordinated and has minimal impact on residents.
185. It also sets out the need to continue to improve infrastructure, cross referring to the Community Infrastructure Levy and section 106 planning obligations.
186. Factual updates have been made to the implementation section to reflect that further sites now have planning permission and that more sites may come forward in the future.
187. The reference to the map and list of potential development sites has been moved to the section on implementation. The figure and list has been updated following consultation to include some new sites, amend site boundaries and to correct errors. Wording has been added to the SPD to make it clearer that the map and list are not exhaustive and that some sites may be completely redeveloped whilst others may experience less change. The list has also been updated to remove the column referring to the status of each site as this will quickly become out of date once the SPD is adopted.

Community impact statement

188. The purpose of the SPD is to provide a strategic framework and detailed guidance to coordinate growth along and around the Blackfriars Road. This SPD will ensure that development occurs in an appropriate and desirable way, improving Blackfriars Road as a destination where people want to live, work and visit.
189. An equalities analysis (Appendix E) has been carried out to assess the impact of the SPD on the nine protected characteristics. It is recognised that the SPD guidance may have many similar impacts on these different group of people who have protected characteristics. One of the potential positive impacts of the guidance is that the guidance is the creation of an enhanced public realm that is safe, well-lit and inclusive is likely to improve accessibility for those with a physical disability and also promote wider community inclusion. A potential negative impact of the guidance is that the encouragement of taller buildings may have a less positive impact on certain groups such as those with young children or disabled people. This potential issue is mitigated through existing policies

ensuring that family housing is provided with adequate private amenity space and through our wheelchair standards and Lifetime Homes guidance

190. We also carried out equalities analysis for the guidance in the draft Bankside, Borough and London Bridge SPD (2010) and the adopted Elephant and Castle SPD/OAPF (2012), which the Blackfriars Road SPD area fails partly or completely within. The findings of both of these analyses have help inform the guidance that we have prepared in the Blackfriars Road SPD.
191. A sustainability appraisal (Appendix F) has also been prepared that assesses the impact of the draft SPD on social, economic and environmental sustainability. The sustainability statement (Appendix G) summarises how the SA has been taken into account in finalising the SPD.
192. The preparation of a scoping report was the first stage of the sustainability appraisal to assist in the preparation of the SPD and its sustainability appraisal. The SA for the Blackfriars Road SPD follows on from the scoping report that was carried out for the Borough, Bankside and London Bridge Opportunity Area. We consulted on the scoping report in November 2012 and the comments received on this have fed into the preparation of the Blackfriars Road SA and SPD. This scoping report sets out the sustainability objectives and indicators that will be used to measure the impacts of future guidance upon sustainable development. Baseline information was gathered to draw attention to key environmental, social and economic issues facing the borough, which may be affected by development along and around Blackfriars Road.
193. The results of the appraisal show that the overall impact of the guidance set out in the SPD is more positive in terms of promoting a more distinctive and varied a mix of uses which in the long term would help promote sustainable communities. The guidance will help to ensure there is a more balanced approach to the redevelopment of the area by focusing on providing employment opportunities, improvements to the public realm and high quality new homes. Whilst this growth will increase demand for energy, water and generate more waste and traffic these impacts can all be mitigated by other measures which seek to reduce car parking, set energy guidance and design guidance.
194. The SA informed the preparation of the SPD. The - sustainability appraisal statement (Appendix G) summarising how the SA has informed the final SPD. For every topic, the positive impacts outweighed the negative impacts when assessed across the whole range of sustainability objectives. In some cases the guidance has no significant impact with the sustainable objectives. Where the SA identified potential shortcomings of particular guidance, mitigation measures are proposed to help off-set the negative impacts. Many of these mitigation measures are policy requirements in either the Core Strategy or saved Southwark Plan. For example: Strategic Policy 13 in the Core Strategy, which sets out the council's targets for development to minimise their impacts upon climate change and Strategic Policy 2 on Sustainable Transport

Financial implications

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services – JG/11/13

196. It is not possible for a Supplementary Planning Document to set new policy. However, SPDs can provide detailed technical guidance on particular areas or themes where these are able to assist in the delivery of the development plan policies.
197. This is recognised in paragraph 2.2.3 of the SPD which explains that the SPD is essentially setting out a range of ideas which will be developed further during the course of the preparation of the new Southwark Plan. The report emphasises that the SPD cannot be used for site allocation and it must conform to the policies not only in the Core Strategy and the saved Southwark Plan policies but also in accordance with the London Plan.
198. The equalities analysis appended at Appendix E has considered the impact of the SPD on groups who may be at risk of discriminatory treatment and has had regard to the need to promote equality amongst communities within the borough. Indeed, it is recognised that some of the consequences of the SPD will be beneficial with the example given of the improvements to the public realm.
199. Furthermore, whilst a sustainability appraisal is no longer strictly required for new SPDs following the provisions of the Planning Act 2008, an appraisal has been undertaken in this instance on the basis that the SPD refers in some instances to the Southwark Plan which itself was not the subject of a sustainability appraisal. The appraisal carried out for this SPD is contained at Appendix F.
200. The decision to adopt the SPD is a decision for the Full cabinet in accordance with paragraph 21 of Part 3C of the Constitution.

Strategic Director of Finance and Corporate Services

201. 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
London Plan 2011	Southwark website	planningpolicy@southwark.gov.uk
Link http://www.london.gov.uk/priorities/planning/londonplan		
Southwark Statement of Community Involvement 2008	Southwark website	planningpolicy@southwark.gov.uk
Link http://www.southwark.gov.uk/info/856/planning_policy/1238/statement_of_community_involvement_sci		

Background Papers	Held At	Contact
Saved Southwark Plan 2007	Southwark website	planningpolicy@southwark.gov.uk
Link http://www.southwark.gov.uk/info/856/planning_policy/1241/the_southwark_plan		
The Core Strategy 2011	Southwark website	planningpolicy@southwark.gov.uk
Link http://www.southwark.gov.uk/info/200210/core_strategy		
National Planning Policy Framework 2012	Southwark website	planningpolicy@southwark.gov.uk
Link https://www.gov.uk/government/publications/national-planning-policy-framework--2		
Bankside, Borough and London Bridge Characterisation Study 2013	Southwark website	planningpolicy@southwark.gov.uk
Link http://www.southwark.gov.uk/info/200272/evidence_base/1616/design		

APPENDICES

No.	Title
Appendix A	Blackfriars Road supplementary planning document, 2014 Hard copy provided with the report
Appendix B	Representations received and the officer comments. Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix C	Tracked changed version of the Blackfriars Road supplementary planning document, 2014 Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix D	Consultation report Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	

No.	Title
Appendix E	Equalities analysis Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix F	Sustainability appraisal Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix G	Sustainability appraisal statement Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix H	Appropriate assessment Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix I	Urban design study Available on the council's website on the link below
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	
Appendix J	Business and retail background paper Available on the council's website on the link below:
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Alison Squires, Planning Team Leader	
Version	Final	
Dated	16 January 2014	
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 Strategy	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	16 January 2014	



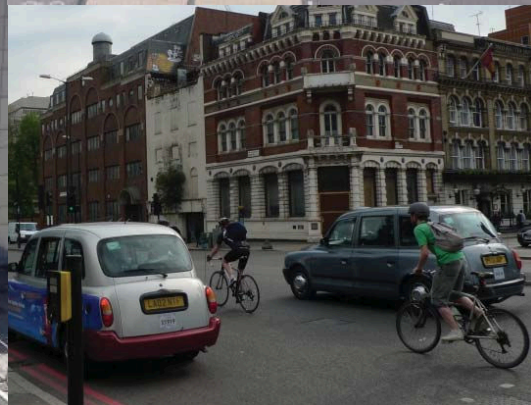
Cabinet: 28 January 2014
Blackfriars Road Supplementary Planning Document

No.	Title	Held at
Appendix A	Blackfriars Road supplementary planning document, 2014	Hard copy provided with the report
Appendix B	Representations received and the officer comments (Appendix J of the consultation report)	Available on the web at: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4
Appendix C	Tracked changed version of the Blackfriars Road supplementary planning document, 2014	Available on the web at: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4
Appendix D	Consultation report including a separate document containing appendices A-I Two separate documents	Available on the web at: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4
Appendix E	Equalities analysis	Available on the web at: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4
Appendix F	Sustainability appraisal	Available on the web at: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4
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Blackfriars Road Supplementary Planning Document

Supplementary Planning Document

January 2014



Fairer future ✓
Delivering our promises

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1. Introduction

1.1 What is the Blackfriars Road Supplementary Planning Document (SPD)?

- 1.1.1 Located in central London, the Blackfriars Road is a wide boulevard running south from the River Thames to historic St George's Circus, forming part of the "Blackfriars Mile", linking Elephant and Castle to the South Bank and beyond to the City. The area is being transformed by a series of new developments alongside the opening of an entrance to Blackfriars Station and innovative public realm schemes.
- 1.1.2 This SPD is required due to the scale of growth proposed. There is a need to ensure that the pressure for residential development is balanced with the need for a vibrant street with places for leisure and business and a pleasant environment. Development needs to take place in a coordinated way so that Blackfriars Road reaches its potential as a vibrant destination whilst regenerating the area from the river, along Blackfriars Road and onwards to Elephant and Castle. This SPD will provide a strategic framework and detailed guidance to coordinate future growth along and around the Blackfriars Road.

1.2 What else do you need to know?

- 1.2.1 The SPD focuses on Blackfriars Road as this is where most of the change will take place. This SPD also takes in some of the surrounding areas which will benefit from public realm improvements and improved links for walking and cycling to and through Blackfriars Road. Development is unlikely to take place in most of these surrounding areas.
- 1.2.2 Residents will be affected by developments being built and they will experience the new leisure and retail on the Blackfriars Road. The character of Blackfriars Road and the surrounding areas will continue to be protected and enhanced particularly where there are conservation areas and listed buildings.
- 1.2.3 Figure 2 shows the area covered by the SPD. Its boundary includes the whole of the Blackfriars Road, with the southern boundary running along Borough Road and Lambeth Road, taking in the whole of St George's Circus and its conservation area. The western boundary is Southwark's borough boundary with Lambeth, whilst the eastern boundary runs one block back from the railway viaduct taking in a number of large development sites.
- 1.2.4 The SPD lies mostly within the Bankside, Borough and London Bridge Opportunity Area, which is identified in the London Plan as having the potential to provide around 25,000 jobs and a minimum of 1,900 new homes. A small part of the southern end of Blackfriars Road around St George's Circus lies within the Elephant and Castle Opportunity Area. There is already an adopted supplementary planning document/opportunity area planning framework for Elephant and Castle. The Blackfriars Road SPD will replace the guidance for the Elephant and Castle SPD/OAPF for the overlapping area.

- 1.2.5 The SPD provides further guidance to existing planning policies in the London Plan, our Core Strategy and saved Southwark Plan. National guidance suggests that planning documents should not repeat borough wide policies and so the SPD must be read alongside our other planning documents. These are set out in Appendix A.
- 1.2.6 Neighbourhood plans are currently being prepared by the local community, which once adopted will form part of our development plan and will be used to make decisions on planning applications. We are in the process of preparing a New Southwark Plan which will eventually replace the Core Strategy and saved Southwark Plan. The process will also review land use designations on the Adopted Policies Map.
- 1.2.7 The Blackfriars Road SPD area adjoins the London borough of Lambeth and the City so we will continue to ensure that we work closely with other Councils, Transport for London and other stakeholders to address cross boundary issues.
- 1.2.8 Figure 3 shows the relationship between the SPD and other planning documents. Further information on both existing planning policy and emerging policy, including neighbourhood plans, can be found on our website at:

www.southwark.gov.uk/planningpolicy

Figure 1: The location of Blackfriars Road

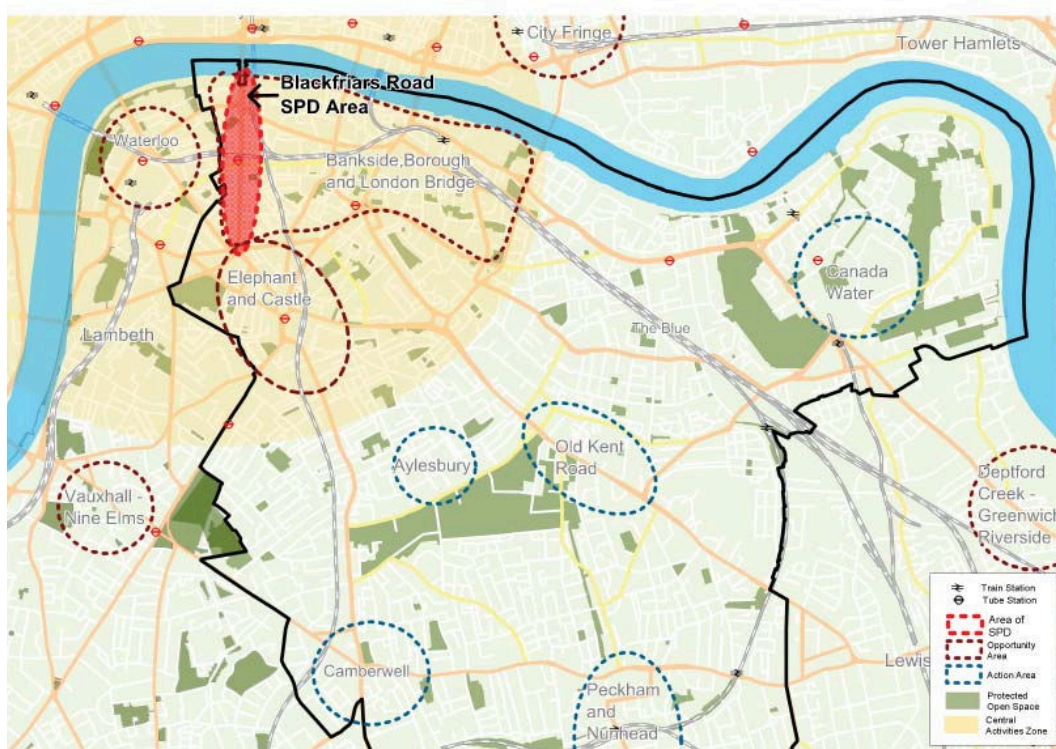


Figure 2: Boundaries of the SPD area

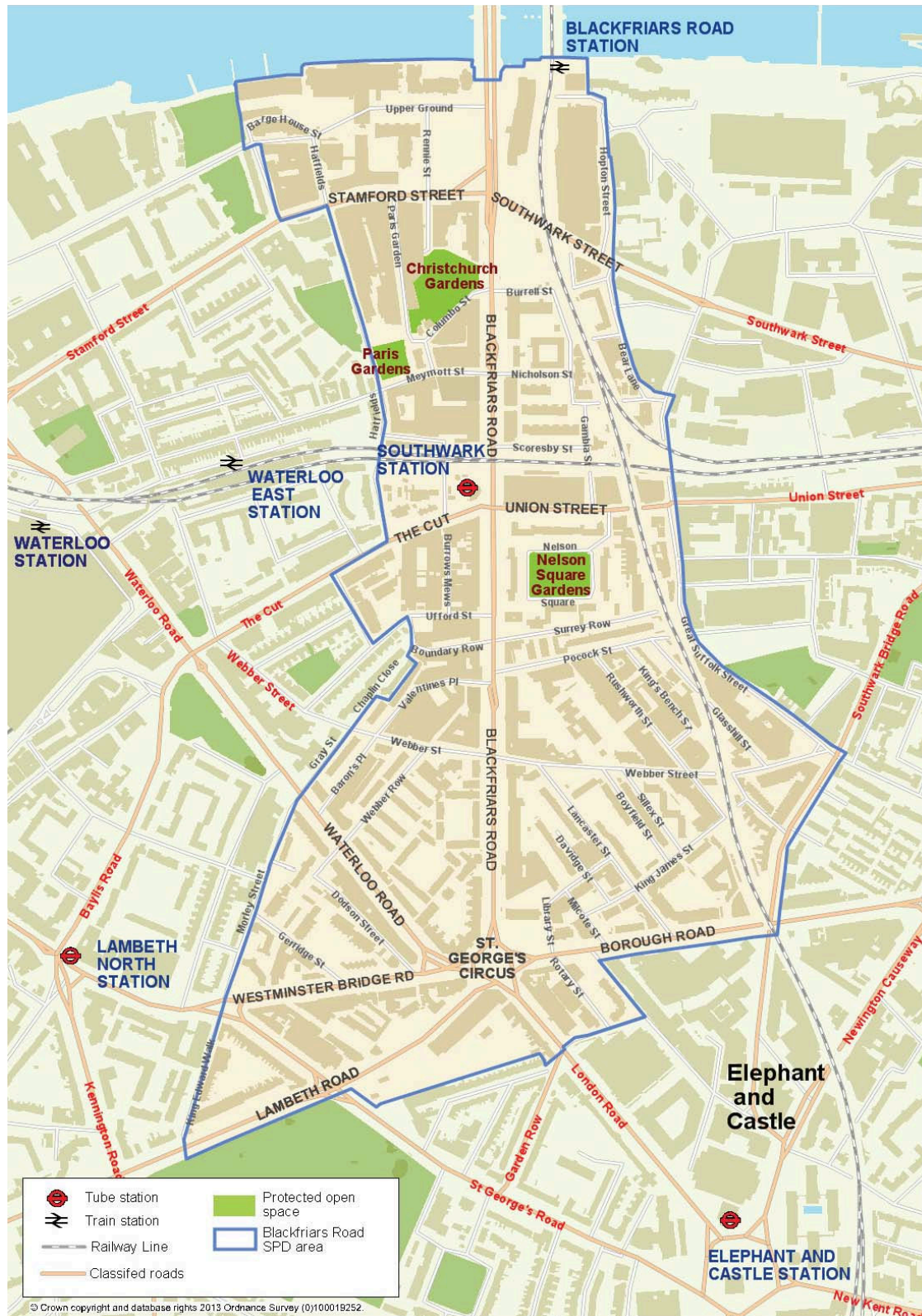
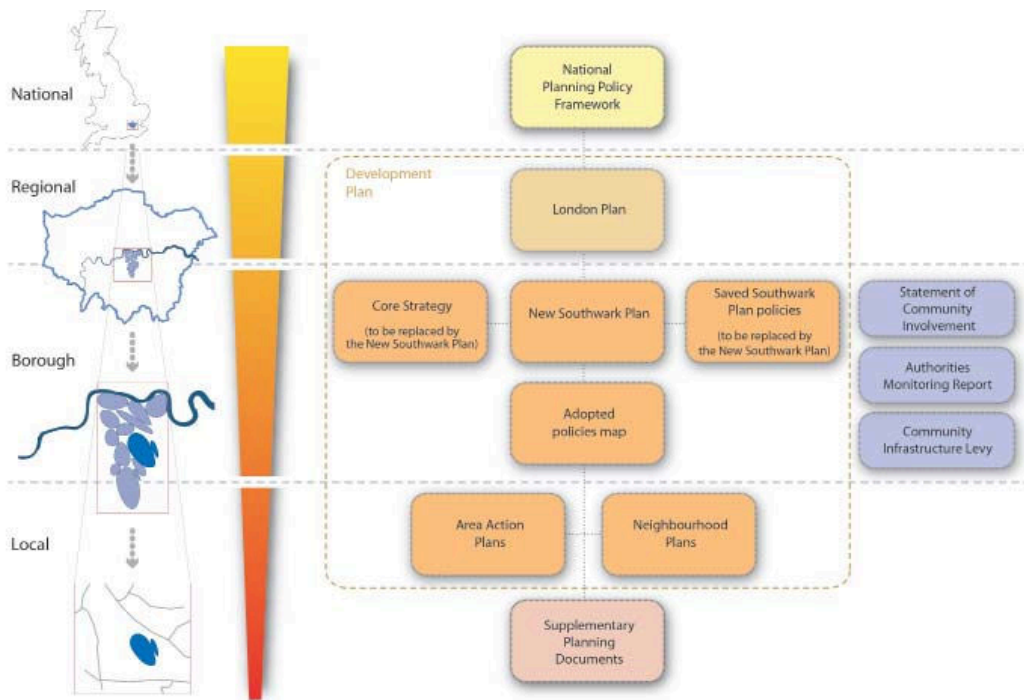


Figure 3: The relationships between the different planning policy documents



2. Vision for Blackfriars Road

2.1 Our emerging vision

- 2.2.1 Planning policy has changed since we developed the Core Strategy vision in 2009/2010. New national planning policy has been introduced through the National Planning Policy Framework, as well as changes through the Localism Act introducing neighbourhood planning. The context for development has also changed with significant development at Blackfriars Road and the plans for major regeneration at Elephant and Castle, Waterloo and north of the river. Figure 6 and Table 1 sets out the potential development sites, illustrating the huge opportunity for change and the need for a coherent framework. Appendix B sets out the London Plan and Core Strategy visions.
- 2.2.2 The opportunity for change makes it increasingly important to relook at the Core Strategy and London Plan visions set out in Appendix B. Whilst we can not formally adopt a vision through an SPD, we have begun preparing the New Southwark Plan. The New Southwark Plan will replace the Core Strategy and saved Southwark Plan policies, providing new policies and visions for Southwark. We have set out some ideas which we will look at developing further through the New Southwark Plan. Information on the New Southwark Plan can be viewed at:

www.southwark.gov.uk/planningpolicy

- 2.2.3 Our emerging ideas for a vision for Blackfriars Road are:

Blackfriars Road

Blackfriars Road will be transformed into a vibrant place where people want to work, live and visit. Running south from the river front at Bankside to historic St George's Circus, Blackfriars Road is a gateway north into Central London, and south to the Elephant and Castle. The historic, wide boulevard will provide a range of different activities regenerating the area from the river along Blackfriars Road and stimulating change at the Elephant and Castle. Much of the character and historic value of the surrounding residential areas, particularly the conservation areas and listed buildings will continue to be protected and enhanced.

We will continue to work with the local community, residents, landowners and many of our partners and stakeholders including the Greater London Authority, Transport for London (TfL), Network Rail, Lambeth Council, English Heritage, Better Bankside, Waterloo Quarter, neighbourhood forums, South Bank Employers' Group, London South Bank University, tenants and residents associations, SE1 Safer Road Forum, Bankside Open Spaces Trust, Southwark Living Streets and Southwark Cyclists to enhance the Blackfriars Road and surrounding areas. By working with all these groups and stakeholders we will manage the fast paced change taking place on the Blackfriars Road whilst ensuring development meets the needs of both existing and new residents.

Blackfriars Road will continue to have a mix of offices, services and shops serving both a local and wider need. Opportunities to increase the amount and type of development will be maximised, particularly opportunities for flexible innovative business space. Cultural, leisure, arts, entertainment, community facilities, children's play areas, health facilities and higher education will also be encouraged which will benefit local residents and help make Blackfriars Road a destination, linking to the many cultural facilities along the South Bank, The Cut and at Waterloo. Social and community infrastructure will continue to be improved where opportunities arise as part of mixed use developments. We will work with Network Rail to refurbish space under railway arches to provide a range of uses and employment opportunities including small businesses, shops, cafes and restaurants. There will also be many new homes primarily on the upper floors of commercial developments, offering a range of housing types and sizes. Existing and new residents will benefit from the increased range of town centre and business uses.

There will be a range of building heights along Blackfriars Road, with the tallest buildings at the north end of the road, signifying the gateway to Central London and the gateway to Southwark. There will also be taller buildings at the important locations of Southwark tube station and at the southern end of Blackfriars Road towards St George's Circus. Development will be of exceptional design and will enhance the local character, sustaining and enhancing the historic environment.

Working with TfL, the road itself will be designed to be safer, easier and more enjoyable for pedestrians and cyclists. We will work with TfL to create a segregated route for cyclists whilst ensuring the needs of all users are met safely, managing the demands of buses, freight, pedestrians and cyclists. There will be increased linkages and new public realm as part of development to increase the permeability both north-south and east-west. Development will help improve the look and feel of streets and public spaces, creating an identity for Blackfriars Road and making the spaces and streets feel more welcoming and memorable. Opportunities to improve existing open spaces, specifically Christ Church, Nelson Square and Paris Gardens will be maximised through working with groups such as the Bankside Open Spaces Trust.

3. Strategies and guidance

SPD 1 Business space

We will encourage the generation of new jobs and businesses along the Blackfriars Road area to help consolidate and expand the existing business services cluster and reinforce the area as a strategic office and employment location.

We will do this by:

- Supporting the provision of new business floorspace (B1 use class). Space should be designed flexibly to accommodate a range of unit sizes, including space suitable for small and start-up businesses helping to contribute to a diverse stock of business accommodation.
- Requiring existing business floorspace (B1) to be retained or replaced, unless an exception can be demonstrated in accordance with our borough wide employment policies.
- Allowing any additional floorspace on sites already in business use (B1) to be used to accommodate a range of town centre uses, provided these will not jeopardise the continued business use of the site.
- Supporting use of the railway arches for a range of business uses (B1) including small business space, creative and cultural industries, light industrial uses and appropriate A or D class uses.

We are doing this because

- 3.1 Blackfriars Road falls within the Bankside, Borough and London Bridge Opportunity Area. The vision for the whole opportunity area includes the provision of up to 500,000 sqm of new business floorspace and 25,000 new jobs. Core Strategy policy 10 identifies the area for continued growth for both large and small scale office development. The many potential development sites along the Blackfriars Road offer opportunities to contribute to these targets.
- 3.2 Blackfriars Road has already experienced significant investment by both the public and private sectors and is within the SE1 office market, one of London's prime business districts. This has been confirmed through the recent completion of office schemes such as Palestra and One Valentine Place. Approximately 51,000 sqm of office space is currently under construction and 60,000 sqm is in the pipeline. This includes large mixed use schemes at 231-241 Blackfriars Road, 20 Blackfriars Road, South Bank Tower and Sea Containers House.

- 3.3 The market share of recent take-up of office space provides an indication of business sector concentrations in the SE1 area, with the largest take-up shares comprising TMT (Technology, Media and Telecoms) Charities and Associations, Professional services and the legal sector. The creative industry sector has been identified as the fastest growing sector in London and there is a strong clustering of the TMT sectors in and around Blackfriars Road indicating this sector may draw benefits from being clustered together, sharing expertise between businesses.
- 3.4 Small and medium sized enterprises (SMEs) play an important role in Southwark's economy. In 2011 there were around 11,700 businesses operating in Southwark, 11,400 of which were small businesses (employing below 50 people). The vitality of small business growth in the borough is demonstrated by the fact that since 2008 there have been 5,102 business start ups in the two wards which comprise the majority of the Central Activities Zone in Southwark. This reflects the situation across London as a whole. Between 2000 and 2010 in London the share of the small business base grew by 2% and accounted for 97 per cent of the total business stock. The share of jobs that small firms accounted for also grew by 6% over the same period and in 2010 half of all jobs were in small businesses.
- 3.5 The availability of more small office/studios/workshop space, which would be more suitably located in the southern part of the area, could help consolidate this cluster of creative individuals and businesses helping to contribute to the physical transformation whilst maintaining cost efficient space for the businesses. There is potential for new business space in the south to take advantage of opportunities in strengthening business links with London College of Communication and London South Bank University including the university's new Clarence Centre for Enterprise and Innovation located at St. George's Circus.
- 3.6 Our Employment Land Review (ELR) (2010) forecasts demand for between 400-500,000 sqm of new office business space by 2026 to meet the needs of the SE1 office market within the City fringe. The ELR confirms that there is continuing demand for high quality small floorplate business space. The availability of a diverse stock of property types. A variety of form, adaptability, specification and cost is required to ensure many different types of occupiers can find appropriate business accommodation to meet their varying requirements. The design of floorspace for micro and small enterprises will also need careful consideration to ensure that it is functional, incorporating flexible internal arrangements.
- 3.7 Business density in Southwark is highest in the Central Activities Zone because of the benefits firms derive from being located close together. Significant loss of existing business space in SE1 could serve to fragment the existing businesses which are important to Southwark's and London's economy. It is important to ensure that the established business function of the Blackfriars Road is maintained and enhanced. The SPD guidance will be used in conjunction with saved policy 1.4 of the Southwark Plan which sets out criteria to assess the loss of office floorspace by requiring two years worth of marketing evidence to justify a change of use and lack of demand for continued office use and also whether continued business use is viable on the site. Where it is demonstrated that there is

no reasonable prospect of continued business use land can be released for other purposes. These criteria also include an exception for the loss of business floorspace within town centres where, in accordance with saved Southwark Plan policy 1.7, it may be replaced by use class A (retail) or other suitable town centre uses. Saved policy 1.5 of the Southwark Plan also aims to protect small business units in proposals for redevelopment or change of use of employment sites, by requiring the equivalent provision for small units within the replacement floorspace, subject to exception criteria.

- 3.8 The railway is a dominant feature of the area and many of the arches have already been converted to provide a significant amount of space for employment opportunities. Through our saved Southwark Plan policy 1.5 we continue to promote the use of the railway arches for a variety of uses, including shops, cafes, restaurants, business and community uses, provided that the proposed use does not have an unacceptable impact on the amenities of neighbouring occupiers, or on car parking, traffic congestion and road safety.

Fact box: Business Space

For the purposes of this guidance and our policies the term business space refers to space used by B1 use class which includes office, research and laboratory and light industrial space which is generally more appropriately located in town centre locations and areas with good public transport connections.

Fact box: Town centre uses

Town centre uses are uses which will attract a lot of people. The National Planning Policy Framework sets out the main town centre uses. These include:

- Retail development (including warehouse clubs and factory outlet centres); leisure, entertainment facilities the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, night-clubs, casinos, health and fitness centres, indoor bowling centres, and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).
- Residential development can play an important role in ensuring the vitality of town centres but is not a main town centre use when planning for competitive town centres that provide customer choice and a diverse retail offer and experience in the context of Southwark's Local Plan.

SPD 2 Mixed use town centre

We will encourage the provision of town centre uses to help enhance the commercial attractiveness of Blackfriars Road and the status and function of the wider Central Activities Zone.

We will do this by:

- Encouraging the provision of a mix of new town centre uses (especially shops, restaurants, cafes and bars). Space should be designed flexibly to accommodate a range of unit sizes, developed alongside residential development and businesses in order to increase activity and strengthen the appeal of the area to visitors and to a wider range of occupiers.
- Supporting proposals for new hotels and other forms of visitor accommodation (C1) to ensure there is a good supply of accommodation for visitors and to contribute to a mix of uses and employment opportunities. Proposals should seek to maximise the opportunity to include activity along the lower and street level frontages.
- Encouraging a mix of complementary arts, cultural, leisure, entertainment and education uses, taking into account their economic benefit to the area, their contribution to the vitality of the area and impact on health and well-being.
- Considering the impact of all proposals for new or expanded food, drink, evening and night time economy uses, whether cumulatively or individually, on the overall mix of uses in the area and on local amenity.
- Supporting the provision of new social infrastructure such as schools, health and community facilities as part of mixed use developments. Opportunities should be taken to ensure that new community facilities are accessible to all members of the community.

We are doing this because

- 3.9 Land use in the SPD area is mixed with a large number of commercial buildings alongside many areas of residential development.
- 3.10 Most of the mixed development is along Blackfriars Road, The Cut, Southwark Street, Stamford Street and Colombo Street and some of the railway arches, particularly to the east of Blackfriars Road. The majority of the rest of the area is residential, and should benefit from the increased range of activities along these streets. Mixed use development includes Oxo Tower Wharf, which houses art galleries, shops and restaurants, and also a short row of bars and cafés in a protected shopping frontage on Stamford Street. To the west, the area of The Cut within Southwark is a protected shopping frontage and contains a mix of retail uses. The road has benefited from investment in the public realm, which has created a more inviting and attractive place. There are two other small

protected shopping frontages at Hopton Street and Waterloo Road. To the east, Union Street runs between Blackfriars Road and Borough High Street, and has developed into an artistic corridor containing a few art galleries and the Union Theatre, alongside pubs, restaurants, cafes and some small shops and businesses. These areas distinguish themselves from Blackfriars Road which displays more of a commercial nature. Blackfriars Road itself has a cluster of retail uses around Southwark station.

- 3.11 Southwark's Retail Capacity Study (2009) suggests that the Bankside and Borough district town centre should continue to be a centre for local needs and specialist, independent retailing and any new retail schemes can be supported by workers, tourists and residents, coming forward on an incremental basis. Therefore, in order to continue to promote the area as a commercially attractive location for business, it will be important to maximise the diversity of offer and facilitate a range of town centre uses as part of mixed use development in conjunction with a high quality public realm. There is currently approximately 7,000 sqm of new retail floorspace either under construction or in the pipeline, as part of mixed use developments, which will contribute to the vibrancy of the area.
- 3.12 The South Bank and Bankside are one of Europe's premier arts and cultural centres. These are recognised in the London Plan as being a strategically important area. The growth in arts and cultural facilities in recent years has attracted five million extra visitors a year and there are a large number of arts, cultural, entertainment and leisure facilities within and adjacent to the SPD area. This success, along with the growth of offices, has led to an increase in the number of hotels and apart-hotels which provide additional employment.
- 3.13 The London Plan aims to provide a net increase of 40,000 hotel bedrooms by 2031 and advises boroughs to focus strategically important new visitor provision within opportunity areas within the Central Activities Zone (CAZ). The SPD is located within the CAZ and falls partly within the Strategic Cultural Area and therefore is an area suitable for new hotel provision due to the proximity to business services and visitor attractions. The GLA's Hotel Demand Study (2006) sets out the approximate amount of new hotel bedrooms required in Southwark over the period 2007 – 2026, to help meet the target of 40,000 new hotel bedrooms in London which is set out in policy 4.5 of the London Plan. This amounts to 2,500 over this period (2007-2026) for Southwark. Since 2007, approximately 1625 hotel bedspaces have been completed and approximately 850 bedspaces are currently in the pipeline in the borough. Within the SPD there are seven hotels, with an additional three hotels just beyond the SPD boundary.

- 3.14 We will support proposals for high quality hotels, particularly those which contribute to employment growth and offer employment opportunities for local people. Hotels offer much less capacity for employment growth, therefore local employment effects will be an important factor in the consideration of planning applications, such as the provision of ancillary facilities which can provide additional employment, encourage wider use of the building to benefit the local community and passing public and also activate the street frontage. The case study below about Citizen M hotel provides an example of how a hotel can successfully offer a range of uses and active frontages.
- 3.15 The soon to be completed extension to the Tate Modern gallery to create more performance and exhibition space will attract more tourists and visitors. Theatre and the arts are also widely represented, with a range of art galleries and theatres. We will continue to support the provision of additional arts and cultural uses to further consolidate the Strategic Cultural Area and also introduce more diversity to the quality and range of the visitor offer. Developers should work with agencies and organisations, including the South Bank and Bankside Cultural Quarter Partnership, Southwark Arts Forum and our culture team, to identify potential occupiers of new spaces and the impact of proposals on existing provision.
- 3.16 The development of the evening and night-time economy will help keep the town centre lively and safe at different times of the day and provide more leisure opportunities for local residents, visitors and workers. However, careful consideration needs to be given to measures which mitigate any negative impacts of uses to protect the amenity of nearby residents. The area is located within the boundary of the Borough and Bankside licensing saturation area, which is a local policy that addresses the cumulative impact of licensed premises. All applications for new or varied premises licences for night-clubs, public houses and bars, restaurants and cafes, off-licences, supermarkets and grocers need to address the saturation concerns set out in the council's licensing policy within the premises operating schedule.
- 3.17 New and improved leisure, social infrastructure and community facilities with accessibility for all will help to strengthen the relationships between people living and working in the area, encourage more activity and also facilitate the exchange of ideas and skills. Opportunities to increase and improve the range of infrastructure and facilities will be maximised including looking at health facilities and community facilities. New housing and business floorspace will also increase the resident and working population and it is important to ensure that infrastructure is in place to support the community. Notably, Blackfriars Settlement has been providing support and resources to the community for 125 years, and is an important asset to the area providing meeting rooms, facilities and community events. London South Bank University provides a range of community outreach programmes to support businesses, enterprise and education within the community in addition to providing sport and fitness facilities, including a gym and sports hall. The Colombo sport and community centre provides a gym, football pitches, and hard courts for tennis or netball and is also home to the City Academy Dance Group.

- 3.18 Improvements to social infrastructure such as schools, health facilities, post offices and police facilities are addressed through working with our many partners and through Community Infrastructure Levy and section 106 planning obligations. The need for new infrastructure will be kept under review as the area changes.
- 3.19 The majority of buildings which line Blackfriars Road lack active frontages. Blank walls and opaque windows facing onto the wide pavements reduce their contribution to the street. Buildings should be designed to provide clear views onto the street from inside, at ground floor and also preferably at first floor. The interior of the buildings should be organised so that there are active town centre uses at the front to ensure better integration and continuity in the street environment. Good design will encourage a higher level of activity in the public realm which will help to add vibrancy to the area.

Case study

The Citizen M hotel on Lavington Street not only provides visitor accommodation but a range of ancillary facilities which can be used by non-guests. This hotel is a good example of how new development can perform its core function but also have a multitude of other ancillary uses. The hotel provides seven creative meeting rooms for hire accommodating between 2 and 24 people. There is a cafe during the day and 24 hour hotel bar on the ground floor, with the space designed as an open 'living room' with contemporary furniture and art work on display. There is an active ground floor frontage where passers-by can see the modern art work and spacious lounge area creating an inviting and visually appealing space.

SPD 3 Public realm and open space

We will work with the Greater London Authority (GLA), Transport for London (TfL), English Heritage, developers, landowners, neighbourhood forums, Bankside Open Spaces Trust, Lambeth Council, the community and other stakeholders to provide a high quality design of public squares, streets and spaces.

General principles

Public realm should:

- Contribute to the creation of a sense of place and encourage a variety of activity.
- Use high quality and durable materials and street furniture, and reduce existing street clutter wherever possible.
- Sustain or enhance local distinctiveness of Blackfriars Road and the surrounding area, ensuring that the materials and features consider the identity of the local surroundings, taking into consideration the historic environment.
- Ensure that there is a clear distinction between public and private space.
- Provide and promote new links that are safe, direct and convenient for pedestrians and cyclists and make it easier for people to find their way around.
- Create environments that are inclusive and follow Secured by Design principles such as ensuring spaces are well lit, overlooked and feel safe at different times of the day and in the evening.
- Introduce and enhance the public realm under and around the viaducts and railway arches to encourage activity and movement.
- Ensure that protected open spaces at Christ Church Gardens, Nelson Square and Paris Gardens are maintained and enhanced as part of high quality green infrastructure for residents, businesses and visitors.
- Use trees and landscaping to green streets and spaces, and reinforce planting where trees are integral to the historic townscape.

Additional principles for Blackfriars Road

The public realm should make a key contribution to the historic wide boulevard.

It should:

- Reinforce and enhance the character of Blackfriars Road, so that it is attractive and comfortable.
- Use cohesive landscaping, innovative lighting design and public art installations to create a strong identity and sense of place, while preserving local distinctiveness and character.
- Successfully link both sides of the Blackfriars Road and integrate it into the surrounding area with enhanced east/west routes at key junctions and existing public spaces. The road should link to existing areas of high activity and important local buildings, stations, local amenities and attractions.
- Introduce a network of generous, meaningful and personable public spaces that are informed by the uses around them and anticipated levels of activity. New public spaces should be provided by new development, while maintaining its predominant boulevard character. New spaces should link to existing spaces.
- Introduce active lower floor frontages to bring safe, lively and attractive activity along the length of the road.
- Encourage activity and movement beneath the railway bridge using imaginative lighting and the removal of visual barriers.

Additional principles for the Thames Path

To enhance the important and busy pedestrian route along the riverfront, public realm should:

- Sustain and enhance existing links to the Thames Path.
- Introduce new, accessible links to the new southern Blackfriars Road Station from Blackfriars Road and Hopton Street.

Additional principles for St George's Circus

To enhance St George's Circus, public realm schemes should:

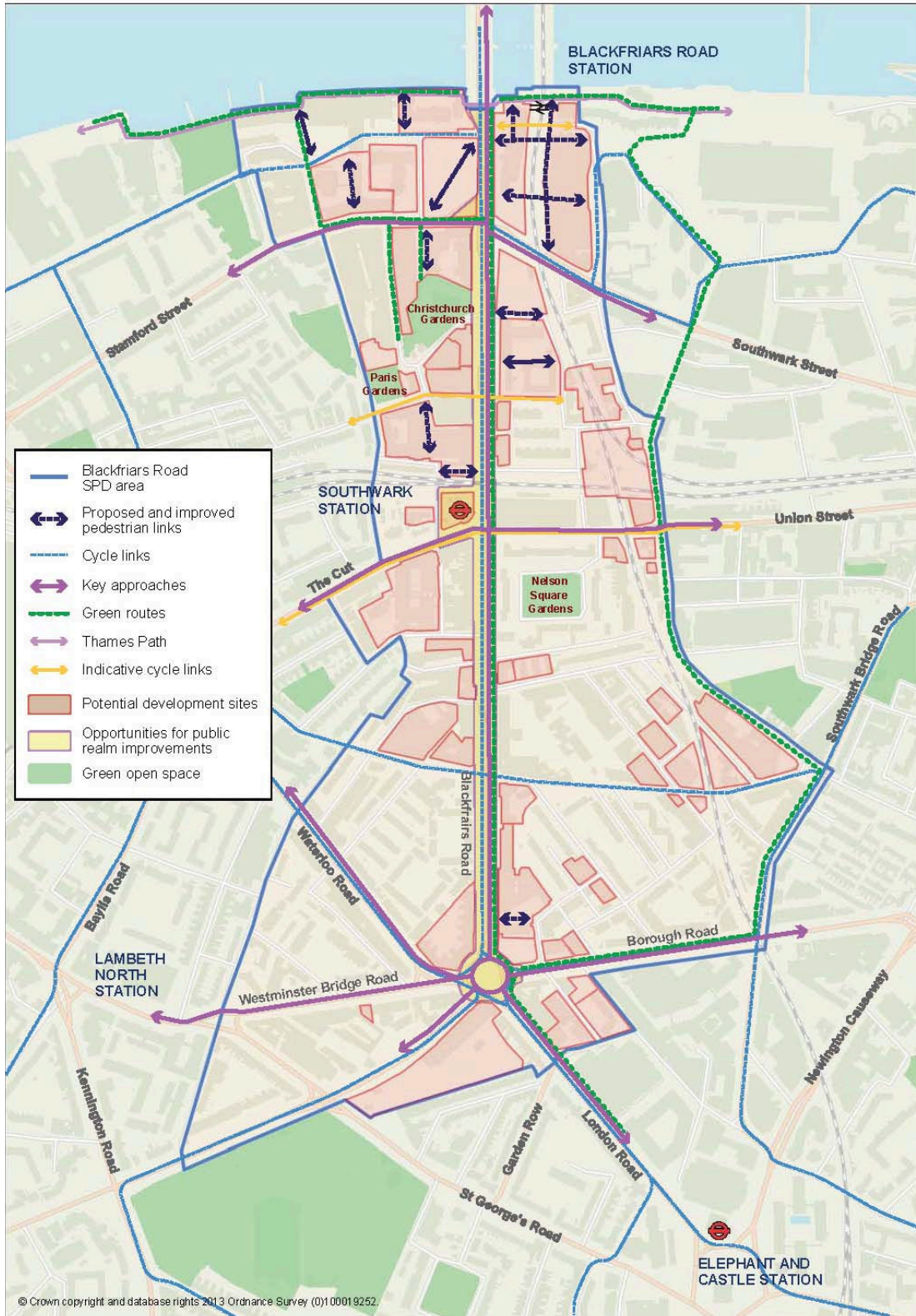
- Focus on reinforcing the character and geometry of the Circus.
- Increase the area of usable pedestrian space around the perimeter and at the centre of the Circus.
- Enhance the setting of the conservation area, listed buildings and the listed obelisk.
- Contribute to the importance of the Circus as a strategic junction south to Elephant and Castle, and north to Blackfriars Road, Waterloo and the City.

We are doing this because

- 3.20 A high quality public realm will help deliver our vision for Blackfriars Road, making it a place that benefits the people who live, visit and work here. Figure 4 illustrates the indicative movement, public realm and open space opportunities.
- 3.21 Presently, the quality of the public realm in the Blackfriars Road area varies. Some streets and spaces suffer from neglect and are under-used, while others carry significant numbers of pedestrians and cyclists during rush hour periods. Sections of Blackfriars Road and the surrounding roads and spaces have inactive frontages that result in environments that people do not engage with. Improvements to the public realm will make streets and spaces more enjoyable and better used, as has already been experienced through streetscape improvements in Gambia Street and The Cut.
- 3.22 Blackfriars Road is the primary route, so it is important that it is easy to understand. We will work with our partners and developers to create safe, direct and convenient linkages for pedestrians and cyclists, alongside improvements to existing links and public spaces, and enhance wayfinding with the use of Legible London signage.
- 3.23 To achieve the vision for Blackfriars Road, a network of new and meaningful public spaces will be introduced that are linked to larger development sites. New public spaces will have different functions, depending on their location and the use of the buildings that surround them. It will be important to ensure that the ground floor uses and active frontages encourage people to engage with the area and increase footfall. We will also encourage the introduction of activity and movement under and around the area's railway viaducts and arches so that there are more vibrant places for people and businesses to use.
- 3.24 The use of high quality and durable materials has an important role in the creation of a cohesive and identifiable public realm, helping to regenerate and transform Blackfriars Road and create a sense of place. The introduction and placement of street furniture and a reduction in existing street clutter will ensure that there is as much as space as possible for people to use and improve the experience of the pedestrian environment.
- 3.25 Urban greening and the provision of green infrastructure is an important part of a high quality public realm. Green infrastructure can significantly contribute to a sense of place and result in social and economic benefits, as well as positive environmental effects. We will preserve and enhance the three important open spaces that benefit from protection under Core Strategy and saved Southwark Plan policies. These are Christ Church Gardens, Nelson Square and Paris Gardens. Our Open Spaces Strategy (2012) also recommends protecting the community gardens at Diversity Gardens on King James Street. We will look at doing this through our New Southwark Plan.

- 3.26 Southwark's Open Space Strategy (2013) has identified a deficiency in open spaces within the Borough, Bankside and London Bridge sub area, with a total of 0.25ha of park provision per 1,000 population, which is well below the standard of 0.75ha per population. As the Strategy recognises the limited opportunities for the creation of new open spaces within Southwark, our priority is to protect, maintain and enhance existing open spaces, as well promote green corridors, gardens and local food growing. We work with developers to encourage new open space provision on development sites in line with the recommendations set out in our Open Spaces Strategy.
- 3.27 There are a number of historic trees that are protected. We will require new street trees and the reinforcement of planting where trees are integral to the historic character, such as those along Blackfriars Road. We will continue to work with local groups such as Bankside Open Spaces Trust, Waterloo Quarter and South Bank Employers' Group and Better Bankside on public realm and open space projects that improve the area. Existing project examples include Bankside Urban Forest and the Isabella Street landscaping.
- 3.28 The Thames Path is an important and well used river bank route. We will encourage its continued use and will seek to introduce new and enhanced north/south links and spaces that encourage movement to and from the Thames Path into the Blackfriars Road area.
- 3.29 St George's Circus is an important historical junction that suffers from a poor quality, underused public realm that does not fulfil its potential as a key public space and gateway to Blackfriars Road. Public realm improvements and development surrounding the Circus have the opportunity to enhance its historic setting through activity and landscaping.

Figure 4: Indicative movement/public realm/open spaces



SPD 4 Built form and heritage

We will ensure that developments make a positive contribution to local character and distinctiveness, in particular reinforcing the civic character and scale of the historic boulevard of Blackfriars Road, the Thames riverfront and the main east west routes of Stamford Street and Southwark Street, Union Street and The Cut. Figure 5 illustrates the heritage assets.

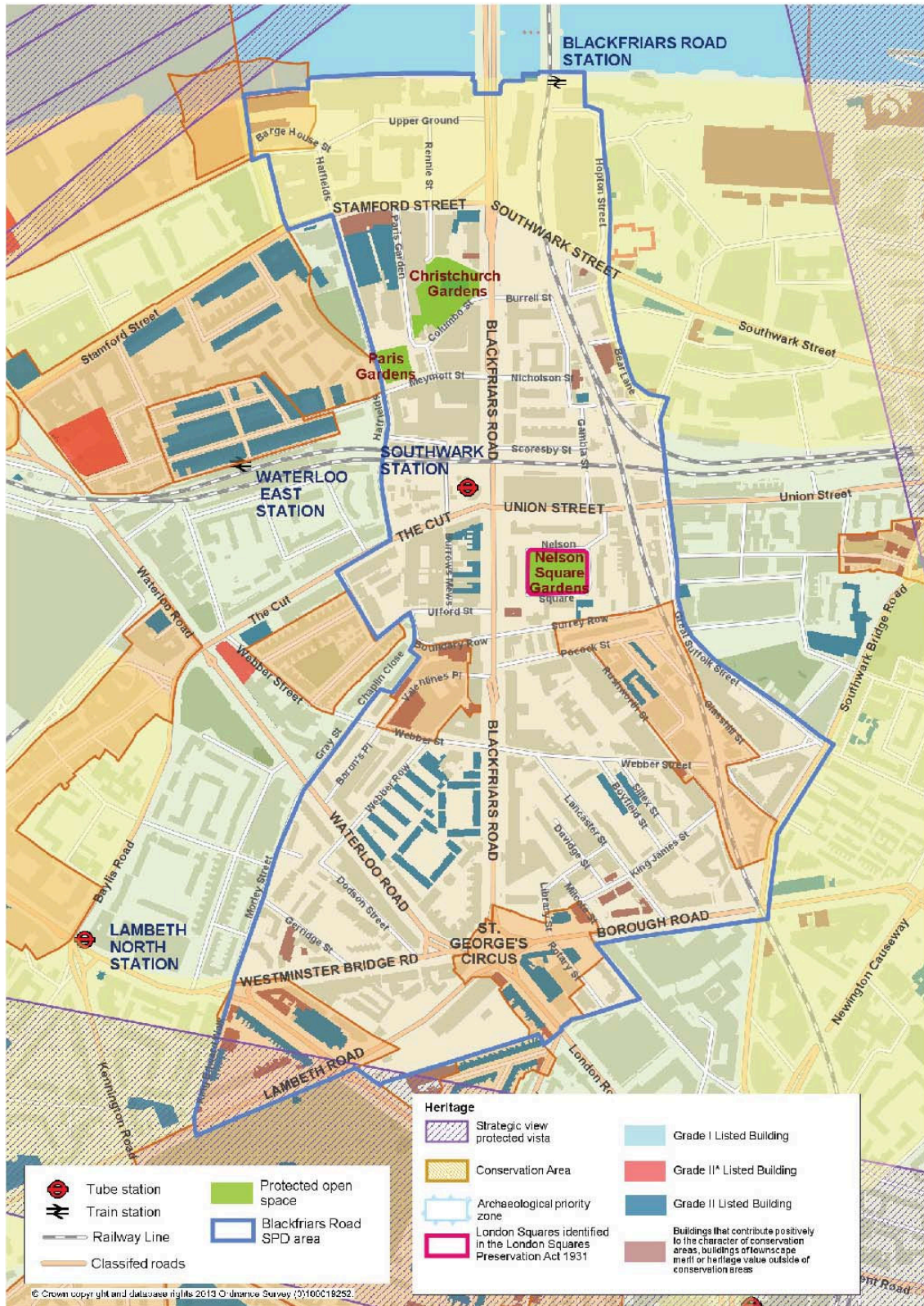
Development should:

- Help to create a sense of place and identifiable character, sustaining, enhancing or better revealing elements of the existing local and historic environment which have good character and improving the townscape in areas where its quality is poor. This includes conserving and enhancing heritage assets and their settings.
- Ensure that materials and features consider the identity of the surroundings, taking the local historic environment into account.
- Reinforce the civic scale along the main routes of Blackfriars Road, Stamford Street and Southwark Street, by:
 - Enhancing the setting of public realm and public spaces by helping generate activity around them.
 - Providing clear entrances that address the street with generous windows.
 - Incorporating flexibility in the design of non-residential buildings which permits adaptability for multiple uses.
 - Resisting the use of solid external shutters.
- Reinforce the character and geometry of St George’s Circus.
- Introduce a finer grain of development off of the main routes so that people can move around easily by:
 - Creating or enhance links or public spaces on large sites to allow permeability for pedestrians and cyclists.
 - Designing buildings of an appropriate massing to create a human scale of development at street level.
 - Creating an interesting and varied roofline.
- Apply inclusive design principles for all buildings and spaces, promoting access and improving mobility for the elderly and people with disabilities.

We are doing this because

- 3.30 Our strategy is to ensure that new development transforms Blackfriars Road as a vibrant boulevard for business and leisure. We want to ensure that development makes a positive contribution to the local character and distinctiveness. There is currently a mix of character, scale and massing of buildings. We would like development to enhance this to retain the historic boulevard character and also the character of the residential surroundings.
- 3.31 The character of Blackfriars Road is a historic north south wide road, which has been developed with a predominantly commercial focus, particularly at the north end of the road. The civic character is reinforced by the large scale, massing and heights of buildings on Blackfriars Road, the riverfront and the main east west routes of Stamford Street and Southwark Street. There are also a number of historic terraces and warehouses on and within the periphery of the Blackfriars Road in particular within the conservation areas.
- 3.32 Development along the main routes of Blackfriars Road, Stamford Street and Southwark Street, and along the riverfront, should reinforce the existing character, specifically enhancing permeability to and through large sites by introducing new links. Developing a finer grain in the design of large frontages and attention to the design of entrances and lower level non-residential spaces will ensure a human scale to the buildings fronting the main streets, enhancing the character by providing interest in the streetscape and activation of the public realm.
- 3.33 Conservation areas and an archaeological priority zone cover parts of the SPD area. These are shown in figure 5, together with locations of protected London squares, listed buildings and buildings that make a positive contribution to conservation areas or are of townscape merit. These heritage assets, and their settings, are sensitive to change to themselves or within their setting. Proposals will need to consider the potential impact upon the significance of the asset, or its setting, to avoid or minimise conflict between the conservation of the asset, and its setting, and any aspect of the proposal.

Figure 5: Heritage context



SPD 5 Building heights

We will ensure development contributes positively and helps to regenerate and transform Blackfriars Road by requiring development to be of an appropriate scale of height and by encouraging tall buildings at the key gateways and junctions.

Development should reinforce the civic character of Blackfriars Road, Stamford Street, Southwark Street and the riverfront. Generally the heights will be taller along the main routes, with appropriate heights of up to 30 metres, depending on the local context. Heights off of the main routes will generally be lower.

Tall buildings (above 30 metres in height or 25 metres in Thames Policy area)

Tall buildings will be encouraged in important locations, where they reinforce the character and function of this main route into central London. These landmarks will highlight the importance of Blackfriars Road as a gateway to Southwark and create new focal points at main transport junctions along Blackfriars Road to Elephant and Castle.

Heights along Blackfriars Road:

- The tallest buildings should be at the north end of Blackfriars Road. The tallest heights must be set back from the river and cluster around the main junction of Blackfriars Road, Stamford Street and Southwark Street.
- A tall building, of a height of up to 70 metres should provide a focal point at Southwark tube station.
- A tall building, of a height of up to 70 metres could provide a focal point at the southern end of Blackfriars Road. Tall buildings must be set back from the Circus and should sustain, enhance or better reveal heritage assets and their settings, particularly St. George's Circus Conservation Area and the Grade 2* listed obelisk.
- Buildings of up to 30m along Blackfriars Road between Southwark tube station and St George's Circus.

Buildings which are significantly higher than 50 metres must demonstrate that they contribute positively to London's skyline, when viewed locally and in more distant views, particularly on the river front and that they make exceptional contribution to the regeneration of the area.

All tall buildings over 25 metres / 30 metres must:

- Demonstrate an exemplary standard of design , provide high quality accommodation which significantly exceeds minimum space standards and promote housing choice by providing a mix of unit types.
- Provide public space at ground level. Public space should be proportionate to the height of the building and the importance of the location in the town centre.
- Contribute to an environment which is easy to move around for pedestrians and cyclists.
- Provide a mix of uses that reinforce the identity of Blackfriars Road and help encourage activity in the space around the building.
- Consider the London View Management Framework (LVMF), including the strategic views of Palace of Westminster World Heritage Site, views from St James's Park and river prospect views from up and downstream of Blackfriars Road.
- Conserve or enhance the significance of heritage assets and their settings, including Barge House Alley and St George's Circus conservation area, listed Christ Church and associated gardens and the obelisk and listed buildings at St. George's Circus.
- Demonstrate a considered relationship with other tall buildings and building heights in the immediate context in views, including views along the River Thames and Blackfriars Road. The location, orientation and massing of tall buildings should be articulated to ensure that cumulatively, tall buildings remain distinguishable as individual elements on the skyline.
- Be slender and elegant, the tops of buildings should be well articulated.
- Allow adequate sunlight and daylight into streets, public spaces and courtyards.
- Avoid harmful microclimate and shadowing effects or adverse affects on local amenity.
- Incorporate communal facilities for residents of the development.

In addition to the above criteria, buildings which are significantly higher than 70 metres should:

- Include a publically accessible area on upper floors in the tallest buildings.

Fact Box: Tall buildings

Our Core Strategy defines tall buildings as those which are higher than 30 metres (or 25 metres in the Thames Policy Area) and/or which significantly change the skyline. 30 metres is approximately the height of a 10 storey block of flats or a 7-10 storey office building. In areas which have a low scale character, any building that is significantly higher than surrounding buildings will be regarded as a tall building even if it is lower than 30 metres.

We are doing this because

- 3.34 The London Plan indicates that tall buildings may be appropriate in the Central Activities Zone and opportunity areas. This is also recognised in policy 12 of the Core Strategy which sets out that tall buildings could be accommodated in the north of Blackfriars Road.
- 3.35 We conducted an urban design study in accordance with NPPF principles and CABE and English Heritage guidance to inform our approach. The study supports SPD 5 by identifying that in accordance with saved Southwark Plan policy 3.20, tall buildings could further reinforce and emphasise important locations along Blackfriars Road and at locations with excellent accessibility to public transport. At the north end of Blackfriars Road taller heights would provide further definition to the emerging cluster of tall buildings around Stamford Street, Southwark Street and the junction with Blackfriars Road. At the centre and south of Blackfriars Road taller heights would provide focal points to emphasise the main transport junction at Southwark tube and the junction of Union Street and The Cut, as well as at the southern end of Blackfriars Road towards St George's Circus, the historic junction of Blackfriars Road, London Road, Lambeth Road, Waterloo Road, Westminster Bridge Road and Borough Road. Tall buildings at these locations would create identifiable features highlighting these as main locations of activity and destination points along the route from Elephant and Castle to the City as well as at the junction of main east/west routes linking Blackfriars Road into the wider area.
- 3.36 All proposals for tall buildings will need to comply with saved policy 3.20 of the Southwark Plan and ensure that they make a positive contribution to the streetscape, particularly at ground level and are of the highest architectural standard. SPD 5 also sets out more detailed criteria which are consistent with the tests set out in policy 3.20 of the Southwark Plan. Proposals for tall buildings should demonstrate that in accordance with the NPPF that they will sustain or enhance the significance of the historic environment and heritage assets, their settings particularly when located in the immediate context of these assets. Proposals would need to demonstrate their impact in views, including strategic views and views from the wider area, though a qualitative visual assessment to be submitted as part of a planning application submission.

- 3.37 The setting of tall buildings is particularly important; taller buildings should be used to signal more important spaces and the taller the building the greater the amount of activity which should take place around the base of the building. Floor-to-ceiling heights at ground level should be generously proportioned with doors and windows providing active frontages. A real advantage of building high is that it enables more public realm at ground level to be provided. To create an appropriate setting for tall buildings, the amount of public space at the base of the building should relate to its height, ensuring that the space around the base of tall buildings does not appear cramped or unwelcoming. The base of tall buildings should be permeable and they should not appear as extrusions from podia.
- 3.38 As they will comprise “vertical communities”, communal facilities should be provided for residents, such as viewing platforms, winter gardens and flexible meeting spaces. Tall buildings should increase housing choice by providing a range of apartment types.
- 3.39 It is important that sufficient information is provided with planning applications to enable us to assess compliance with saved Southwark Plan policy 3.20.

SPD 6: Active travel

We will work with the Greater London Authority (GLA), Transport for London (TfL), developers, landowners, neighbourhood forums, Lambeth Council, the community and other stakeholders to:

- Improve Blackfriars Road as a busy walking and cycling route between the Elephant and Castle, the River Thames and the City of London.
- Strengthen links east-west across Blackfriars Road from Waterloo and the South Bank to Bankside and London Bridge.
- Improve crossings and pedestrian/cycle infrastructure at junctions including St George's Circus and Stamford Street.
- Improve links between the different modes of transport by making it easier for people to find their way around.
- Manage the demands of buses, freight, pedestrians and cyclists to create a segregated route for cyclists as proposed by TfL.

We are doing this because

- 3.40 Our Core Strategy sets out that we will promote more walking and cycling to help create safer, more vibrant and healthier places. Blackfriars Road is part of the A201, a strategic north-south corridor between Elephant & Castle in the south and Kings Cross in the north and is strategically important for buses, freight, pedestrians and cyclists.
- 3.41 Blackfriars Road is part of the Transport for London Road Network (TLRN), so TfL are the Highway Authority with responsibility for what happens here. We will work closely with TfL, neighbourhood forums and Lambeth Council, as well as local stakeholders such as Southwark Living Streets and Southwark Cyclists, to ensure that development and investment on and around Blackfriars Road takes place in a coordinated fashion, to achieve the best possible outcomes.
- 3.42 Blackfriars Road is an important and well-used link to the City and its location between London Bridge, Southwark, Waterloo and the recently opened Blackfriars Station.
- 3.43 The importance of the northern half of the corridor for cyclists is apparent with cyclists accounting for more than 25% of road users in the northbound morning peak, equal to the number of cars. As cycling is a popular mode of travel in the area new developments will be expected to generously exceed our minimum cycle parking standards, as set out in the saved Southwark Plan.

- 3.44 We will work with TfL as they develop designs for a segregated cycle lane on Blackfriars Road. This will include considering the most appropriate approach for maintaining delivery and loading facilities and accessible bus stops. Balancing the competing needs of pedestrians, cyclists and vehicles to create a vibrant, safe place is therefore crucial as change takes place along Blackfriars Road and in the surrounding area. This is particularly the case at key junctions along Blackfriars Road, including St George's Circus and Stamford Street.
- 3.45 Specific schemes will be identified when funding is available and through consultation with local people and interest groups. Funding to deliver these improvements will come through a variety of sources including s106 planning obligations, community infrastructure levy (CIL), funding from TfL and a range of other sources. Further detail will be set out in our CIL Infrastructure Plan.
- 3.46 We will also continue to work closely with Lambeth Council to deliver cross boundary improvements to the streets linking the two boroughs together.

4. Implementation

4.1 How will the vision be delivered?

- 4.1.1 We cannot deliver our aspirations alone. We will continue to work with our partners and local businesses, and engage with the local community and residents.
- 4.1.2 We will ensure that growth is coordinated and that infrastructure is improved to support the additional number of people working, living and visiting Blackfriars Road. Figure 6 and Table 1 set out the potential development sites, illustrating the opportunity for change particularly along Blackfriars Road and the need for a coherent framework. The list of sites is not exhaustive and other sites may come forward. Some of the sites will be completely redeveloped whilst other sites may experience less change such as refurbishment or improvements to the existing buildings or surroundings.

4.2 Partnership working, business and community involvement

- 4.2.1 We already work with many different groups and organisations in the Blackfriars Road area. We will ensure that we continue to engage with the many groups and individuals including stakeholders such as local businesses, South Bank Employers' Group, Waterloo Quarter, Better Bankside, Bankside Open Spaces Trust, Lambeth Council, tenants and residents associations, SE1 Safer Road Forum, London South Bank University, Bankside Neighbourhood Forum, South Bank and Waterloo Neighbourhood Forum, Blackfriars Landowners Forum, Southwark Living Streets and Southwark Cyclists. We will also look at opportunities for engagement with other groups and residents.
- 4.2.2 The planning projects team will continue to work closely with the local community and partners as development takes place to deliver section 106 and community infrastructure projects, and build on recent projects. These include the new Blackfriars Settlement, the Dog and Pot statue, railway bridge refurbishments at Dolben, Treveris and Burrell Streets, The Cut improvements, and Gambia Street improvements.

4.3 Managing change

Recent change

- 4.3.1 There have been many changes over the past few years, including major development such as the refurbishment of Blackfriars Station with a new entrance on the south side of the river, four new hotels and over 300 new homes.
- 4.3.2 More change is planned, with much development already under construction or with proposals for development going through the planning process. Some of the largest schemes are: 1 Blackfriars which includes a 170 metre tower, a new hotel at Sea Containers House, the conversion of South Bank Tower from commercial use to residential use, 20 Blackfriars which includes a commercial tower and a residential tower, and Sampson and Ludgate Houses which include over 480 new homes, offices and a new public square.

Management plans

- 4.3.4 There is a need to ensure effective and coordinated management of development to minimise the impact on residents, workers and visitors. This is important both during and post construction.
- 4.3.5 Planning conditions, or s106 planning obligations, will require that construction management plans are in place for development along the Blackfriars Road corridor. Developers and contractors will be strongly encouraged to engage with the Bankside and London Bridge Logistics Group which has been established to coordinate all aspects of the construction process in the opportunity area, including traffic management, noise and pollution control, local employment and public realm works. In order to reduce the impact of construction on existing residents and businesses, developers and contractors will be encouraged to work together, and the logistics group aims to achieve excellence in construction management, as certified by the national Considerate Contractors Scheme.
- 4.3.6 Similarly, planning conditions or s106 planning obligations will require delivery and servicing plans to address the delivery and servicing arrangements for completed developments. This could include hours of operation being managed within reasonable parameters. Travel plans will be sought and we will encourage membership of the Bankside and Borough travel planning groups, co-ordinated by Better Bankside and Waterloo Quarter Business Improvement Districts.

Figure 6: Potential development sites

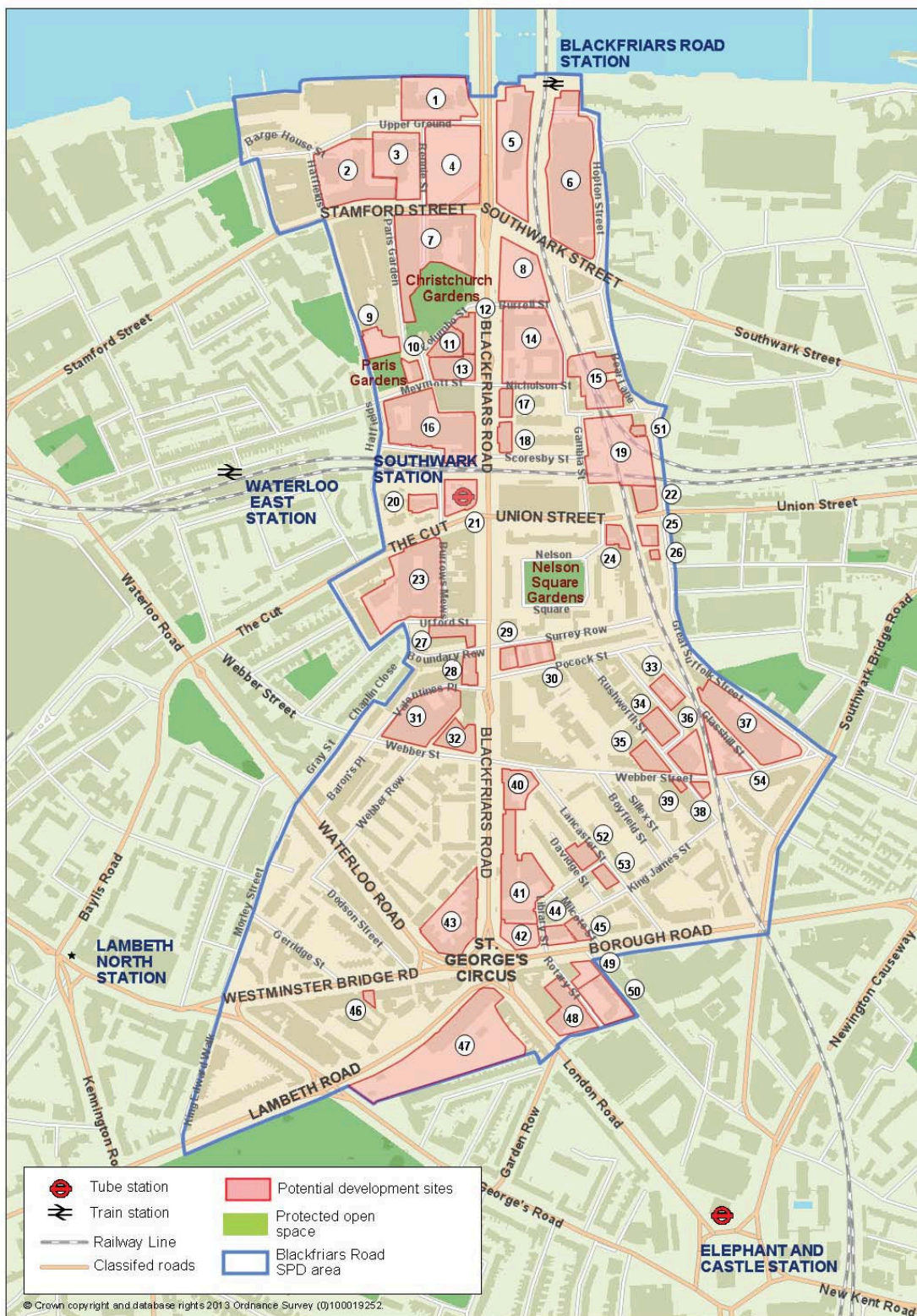


Table 1: Potential development sites

ID	Name	ID	Name
1	River Court and Doggetts Coat and Badge Public House	28	Friden House, 96-101 Blackfriars Road
2	South Bank Tower	29	St Georges Mansions, Blackfriars Road
3	Rennie Court	30	UDP Site 8P, Manna Ash House, Pocock Street Garages
4	1 Blackfriars Road	31	21-31 Webber Street and 3-7 & 19-21 Valentines Place
5	Ludgate House	32	109-115 Blackfriars Road
6	Sampson House, 64 Hopton Street	33	38-40 Glasshill Street
7	20 Blackfriars Road, Stamford Street, Paris Gardens	34	33-38 Rushworth Street
8	231-241 Blackfriars Road	35	61 Webber Street
9	6 Paris Gardens / 21-22 Hatfields	36	63 Webber Street
10	45 Colombo Street	37	108 to 114 Great Suffolk Street
11	34 - 68 Colombo Street	38	96 Webber Street
12	Wedge House, 32-40 Blackfriars Road	39	94 Webber Street
13	Friars Bridge Court, 41-45 Blackfriars Road	40	Tadworth House and St Georges health centre, 151-153 Blackfriars Road
14	Conoco House, Quadrant House, Edward Edward's House and Suthring House	41	Erlang and Hill House
15	Site bounded by Bear Lane, Dolben Street, Chancel Street and Treveris Street	42	Erlang House car park
16	Telephone exchange and 50-60 Blackfriars Road	43	McLaren House, 1 St. Georges Circus
17	209-215 Blackfriars Road	44	Passmore Edwards Library, 112 Borough Road
18	202-208 Blackfriars Road	45	Caxton House
19	Site bounded by Gambia Street, Dolben Street and Great Suffolk Street	46	35 Westminster Bridge Road
20	1 Joan Street	47	TfL Bakerloo Sidings and 7 St George's Circus
21	Southwark Tube Station, 68-71 Blackfriars Road	48	Site bounded by Rotary Street. Thomas Doyle Street and London Road
22	200 Union Street	49	109 - 112 Chapel Road
23	Southwark College, The Cut	50	Hugh Astor Court, Thomas Doyle Street
24	235-241 Union Street	51	28-30 Great Suffolk Street
25	225 Union Street	52	44-50 Lancaster Street
26	54-58 Great Suffolk Street	53	52-56 Lancaster Street
27	90-92 Blackfriars Road	54	65 Glasshill Street

4.4 Infrastructure

4.4.1 We will continue to improve existing infrastructure and provide new infrastructure alongside new development. Much of the funding for infrastructure will be raised through the community infrastructure levy (CIL) and section 106 planning obligations to deliver of infrastructure to ensure that development does not have a negative impact.

4.4.2 Further information on CIL and section 106 can be viewed on our website at:

www.southwark.gov.uk/info/856/planning_policy/2696/community_infrastructure_levy

www.southwark.gov.uk/section106

Appendix A: Borough wide policies and guidance

Borough wide policies and guidance

The SPD does not repeat existing borough wide policy and guidance and only provides additional guidance where it specifically relates to Blackfriars Road. Table 2 below cross refers to the key Southwark planning policies and guidance which need to be read alongside the Blackfriars Road SPD.

Our website is continually updated as we prepare and adopt new planning documents. Please refer to the following websites for each of the Southwark borough wide documents:

General planning policy updates and information

www.southwark.gov.uk/planningpolicy

Core Strategy (2011)

www.southwark.gov.uk/corestrategy

Saved Southwark Plan (2007)

http://www.southwark.gov.uk/info/856/planning_policy/1241/the_southwark_plan

Residential Design Standards SPD (2011)

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1253/residential_design_standards_spd

Affordable Housing SPD (2008) and draft Affordable Housing SPD (2011)

www.southwark.gov.uk/ahspd

Sustainable Design and Construction SPD (2009)

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1254/sustainable_design_and_construction_spd

Sustainability Assessment SPD (2009)

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1256/sustainability_assessment_spd/1

Sustainable Transport SPD (2010)

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1261/sustainable_transport_spd

Design and Access Statements SPD (2007)

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/1260/design_and_access_statements_spd/1

Section 106 Planning Obligations SPD (2007)

http://www.southwark.gov.uk/info/200152/section_106

Draft Section 106 Planning Obligations SPD and Community Infrastructure Levy

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/3243/section_106_planning_obligationscil_spd

Table 2: Key borough wide policies and guidance related to Blackfriars Road

Topic	Core Strategy	Saved Southwark Plan Policies	Supplementary Planning Documents
Employment, retail, leisure, entertainment, hotels and other town centre uses	<p>Strategic Policy 3 Shopping, leisure and entertainment</p> <p>Strategic Policy 10 Jobs and businesses</p>	<p>Chapter 1 of the saved Southwark Plan. Key policies include:</p> <p>Policy 1.4 Employment sites outside the Preferred Office Locations and Preferred Industrial Locations</p> <p>Policy 1.7 Development within town and local centres</p> <p>Policy 1.8 Location of developments for retail and other town centre uses</p> <p>Policy 1.9 change of use within protected shopping frontages</p> <p>Policy 1.11 Arts, culture and tourism uses</p> <p>Policy 1.12 Hotels and visitor accommodation</p>	
Community facilities and education	Strategic policy 4 Places to learn and enjoy	<p>Policy 2.1 Enhancement of community facilities</p> <p>Policy 2.2 Provision of new community facilities</p>	

Sustainability, environmental standards, open spaces and the natural environment	Strategic policy 1 Sustainable development Strategic policy 13 High environmental standards	Policy 3.1 Environmental effects Policy 3.2 Protection of amenity Policy 3.3 Sustainability assessment Policy 3.6 Borough Open Land Policy 3.20 Protection of riverside facilities	Sustainable design and construction SPD Sustainability assessment SPD
Design and heritage	Strategic policy 12 Design and conservation	Policy 3.12 Quality in design Policy 3.13 Urban design Policy 3.15 Conservation of the historic environment Policy 3.16 Conservation areas Policy 3.17 Listed buildings Policy 3.18 Setting of listed buildings, conservation areas and world heritage sites Policy 3.20 Tall buildings	

Housing	<p>Strategic policy 5 Providing new homes</p> <p>Strategic policy 6 Homes for people on different incomes</p> <p>Strategic policy 7 Family homes</p> <p>Strategic policy 8 Student homes</p>	<p>Policy 4.2 Quality of residential accommodation</p> <p>Policy 4.3 Mix of dwellings</p> <p>Policy 4.4 Affordable housing</p> <p>Policy 4.5 Loss of residential accommodation</p>	<p>Residential design standards SPD</p> <p>Affordable housing SPD</p> <p>Design and access statements SPD</p>
Transport	Strategic policy 2 Sustainable transport	<p>Policy 5.1 Locating developments</p> <p>Policy 5.3 Walking and cycling</p> <p>Policy 5.6 Car parking</p> <p>Policy 5.7 Parking standards for disabled people and the mobility impaired</p> <p>Policy 5.8 Other parking</p>	Sustainable transport SPD
Infrastructure, section 106 and community infrastructure levy	Strategic policy 14 Implementation and delivery	Policy 2.5 Planning obligations	<p>Section 106 SPD</p> <p>Community Infrastructure charging schedule</p>

Appendix B: London Plan and Core Strategy visions

The London Plan (2011) strategic policy direction for the whole of the London Bridge, Borough and Bankside Opportunity Area is:

This Area has considerable potential for intensification particularly at London Bridge station and its environs, complemented by improvements to public transport and interchange facilities, better pedestrian integration with the surrounding area and greater use of river passenger transport. There is scope to develop the strengths of the Area for strategic office provision as well as housing, especially in the hinterland between Blackfriars and London bridges. Mixed leisure and culture related development should enhance its distinct offer as part of the South Bank Strategic Cultural Area, and partners should work to develop and accommodate synergies with the existing centre of medical excellence. Account should be taken of the Tower of London World Heritage site and proposals for open space networks and transport and community infrastructure should be co-ordinated with those in the Waterloo and Elephant and Castle Opportunity Areas and across borough boundaries.

Core Strategy (2011) vision is:

Bankside, Borough and London Bridge opportunity area

The opportunity area will continue to be home to a mix of uses providing high quality office accommodation alongside world class retail, tourism, culture and entertainment facilities and public spaces. Local people will be supported to find jobs by local employment and training schemes.

We are working with the local community and landowners to deliver large scale development and improvements, providing over 1,900 new homes, 665 affordable housing units and around 25,000 new jobs by 2026.

Development and changes to places will be guided by a supplementary planning document opportunity area framework which we are preparing with the GLA.

Bankside and Borough

We are working with the local community, land owners, Better Bankside and the Cross River Partnership to enhance the area's mix of culture, history and business in a way that is sensitive to its residential communities. There will be new businesses, shops, housing and cultural facilities that will benefit local residents as well as raise the profile of Southwark. This will include new and improved community and youth facilities.

New development will help improve the look feel and safety of streets and public spaces through schemes like the Bankside Urban Forest. We will work with groups like the Bankside Open Spaces Trust to create better access to green spaces, including protecting the Crossbones Graveyard. New trees and landscaping improvements will make places feel greener.

It will be easier to get around by walking and cycling and access to and along the riverside will be protected. Car parking will be limited to deter car use and help reduce traffic.

New development will recognise and enhance the different character and roles of places across Bankside and Borough. These are focused around Blackfriars Road, Bankside, Borough South, Borough Market/Riverside, and Borough High Street.

There are development opportunities throughout the area, but the largest developments will be around Blackfriars Road and Bankside.

Bankside will be a location of large offices and major arts and cultural facilities, including an expanded Tate Modern. We will work with Network Rail to refurbish space under railway arches to provide modern accommodation for small businesses. Making sure that student accommodation is included without dominating is important for a balanced mix of activities.

Blackfriars Road will continue to have a mix of shops, services and offices serving both a local and wider need. There will be a cluster of tall buildings around the northern end of Blackfriars Road providing high quality offices, housing, hotels and shops. These buildings will be of exceptional design and will enhance the look of the area and provide new public spaces. We will set out in detail which sites are appropriate, sensitive and inappropriate for tall buildings through the supplementary planning document/opportunity area framework.

Borough will continue to be a mainly residential area serving local needs. The hub of activity centred around Borough High Street will be improved so that it provides a better mix of shops and services to meet local people's needs as well as the needs of office workers and tourists.

Borough Market will be protected and improved and the riverside area will continue to be valued as an area steeped in history, reflected in its historic street pattern and a concentration of important buildings and remains, including Southwark Cathedral. We will work with Network Rail to ensure the Thameslink project is delivered with minimal disruption to the area and improve the contribution that railway arches make to the area.

We will look at ways to control licensed premises and hotels to ensure a good balance of uses and protect the character of the residential areas. This includes an alcohol saturation zone at Bankside.

Contact us

Planning policy team, Chief Executive’s Department, Southwark Council, P.O. Box 64529, London SE1P 5LX.

Any enquiries relating to this document can be directed to Planning policy team, Southwark Council.
Email planningpolicy@southwark.gov.uk, Tel 020 7525 5471.

This document can be viewed at www.southwark.gov.uk/blackfriarsroadspd

If you require this document in large print, braille or audiotape please contact us on 020 7525 5548.

Arabic

هذه الوثيقة أعدت من قبل فريق سياسة تخطيط بلدية ساوثارك.
هذه الوثيقة ستأثر على القرارات التي اتخذت حول تخطيط وتطوير إستعمال الأرض في ساوثارك.
إذا اردت أن تطلب المزيد من المعلومات أو من الأستشارة بلغتك يرجى القيام بزيارة دكان (وان ستوب شوب) وأعلم الموظفين هناك باللغة التي تريدها. إن عناوين دكاكين (وان ستوب شوب) موجود في أسفل هذه الصفحة

Bengali

সাদার্ক কাউন্সিলের প্ল্যানিং পলিসি টিম এই দলিলটি প্রকাশ করেছেন। এই দলিলটি সাদার্ক জমি ব্যবহারের পরিকল্পনা ও উন্নয়ন সম্পর্কিত সিদ্ধান্তগুলির উপর প্রভাব রাখবে। আপনি যদি আপনার ভাষায় অতিরিক্ত তথ্য ও পরামর্শ চান তাহলে অনুগ্রহ করে ওয়ান স্টপ শপে যাবেন এবং কি ভাষায় এটা আপনার দরকার তা কর্মচারীদের জানাবেন। ওয়ান স্টপ শপগুলোর ঠিকানা এই পৃষ্ঠার নিচে দেয়া হল।

French

Ce document est produit par l’équipe de la politique du planning de la mairie de Southwark. Ce document affectera les décisions prises sur le planning de l’utilisation des terrains et du développement dans Southwark. Si vous avez besoin de plus de renseignements ou de conseils dans votre langue, veuillez vous présenter au One Stop Shop et faire savoir au personnel la langue dont vous avez besoin. Les adresses des One Stop Shops sont au bas de cette page.

Somali

Dukumeentigan waxa soo bandhigay kooxda Qorshaynta siyaasada Golahaasha Southwark. Dukumeentigani wuxuu saamaynayaa go’aanaddii lagu sameeyey isticmaalka dhuulka ee qorshaynta iyo horumarinta ee Southwark.Haddii aad u baahan tahay faahfaahin dheeraad ah ama talo ku saabsan luqadaada fadlan booqdo dukaanka loo yaqaan (One Stop Shop) xafiiska kaalmaynta kirada guryaha shaqaalaha u sheeg luqada aad u baahan tahay. Cinwaanada dukaamada loo yaqaan (One Stop Shops) xafiisyada kaalmaynta kirada guryaha waa kuwan ku qoran bogan hoosteedda.

Spanish

Este documento ha sido producido por el equipo de planificación de Southwark. Este documento afectará las decisiones que se tomarán sobre uso de terrenos, planificación y desarrollo en Southwark. Si usted requiere más información o consejos en su idioma por favor visite un One Stop Shop y diga a los empleados qué idioma usted requiere. Las direcciones de los One Stop Shops están al final de esta página.

Tigrinya

እዚ ሰነድ (ጽሑፍ) ብሳዘርክ ካውንስል (Southwark) ናይ ውጥን መምርሒ ን-ደን ገተ-ጻለወ እዩ ። እዚ ሰነድኪ ኣብ ሳዘርክ ናይ መሬት ኣጠቓቕማ መደብን ስብዕትን ኣብ ገግቡሩ ውሳኔታት ለውጢ ከምጽእ ይኻእል እዩ ። ተወሳኺ ሓበሬታን ምኽርን ብቋንቋኹም እንተደለኹም ናብ ዋን ስቶፕ ሾፕ (one stop shop) ብምኻድ ንትረኽቡዎ ሰራሕተኛ ትደልይዎ ቋንቋ ንገርዎ ። ናይ ዋን ስቶፕ ሾፕ ኣድረሻ ኣብ ታሕቲ ተጻሒፉ ይርከብ ።

Item No. 17.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Land at Southampton Way and New Church Road Camberwell	
Ward or groups affected:		Faraday	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

Whilst a combination of GLA, New Deal for Communities and council funding has enabled the transformation of Burgess Park, the state of the southern edge of the park east of Southampton Way still leaves much to be desired.

This report recommends that the council take the necessary steps to exercise a compulsory purchase of land bordering the park that is used for scrap yards and a vehicle depot so that work can be undertaken to create a Southampton Way entrance. This work will dramatically improve the environment at the north end of Southampton Way and for the regenerated Elmington Estate. This proposed sizable increase in green space will also yield benefits for Camberwell as a whole.

RECOMMENDATIONS

1. That the cabinet agrees the council makes a Compulsory Purchase Order under section 226(1)(a) of the Town & Country Planning Act 1990 (as amended by section 99 of the Planning and Compulsory Purchase Act 2004) and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 for the acquisition of the land and new rights within the areas edged black and numbered 1-6 on the plan at Appendix 1 for the purpose of improving and extending Burgess Park in accordance with the provisions of the saved policies of the Southwark Plan 2007 and the Core Strategy 2011.

2. The head of property be authorised to:
 - a) take all necessary steps to secure the making, confirmation and implementation of the Compulsory Purchase Order including the publication and service of all notices and the presentation of the council’s case at Public Inquiry should one be called
 - b) acquire all interests in land within the compulsory purchase order areas either by agreement or compulsorily
 - c) approve agreements with land owners setting out the terms for the withdrawal of objections to the Orders, including where appropriate seeking exclusion of land from the Orders and
 - d) amend the boundaries of the Sites shown edged black on the plan at Appendix One should the need arise.

BACKGROUND INFORMATION

3. The community through the consultation for improvements to Burgess Park and the *Revitalise Camberwell* initiative called for the creation of an improved southern entrance to Burgess Park. This will make the Park more welcoming and accessible, connecting to existing routes outside and to Camberwell town centre.
4. The comprehensive consultation exercise was undertaken in 2009/10 as part of the refurbishment of Burgess Park and its findings used to produce a long term vision for the Park that identified the need to improve the southern entrance.
5. Further consultation and community engagement took place from January to March 2013 as part of the *Revitalise Camberwell* programme. This consisted of public exhibitions, community drop in sessions, e-newsletters, mail drops, and information on the council's website. Over 800 responses were received and nearly 600 people attended the various consultation events.
6. An improved southern entrance was supported by the community through these two consultations. The proposed scheme will improve the quality of the pedestrian and cycle links to and from Camberwell town centre, a regenerated Elmington estate and Camberwell Green. A proposed green link is to be established along Lomond Grove and will further strengthen pedestrian and cycle links between Burgess Park and Camberwell town centre. This provides an opportunity to support access to both green space and the town centre to those within improved housing and those new to the area, supporting the regeneration of the area.
7. The land in question is shown edged black on the plan at Appendix 1. It is in three different freehold ownerships and is occupied for a variety of uses as an architectural salvage yard, a vehicle repair yard, a car sales/storage yard and a vehicle storage compound. A schedule setting out ownership details and plot areas is provided at Appendix 2.
8. Before the Second World War the land fronting Southampton Way contained eight houses but these were destroyed as a result of a high explosive bomb that landed in 1940/41. The land fronting New Church Road is the site of two former terraced houses (136 and 138) that also appear to have been destroyed in the Second World War.
9. The area has changed radically in the post war years particularly as a result of the creation of Burgess Park. The current uses are out of keeping with the immediate surroundings and do not sit well with the adjacent Park.
10. The current land uses particularly in respect of the Southampton Way frontage are also visually detrimental to both the immediate locality and Burgess Park.
11. To the opposite side of Southampton Way frontage land the formerly vacant Elmington site is in the process of being constructed.
12. It is unclear why the plots in question were excluded by the Greater London Council when it exercised compulsory purchase powers in the 1970s to assemble the land comprising Burgess Park.
13. The council has attempted in the past to acquire the land fronting Southampton

Way but it has never previously been possible to reach agreement on terms. The freeholders of these plots advise they are not anxious to sell as they receive regular income in the form of rent from the land.

13. In relation to the New Church Road site this is used to store vehicles maintained on behalf of the Metropolitan Police. There does not appear to have been any discussions in recent times regarding the council purchasing this land. Acquisition of this land will enable the council to complete ownership of New Church Road and to apply to have it stopped up as a highway which will remove a physical constraint to this part of Burgess Park.

Planning status of the land

15. Notwithstanding the established current uses, the land is designated as Metropolitan Open Land (MOL) [policy - OS91 Burgess Park]. This designation is set out in Appendix 9 of the saved Southwark Plan policies (2007) (UDP) and is shown on the adopted policies map. In accordance with saved Southwark Plan policy 3.25, there is a presumption against any inappropriate development on the site, this will include a change of use to anything other than those uses identified in policy 3.25 which include:
 - i. Agriculture and forestry
 - ii. Essential facilities for outdoor sport and outdoor recreation, for cemeteries, and for other uses of land which preserve the openness of MOL and which do not conflict with the purposes of including land within MOL.
16. As this designation suggests, it is the intention that by safeguarding these sites for use as open space through the saved Southwark Plan, they will eventually be incorporated as part of the land within Burgess Park.
17. Whilst the planning designation for the land is MOL which severely limits its ability to be put to other uses, the current uses are established and immune from enforcement action.

KEY ISSUES FOR CONSIDERATION

18. The making of a compulsory purchase order is essential in these circumstances to enable Burgess Park to be improved and to move towards its full potential in providing an excellent open space for south London. Notwithstanding this, should the recommended resolution be passed it is hoped that the affected owners will enter into serious negotiations with agreement being reached without the need to make the order.
19. If the acquisition is approved, the land will transfer with the present limited structures that are currently on it. These will require removal. In the light of the recent uses of the land it will require de-contamination before it can be incorporated within Burgess Park.
20. The land has an area of 1,339m² which although small in comparison to the overall size of Burgess Park is important frontage land, the acquisition of which will dramatically improve the visual appearance of this section of the Park thus making it more appealing to prospective users.

21. The land has been a source of nuisance to nearby residents. Used tyres have been stored on it and these have been set alight to the detriment of the amenity and safety of the residents.
22. As previously mentioned, regeneration work has commenced on land on the opposite of Southampton Way as part of the Elmington initiative and this provides a compelling stimulus to address the semi-industrial uses on the subject land.
23. The present uses on the subject land do however provide a number of jobs that will be lost as a result of the proposed acquisitions of plots 1-5. It is not known if those businesses will relocate elsewhere or cease trading. The loss of employment is always regrettable, however this needs to be balanced against the wider benefits of an improved park, a visually more attractive locality and the removal of uses that are or perceived to be a nuisance to the neighbourhood.

Underlying information in resolving to make these compulsory purchase orders

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

Community impact statement

25. The effect of the negotiated acquisition or Compulsory Purchase Order will be to dispossess persons of their rights in land. This is a necessary process to ensure the improvement of Burgess Park and the Southampton Way/New Church Road neighbourhood can proceed. This is considered acceptable where the proposals are in the public interest and where, as in this case, the advantages of acquisition substantially outweigh the disadvantages to those dispossessed
26. The land acquisition and subsequent enlarged Burgess Park should attract more users to the Park that will benefit from its facilities. The removal of land uses that are not compatible with a primarily residential neighbourhood will increase the amenity of nearby residents.
27. The improvement of Burgess Park will not negate the council's Diversity and Equal Opportunities policies. Indeed in the long term it is anticipated as Burgess Park is further improved the diversity of users will be widened.
28. The council recognises that it has a duty under s149 of the Equalities Act 2010 ("the 2010 Act") to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not. The council has had due regard to its duties under the 2010 Act and if the proposed resolution is passed, will continue to have regard to this throughout the CPO process.

Resource implications

29. These are set out in the closed version of the report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Director of Legal Services**

30. Cabinet is advised that the council has a power to compulsorily acquire land and property interests under Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended by Section 99 of the Planning and Compulsory Purchase Act 2004) ("the 1990 Act").
31. Section 226(1)(a) is considered to be the most appropriate power in all the circumstances. Notwithstanding the designation of the land to be acquired as MOL, as this report makes clear, its current use is for various light industrial uses and it is not open to the public for recreation as might be expected in the case of MOL. For this reason, the CPO powers for open spaces are not appropriate in this case since they deal with the compulsory acquisition of land currently being used as open space. It is the use of the land and not its planning designation that is key.
32. Section 226(1)(a) gives the council power to acquire compulsorily any land in their area if the council thinks that the acquisition will "facilitate the carrying out of development/re-development, or improvement on or in relation to the land". In exercising this power the council must have regard to Section 226(1A) which provides that the council must not exercise the power unless it thinks that the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well being of the area.
33. The cabinet will note from paragraph 23 of Appendix 3 to this report that consideration has been given to the wellbeing objectives under section 226(1A) of the 1990 Act in relation to the council's aspirations for the future of Burgess Park. It is considered that the acquisition of these areas of land will benefit both the immediate neighbours of the land and the wider community as a whole who use Burgess Park and therefore there are adequate powers available to the council to acquire the land and property interests in the Sites either compulsorily or by agreement. The council also has power under section 227 of the 1990 Act or Section 120(1) of the Local Government Act 1972 ("the 1972 Act") to acquire interests in land by agreement with the owners. Further, by virtue of section 120(2) of the 1972 Act, any property acquired under the 1972 Act which is not required immediately for the purpose for which it has been acquired, can be used in the interim for the purpose of any of the council's functions.
34. Part 3C of the council's constitution reserves to the cabinet decisions on acquisition of land and property where the market value exceeds £100,000 and the acquisition of land and property which involves the use of compulsory purchase powers.
35. In the event that it proves possible to acquire the site by agreement, such that compulsory purchase powers are not required, cabinet is advised that Section 120(1) of the Local Government Act 1972 ("the 1972 Act") authorises the council to acquire any land by agreement for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. The acquisition of the sites would fall within this since the acquisition is to facilitate the improvement of the area.

Strategic Director of Finance and Corporate Services

36. This is set out in the closed version of this report.

Strategic Director of Environment and Leisure

37. As set out in paragraph 4 comprehensive consultation was undertaken in 2009/10 that was used to produce a long term vision for a refurbished Burgess Park. Phase 1 of the revitalisation project successfully delivered the following elements:

- a. New landscaping
- b. New playground
- c. New entrances to Old Kent Road and Camberwell Road
- d. New paths
- e. Increased biodiversity through new planting and trees
- f. Car park improvements
- g. New bins and benches
- h. Lake extension and improvements.

38. The long term vision for the park identifies the need to improve the New Church Road area and the Southampton Way entrance. It is clear this area plays a vital role in linking Camberwell to Walworth and Peckham. A new welcoming entrance here will make a positive contribution to the Park and the local area. The land ownership issues and associated costs means at the time this part of the project cannot be progressed.

39. The long term vision document identifies the following proposals for the southern entrance and New Church Road:

- a. The remnant road layout of New Church Road be converted to a park footpath which can accommodate both pedestrian and cycle use, creating more green and attractive open space.
- b. The wildlife area to the south of New Church Road is recognised as an important habitat and will be incorporated into the Park, improved and made more accessible.
- c. Additional tree planting to create a strong visual boundary to the Park and increased overall tree coverage in this area.
- d. Delivery of a new entrance in the style of those at Camberwell Road and Old Kent Road.

40. The proposals for addressing land ownership issues in this area to enable the delivery of a new welcoming entrance to Burgess Park are widely supported by the community and we can confirm support for these proposals from the Friends of Burgess Park.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Plan of land
Appendix 2	Ownership schedule
Appendix 3	Procedural and Legal matters relating to proposed CPO

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal, Property Services	
Version	Final	
Dated	16 January 2014	
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	See exempt report
Strategic Director of Environment and Leisure	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		16 January 2014

APPENDIX ONE

TITLE.

Land at Burgess Park, SE5.



DRAWING No.

LBS_3042

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Property Division

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APPENDIX TWO

**LAND AT SOUTHAMPTON WAY AND NEW CHURCH ROAD CAMBERWELL
OWNERSHIP SCHEDULE**

Plot#	Area m ²	Registered Freeholder	Tenant	Use
1	98	Ronald William and Margaret Sansom and Vera Amelia Webb	Reported to be let but no documentation provided	Salvage yard
2	180	Ronald William and Margaret Sansom and Vera Amelia Webb	Reported to be let but no documentation provided	Salvage yard
3	55	Ronald William and Margaret Sansom and Vera Amelia Webb	Reported to be let but no documentation provided	Vehicle storage
4	58	Ronald William and Margaret Sansom and Vera Amelia Webb	Reported to be let but no documentation provided	Vehicle storage
5	685	Frank Cocks and Roy Welsh	Reported to be let but no documentation provided	Car repairs and salvage
6	263	VT Vehicle Solutions Limited	Not known	Vehicle storage

APPENDIX THREE**Land at Southampton Way and New Church Road Camberwell
Compulsory Purchase Order
Procedural and Legal matters****LEGAL MATTERS****Acquisition of Freehold interests**

1. The freeholders will be entitled to the following compensation:
 - a) The market value of their interest subject to any leases or tenancies that may or may not exist
 - b) In the event of a land holding being reduced in part (plot 6), a severance payment as appropriate, to reflect the diminution in value of the retained land as a result of the loss of the part being acquired
 - c) a disturbance payment to cover the freeholder's reasonable costs arising as a direct and natural result of the compulsory acquisition, this might include incidental costs of acquiring a replacement asset , legal fees and surveyors fees

Acquisition of Leasehold Interests

2. As previously mentioned, it has been indicated verbally by the freeholders of the Southampton Way plots that there are tenants in occupation but when asked to produce details of the lettings agreements they have not been provided. The alleged lettings are not shown on the Land Registry. This situation can be clarified by serving Requisition Notices on the freeholders that will oblige them to provide details of any leases or tenancies.
3. The statutory compensation code provides that the commercial leaseholder is entitled to the following compensation following a compulsory acquisition:
 - a) The market value of the leasehold interest in the property;
 - b) Payment for loss of profits arising from the relocation or extinguishment of the business [as appropriate]
 - c) a disturbance payment to cover the leaseholder's reasonable costs arising as a direct and natural result of the compulsory acquisition, this might include relocation costs, legal fees and surveyors fees

Acquisition of Plot 6

4. This plot is part of a larger commercial undertaking. Where part of a landholding is acquired by compulsion s8 Compulsory Purchase Act 1965 provides that where such an acquisition results in the material detriment of the retained land the owner can oblige the acquiring authority to purchase the whole of the land holding. These provisions only apply however to a house (including its gardens and/or parks), building or manufactory. Prima facie, this does not seem to apply in this instance because the landholding of which Plot 6 forms part appears to be a maintenance rather than manufacturing undertaking. However there remains a small risk that manufacturing is taking place and the owner can prove that the acquisition of Plot 6 will have a disproportionate affect

APPENDIX THREE**Land at Southampton Way and New Church Road Camberwell
Compulsory Purchase Order
Procedural and Legal matters**

on the overall viability of the undertaking. In such circumstances the acquiring authority may decide to proceed to purchase the entire land

PROCEDURAL MATTERS**Outline of Compulsory Purchase Procedure***Resolution*

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

Referencing

6. The Council assembles information that provides details of all owners, tenants and occupiers. This is to both identify what interests need to be acquired and who is entitled to receive a notice of the publication of the Order. This stage will enable the precise details of the Orders areas to be determined. The boundaries shown edged red on the plan at Appendix One may need subtle amendment in the light of this and it is recommended that the Head of Property be given delegated authority to set the extent of the Orders.

Resolving planning and finance

7. In considering the Orders the Minister needs to be confident that the proposals behind them are likely to come to fruition. In this connection, s/he will need to be satisfied that there are no significant Town Planning or financial obstacles that will frustrate them. The intended incorporation of the sites within Burgess Park (paragraphs 11&12 of the open report refer) will be in accordance with the detailed planning guidance for the area. The closed version of the report confirms the funding for acquisitions and the subsequent incorporation on the plots into Burgess Park

Making the Order

8. The Council makes the Order, to a defined format. A schedule goes with the Order identifying ownership details of all land within it. A Statement of Reasons must also be prepared to accompany the Order. This is a critical document that may be challenged by objectors and therefore needs to be prepared accurately and with great precision.

Publication of the Order

9. The Council serves notice of making of the Order on all leaseholders, tenants and occupiers affected by it. A notice of the making of the Order has to be published for two successive weeks in a local newspaper.
10. The notices will advise that any objections to it can be made to the relevant government minister and specify an address for this purpose. The Order is then passed to the government minister.

APPENDIX THREE

**Land at Southampton Way and New Church Road Camberwell
Compulsory Purchase Order
Procedural and Legal matters**

Confirmation of the Order

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

Taking Possession

14. This can be achieved by either Notice to Treat/Notice of Entry or by using General Vesting Declaration procedure. The latter is considered the most appropriate for these areas of land as it transfers both the right to possession and title of the land to the Council.

Indicative Timescale

15.

■	Resolution to make the Order	
■	Referencing/Finance/Planning	12 weeks
■	Making the Order to Publication	6 weeks
■	Publication to Confirmation	30 weeks
■	Confirmation to taking Possession	18 weeks
16. Therefore a period of around eighteen months is anticipated from resolution to confirmation. It is assumed that there will be objections to the Order and that these will require protracted negotiations and/or a public inquiry to resolve. If a public inquiry is needed this will be called for and arranged by the minister so the Council has little control over this process. Resource availability could cause this to be scheduled rather later than would be preferred and is a risk to be factored into project planning. If there are no objections or ones that are quickly resolved the period between publication and confirmation could be significantly reduced.

Power to make a Compulsory Purchase Order

17. Section 226 of the Town and Country Planning Act 1990 (as amended by the Planning and Compulsory Purchase Act 2004) is the recommended enabling provision for the purpose of compulsorily acquiring the interests required to progress the implementation of the incorporation of the plots within Burgess Park. The detailed application and use of this power is set out in paragraphs

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Land at Southampton Way and New Church Road Camberwell Compulsory Purchase Order Procedural and Legal matters

29-41 of this Appendix. Whilst powers exist relating to the compulsory acquisition of open spaces and the report confirms that these areas are designated Metropolitan Open Land. The subject land is not currently used as open space and is not open to the public for recreation or other purposes. Therefore the compulsory purchase powers for open space land are not triggered.

Policy Implications

Corporate

18. The provision and improvement of Burgess Park to be an excellent open space for south London is a long standing Council policy.

Planning

19. As set out in paragraphs 11&12 of the open report the subject plots have through planning policies been safeguarded as metropolitan open land and the making of the proposed Order and subsequent acquisition of the land concerned will bring that planning policy to fruition. It is the intention that the subject plots, will if the resolution in the report is passed, be the subject of a planning application for a change of use to open space land.

Property Acquisitions

20. The Council has been endeavouring to acquire by agreement plots 1-5 to move the scheme forward. The passing of this resolution should encourage those with a property interest in the plots to enter into meaningful negotiations with the Council.

Legal Implications

21. Section 226(1)(a) of the Town and Country Planning Act 1990 (the Act) (as amended by section 99 of the Planning and Compulsory Purchase Act 2004) is the appropriate power in this instance to secure the compulsory acquisition of plots referred to in this Report for incorporation within Burgess Park. Section 226(1)(a) enables authorities to acquire compulsorily any land in their area if the authority think that the acquisition will:

"facilitate the carrying out of development, redevelopment, or improvement on, or in relation to, the land"

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

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

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- (a) *The promotion or improvement of the economic well being of their area;*
 - (b) *The promotion or improvement of the social well being of their area;*
 - (c) *The promotion or improvement of the environmental well-being of their area."*
23. It is considered that the use of this section is therefore most appropriate having regard to the Council's aspirations for the improvement of Burgess Park. The interests to be acquired by the compulsory purchase order are required in order to permit the improvement of the area to take place. The proposal also satisfies the "well being" element of the Act in that the improvement of Burgess Park is clearly in order to provide an improved public realm which will assist in attracting investment and growth opportunities to the wider area. Thus the proposal will inevitably assist in promoting and improving the social economic and environmental well being of the area.
24. The scope and application of Section 226 is set out in Circular ODPM 06/2004 Appendix A ("Compulsory Purchase and the Crichel Down Rules"). The Circular sets out the circumstances in which this power may be relied on by a local authority for the purposes of compulsorily acquiring land. It recognises that compulsory purchase powers under the Act provide a "positive tool" to local authorities in assisting them to acquire and assemble land where it is necessary to implement the proposals set out in the community strategies. It is now no longer the case that a planning permission need have been granted in order to justify the making of a compulsory purchase order under this section. Indeed paragraph 15 of the Circular states:
- "It is also recognised that it may not always be feasible or sensible to wait until the full details of the scheme have been worked up and planning permission obtained, before proceeding with the Order."*
25. Instead, the Circular advocates progressing and justifying a compulsory purchase order against a clear strategic framework and that the acquiring authority is able to confirm there are no planning hurdles or other impediments to the implementation of the scheme.
26. For the purposes of confirming a compulsory purchase order, the Circular identifies considerations which will be taken into account by the Secretary of State in making such a decision, namely:
- (a) *Whether the purpose for which the land is being acquired fits in with the adopted planning framework for the area or where no such up to date framework exists, with the core strategy and any relevant Area Action Plans in the process of preparation in full consultation with the community;*

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- (b) *The extent to which the proposed purchase will contribute to the achievement of the promotion or improvement of the economic social or environmental well being of the area*
 - (c) *The potential financial viability of the scheme for which the land is being acquired. A general indication of funding intentions and any commitments from third parties will usually suffice to reassure the Secretary of State that there is a reasonable prospect that the scheme will proceed. The greater the uncertainty about the financial viability of the scheme however the more compelling the other grounds for undertaking the Compulsory Purchase will need to be and*
 - (d) *Whether the purpose for which the acquiring authority is proposing to acquire the land could be achieved by other means. This may include considering the appropriateness of any alternative proposals put forward by the owners of the land or any other persons for its re-use.*
27. Having regard to the Circular, the primary aims of the Council in progressing the compulsory purchase order (and ensuring its success if it is considered by the Secretary of State) should include the following:
- (i) Commitment of the Council to the improvement of Burgess Park and
 - (ii) Obtaining any other order which may be required as part of the improvement proposals. It is likely that a stopping up order will be required for New Church Road and the Council should seek to progress this when plot 6 has been acquired.
28. As is already set out in the report, officers will continue to seek to negotiate the acquisition of interests by agreement rather than relying solely on the compulsory acquisition powers available. Section 120 of the Local Government Act 1972 contains wide powers for local authorities to acquire land by agreement for any of their statutory functions or for *'the benefit, improvement or development of their area'*. Section 227 of the Town and Country Planning Act 1990 also enables a council to acquire land by agreement for facilitating the carrying out of development, redevelopment or improvement and for the social economic and environmental well being of the area. It is considered therefore that there are adequate powers available to the Council to secure outstanding interests in the land by agreement.
29. One of the first tasks in preparing a compulsory purchase order is to identify all the relevant interests in the land to be acquired. These relevant interests will be set out in a Schedule which will be incorporated in the Order. It is advised that formal Requisitions for Information should be served on all known owners and occupiers of each property to be subject to the compulsory purchase order pursuant to Section 5A of the Acquisition of Land Act 1981. It is important that the Council takes all reasonable steps to ensure that all interests are properly captured in the Orders and are properly notified, the Requisition for Information is a means of ensuring this is fulfilled.

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30. In the event that the compulsory purchase order is confirmed, the next stage will be to vest all necessary title in the Council. In these circumstances as has already been mentioned that the best means of doing so will be way of the General Vesting Declaration Procedure. This is something that can be carried out by the Council's legal advisors as and when this stage is achieved.

Human Rights Considerations

31. The Human Rights Act 1998 incorporated into domestic law the European Convention on Human Rights ("the Convention").
32. In proposing this Order the Council has duly considered the rights of property owners under the convention, notably under the following Articles: *Article 1 of the First Protocol*. This protects the right of everyone to the peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international law.
33. In relation to this convention right the Council has been conscious of the need to strike a balance between the rights of the individual and the interest of the public. Having considered these matters, it is felt that the public benefits associated with the proposals underpinning the proposed order outweigh the interference with individuals' rights. Given that the proposals cannot be advanced without securing the outstanding interests in the areas and the existing buildings being demolished, it is also considered that the use of CPO powers is proportionate. Secretary of State before s/he decides whether or not to confirm the Orders.
34. In reaching this view, the officers have also had regard to the facts that those whose land is acquired by compulsory acquisition will be compensated on the basis of ensuring that they are not left out of pocket.

Item No. 18.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Motions Referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Council Assembly	

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday 27 November 2013 agreed several motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council agenda	Report on the council's website	Lesley John Constitutional Team 020 7525 7228
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=4576&Ver=4		

LIST OF APPENDICES

Number	Title
Appendix 1	Local business and enterprise
Appendix 2	Small business Saturday
Appendix 3	Introducing a supermarket levy
Appendix 4	Payday lenders
Appendix 5	Bermondsey business improvement district
Appendix 6	Whitworth House
Appendix 7	Pop up shops on Canada Water Plaza
Appendix 8	Ending council investment in tobacco and arms
Appendix 9	Fairtrade
Appendix 10	Stop the delay on Southwark Park athletics track
Appendix 11	Support for the British Nuclear Test Veterans' Association

AUDIT TRAIL

Lead Officer	Alexa Coates, Principal Constitutional Officer	
Report Author	Lesley John, Constitutional Officer	
Version	Final	
Dated	17 January 2014	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Chief Executive	Yes	No
Strategic Director of Environment and Leisure	Yes	Yes
Strategic Director of Housing and Community Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	No
Cabinet Member		
Date final report sent to Constitutional Team	17 January 2014	

LOCAL BUSINESS AND ENTERPRISE

At council assembly on Wednesday 27 November 2013 a motion entitled 'Local business and enterprise' was moved by Councillor Sunil Chopra and formally seconded by Councillor Mark Glover. The motion was agreed and stands referred to the cabinet as a recommendation.

RECOMMENDATION

1. That council assembly welcomes this administration's commitment to supporting our residents and businesses in tough economic times and the difference this administration is making to jobs and growth across our borough.
2. That council assembly notes the council's recent economic wellbeing strategy and its important commitment to:
 - Narrow the gap between the Southwark and London employment rate
 - Make Southwark the place of choice to start and grow a business
 - Get our town centres and high streets thriving
 - Promote financial independence and resilience.
3. That council assembly welcomes the steps that the council has already taken to progress these ambitions. Council assembly further warmly welcomes the £1 million business support fund, the £1 million of youth fund a year through to 2016/17, focused on employment and assisting young people to remain in education and training and the council's ongoing commitment to securing jobs, training and employment support through section 106 and community infrastructure levy agreements with developers.
4. That council assembly recognises the progress this administration has made including:
 - Over 1000 Southwark residents finding work as a direct result of the council's employment programmes in the last 18 months
 - Over £440,000 of investment in five of our town centres through the community restoration fund
 - A £100,000 emergency fund for Herne Hill businesses affected by the August 2013 flood,
 - Supporting Southwark businesses over the course of this year to secure public and private sector contracts worth £1.2 million through our supply Southwark project.

5. That council assembly warmly welcomes the commitment of this administration to keep making a difference, including by:
 - Supporting 200 Southwark start-ups and small to medium enterprises (SMEs) to get investment-ready, helping to secure over £2 million worth of finance for Southwark businesses and making sure it is Southwark residents that get the job opportunities arising from this business growth
 - Supporting Southwark businesses to be 'fit to compete' for public and private sector contract opportunities, securing contracts with a value of £1.2 million this year and £3 million by the end of 2015
 - A £600,000 town centre growth initiative to help business-led groups to reinvigorate their local high streets.
6. That council assembly regrets the abject failure of the Tory Liberal Democrat government to introduce policies that would maximise the huge opportunities of regeneration in Southwark and the huge talent and potential of our residents and to instead oversee three years of austerity-induced stagnation and continuously failing living standards across the UK. Council assembly further regrets the decision of the Tory Liberal Democrat government to scrap Labour-backed schemes such as the future jobs fund which helped to get unemployed people into work, and which was scrapped by the government despite a report from the Department for Work and Pensions which showed it produced a net benefit to society of approximately £7,750 per participant.
7. That council assembly welcomes the cabinet's commitment to prioritise delivering jobs and growth across Southwark and urges them to continue to prioritise these efforts so that Southwark is a place where residents can get on and where businesses and high streets can continue to thrive.

SMALL BUSINESS SATURDAY

At council assembly on Wednesday 27 November 2013 a motion entitled 'small business Saturday' was moved by Councillor Michael Mitchell and formally seconded by Councillor Lewis Robinson. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

1. That council assembly commends the council's efforts to encourage people to shop locally and assist small businesses in their communities by supporting the Small Business Saturday campaign.
2. That council assembly resolves to call on cabinet to back local businesses throughout the borough, to do all they can to ensure the East Dulwich Cracker, taking place on Small Business Saturday, is a roaring success and continue to support the Herne Hill Christmas re-launch of those businesses affected by the August floods, taking place on 14 December, to help bring back much needed foot fall to Herne Hill.

INTRODUCING A SUPERMARKET LEVY

At council assembly on Wednesday 27 November 2013 a motion entitled 'introducing a supermarket levy' was moved by Councillor Tim McNally and formally seconded by Councillor James Barber. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Welcomes Labour's commitment to reverse the Tory - Liberal Democrats' government cut in corporation tax from 21 per cent to 20 per cent.
2. Welcomes the £1 billion this policy would save over two year's and Labour's commitment to use this revenue to reduce business rates on properties and commercial premises with an annual rental value of £50,000 or less, providing a much needed boost to small businesses across Southwark
3. Notes the Local Works campaign for a levy on large supermarkets and the use of such a scheme across the entirety of Northern Ireland.
4. Believes that to minimise any risk to Southwark residents, many of whom work and shop in large retail outlets in the borough, the best approach to a supermarket levy would be a pan-London one.
5. Therefore call on cabinet to:
 - Approach the Mayor of London to bring together all London boroughs to consult on introducing a supermarket levy
 - Discuss this proposal with neighbouring councils to ensure a joined up approach to local business in South London.

PAY DAY LENDERS

At council assembly on Wednesday 27 November 2013 a motion entitled 'pay day lenders' was moved by Councillor Neil Coyle and formally seconded by Councillor Martin Seaton. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Notes with concern the increase in "payday loan" outfits in our high streets, particularly in Peckham, the Walworth Road, Southwark Park Road and Tower Bridge Road.
2. Recognises the negative effect these lenders can have on people on low incomes, particularly given the very high interest rates that are often charged, and the tactics used by many lenders to encourage borrowing while failing to disclose the true cost of loans.
3. Believes lending of this kind is both socially and financially irresponsible and calls for all political parties in Southwark to support and prioritise alternative affordable models of lending.
4. Welcomes the cabinet's announcement that Southwark residents will face less exposure to payday lenders following the agreement from two of the council's billboard advertising contractors not to display payday loan adverts. Council assembly urges the council's other contractor, JC Decaux, to follow this example and end payday loan advertising in Southwark.
5. Recognises the importance of small businesses for the local economy and acknowledges that these businesses are often 'priced out' of our high streets, allowing an increased number of payday lenders to open shops.
6. Praises the work of the London Mutual Credit Union for their commitment to responsible lending in the borough and encourages the council to further promote credit unions as an alternative to irresponsible payday lenders.
7. Welcomes the commitment of the cabinet member for communities and economic wellbeing to work with officers to make it more difficult for payday lenders to open on our high streets, including tackling payday loan shops through planning powers.
8. Welcomes the council's groundbreaking approval to bring into force Article 4 planning directions on change of use to help protect our high streets. This makes Southwark the first authority nationally to make such a change.
9. Urges cabinet to call on government to follow Southwark's lead in finding new ways of tackling the scourge of payday lenders on our high streets and better supporting local businesses.
10. Welcomes that councils are now able to vary business rates under the Localism Act (2011), and calls on cabinet, in consultation with community councils, to introduce relevant local business rates discounts and exemptions to encourage mixed high streets.

BERMONDSEY BUSINESS IMPROVEMENT DISTRICT

At council assembly on Wednesday 27 November 2013 a motion entitled 'Bermondsey business improvement district' was moved by Councillor The Right Rev Emmanuel Oyewole and seconded by Councillor Claire Hickson. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Congratulates the Bermondsey Business Association on the work they have done on supporting local businesses in Bermondsey and improving the local economy.
2. Supports the Bermondsey Business Association in their bid to create a business improvement district (BID) in Bermondsey.
3. Welcomes the council's £30,000 investment in Bermondsey through the community restoration fund which allowed the Bermondsey Business Association to start a full BID proposal and the council's continuing support to help make sure the BID becomes a reality.
4. Recognises the economic benefits that the creation of a BID will bring to the area, including marketing The Blue as a new and alternative shopping destination, partnering with existing and successful business districts such as Bankside and Borough Market, promoting the interests of The Blue and exploring opportunities for managing retail units as well as other initiatives to increase footfall, attract new businesses and further revitalise the town centre.
5. Also recognises the spate of burglaries which have occurred recently in and around The Blue, and commits to working with the police and other relevant partners to ensure the issue is tackled swiftly.
6. Welcomes Simon Bell opening the new butchers' shop in the Blue
7. Thanks Russell Dryden as the chair of the BBA and the work of the South Bermondsey Partnership in getting the Blue to a place where it is today.
8. Recognises that some shops in the area have been empty for many months, and calls on council to ensure that any prospective new businesses will add benefit to the area and its shopping mix.
9. Calls on the cabinet member for communities and economic development to continue to work with the Bermondsey Business Association to ensure that Bermondsey businesses have the support they need to thrive.

WHITWORTH HOUSE

At council assembly on Wednesday 27 November 2013 a motion entitled 'Whitworth House' was proposed by Councillor Poddy Clark and seconded by Councillor Tim McNally. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

1. That council assembly welcomes the £130 million plus which has been spent (excluding the Leathermarket JMB) on this council's flagship warm, dry and safe (WDS) housing investment programme, which is on course to be fully complete by 2015/16. Through the WDS programme, funding to address the highest risk high rise blocks identified through fire risk assessments has been done, with over 5,000 individual boilers replaced and over 100 lifts refurbished. The major works programme continues to deliver for residents through a mixture of partnering contractors and traditional procurement. All of the original two year programme will complete this year (except for the Hawkstone). The 2012/13 programme is on site or completed and most of the 2013/14 is due on site this year. In addition the popularity and success of the WDS programme has allowed an estimated nearly £15 million of works to be brought forward from 2014/15 and another £13 million works from 2015/16 to commit in 2014/15.
2. That in addition the council assembly welcomes the new 100% target for tenancy checks which picks up repair and damp issues irrespective of major works noting that 60% tenants have been visited to date this year.
3. That council assembly notes that through this programme residents' concerns with the partnering contractors have been acted on immediately and that the council has already terminated two poorly performing contracts and installed a new framework for contractors to provide more choice than the current partnering arrangements. An example of this is Whitworth House, Falmouth Road on the Rockingham Estate, where in response to residents' concerns the council has tried to end the on-going relationship with the contractor on a mutually agreeable basis.
4. That in order to achieve this council assembly calls on the cabinet to:
 - Ensure all residents are visited to individually assess the outstanding issues relating to damp, repairs and door and window replacement as part of the major works and completions and through the 6 months and 12 months defects periods before any payment is made.
 - Agree with each resident a plan and timetable for resolving each issue by December before full and final payment is made.
 - Arrange for close supervision of the replacement contractor to ensure completion of the outstanding issues.
 - Provide compensation to the residents for the missed appointments and disruption for missed appointments
 - Review the management and oversight of major works and ensure that the WDS programme is subject to ongoing scrutiny through the major works core group composed of contractors, residents and officers and chaired by the cabinet member for housing management.

Comments of the Strategic Director of Housing and Community Services

- (1) The contracts manager and customer relationship officer carried out door knocking over 4 days in December 2013 and compiled a list of issues from those residents who were at home. These have been tabulated and those relevant to major works have been passed on to Breyer who have been attending to and remedying these issues. Those relating to repairs were passed to the repairs team. The customer relationship officer will be door knocking again at the end of January 2014 to carry out the customer satisfaction surveys. Any defects collected will be passed onto the contractor to be dealt with under the defects liability period.
- (2) Appointments have been made directly with the residents to attend to the defects that have been reported. The contract Manager is monitoring this process and the tabulated sheet is being updated. No further payment will be made to Breyers until all works had been completed and the completion certificate has been issued
- (3) There is no replacement contractor. Breyer have remained on site to complete the work as agreed in the settlement agreement with Breyer when concluding the partnering contract with Southwark. The works are virtually complete apart from a few snagging items and a few front entrance door replacements which are still outstanding due to residents not providing access. The project management team will be meeting the contractor on a weekly basis to ensure all remaining items are dealt with swiftly.
- (4) Missed appointments have been paid as and when they have been reported to the project management team.
- (5) The major works teams are responsible for setting the standards and ensuring our contractors maintain these standards throughout the project. We hold a number of meetings with our contracting partners where items of quality and delivery are included on the agenda. These meeting include.
 - Weekly site operational meetings
 - Monthly site progress meetings
 - Bi-monthly operational core group meetings
- (6) There is also a major works monitoring group chaired by the strategic director for housing and community service that meets monthly and rigorously monitors the delivery of the housing capital programme.
- (7) The major works team have in place a project management system which tracks cost fluctuations, forecasting and comparisons in meeting agreed milestone, this information is used and scrutinised through the major works core group, chaired by the cabinet member for housing and deputy leader of the council, where the partner contractors report back on their performance.
- (8) Meetings of the major works core group have been booked for the next twelve months. The next meeting will be held on the 31 January 2014.

POP UP SHOPS ON CANADA WATER PLAZA

At council assembly on Wednesday 27 November 2013 a motion entitled 'pop up shops on Canada Water Plaza' was proposed by Councillor Michael Situ and seconded by Councillor Nick Dolezal. The motion was agreed and stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Notes that several of the units for let on Canada Water Plaza, which are part of the new development, are currently empty.
2. Notes the success of temporary 'pop up shops' in vacant retail units in East Street and Nunhead and considers this a good use of otherwise empty units to promote local business, develop the local economy and improve our high streets.
3. Calls on cabinet to:
 - Explore the possibility of the council taking a one year lease for the empty units on Canada Water Plaza
 - Work with the owners of the shops on Canada Water Plaza to use these empty units as 'pop up shops', similar to those in East Street and Nunhead.

ENDING COUNCIL INVESTMENT IN TOBACCO AND ARMS

At council assembly on Wednesday 27 November 2013 a motion entitled 'ending council investment in tobacco and arms' was moved by Councillor David Noakes and seconded by Councillor Poddy Clark. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Welcomes the commitment of the leader of the council to undertake a survey of current and former staff who are members of the borough's pension scheme to understand their views on investment into Southwark's pension scheme, including issues around ethical investment.
2. Recognises that decisions on individual investments in the pension fund are made by the strategic director of finance and corporate services, on the advice of our cross-party pensions advisory panel, which has equal representation from each of the three main political parties.
3. Acknowledges that the council's pension fund has a legal duty to put the financial wellbeing of members of the pension scheme as its foremost concern.
4. Further acknowledges that a £200 million funding gap already exists in the council's pension fund, which could become even larger if the council chose to invest in areas that do not provide a substantial return. Council assembly notes that this could open up the prospect of law suits from members on the basis that the council was not investing in their best interests. It also notes that riskier investments would impact on future actuarial reviews of the fund, resulting in a need for larger contributions to the fund from the council and other members of the scheme. This in turn would require new savings from elsewhere in the council budget to fund.
5. Notes that investments in the council's pension fund have remained largely unchanged since the previous administration and welcomes the fact that, after years of inaction from the Liberal Democrats, Labour is now working with the cross-party pension advisory group to find more ethical ways of investing in the pension fund.
6. Welcomes the agreement at the most recent pensions advisory panel meeting in September to further explore the adoption of ethical investment principles and further welcomes the commitment from the leader of the council that, subject to ensuring the best return for members, investment in some firms could be stopped. Council assembly calls on the pensions advisory panel to carefully consider how this can be done without negatively impacting the ability to pay employees who have invested in the fund in good faith during their working lives.

FAIRTRADE

At council assembly on Wednesday 27 November 2013 a motion entitled 'Fairtrade' was proposed by Councillor Andy Simmons and seconded by Councillor Helen Hayes. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

1. That Southwark Council achieved Fairtrade borough status in July 2007 with cross-party support. Council assembly recognises the work of the whole community in achieving this.
2. That given the council's proactive role in supporting Fairtrade, council assembly reconfirms its commitment to Fairtrade and expresses its support for the use, expansion and promotion of the range of Fairtrade products in the council's office and other establishments.
3. That council assembly calls on cabinet to continue to work with its catering contractors, staff, residents, visitors, businesses, the public and the voluntary sector to increase the availability and take up of 'Fairtrade' marked food, drink and clothing options.

STOP THE DELAY ON SOUTHWARK PARK ATHLETICS TRACK

At council assembly on Wednesday 27 November 2013 a motion entitled 'stop the delay on Southwark Park athletics track' was proposed by Councillor Jeff Hook and seconded by Councillor Eliza Mann. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Notes with sadness the state of disrepair into which Southwark Park athletics track has fallen after 8 years of inaction, and welcomes the allocation of £1.09 million from various funding streams to redevelop the facility.
2. Further notes that the £1.09 million raised includes Olympic Legacy Funding for renewal work on the track and field. A capital bid will be made for 2014/15 for the remainder of the funding required to realise plans for a full development of the site, including re-modelling of the building and changing facilities.
3. Council assembly welcomes the current administration's commitment to the completion of all the projects funded by the Olympic Legacy Fund'.

Comments of the Strategic Director of Environment and Leisure

- (1) In addition to an award of £370,000 from the Council's Olympic Legacy Fund, officers have secured £682,000 from external sources, making a total of £1,052,000 already available for the Southwark Park track project.
- (2) In anticipation of securing further funding, officers have also completed the following works.
 - Design of athletics facilities
 - Preparation of planning documentation for phase one of the works for submission in February 2014
 - Produced required Gateway procurement reports in order to commence works
 - Submitted a formal capital bid for the remaining required funds for consideration as part of the forthcoming capital programme refresh

SUPPORT FOR THE BRITISH NUCLEAR TEST VETERANS' ASSOCIATION

At council assembly on Wednesday 27 November 2013 a motion entitled 'support for the British Nuclear Test Veteran's Association' was proposed by Councillor Ian Wingfield and seconded by Councillor Dan Garfield. The motion was agreed and stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Notes that its commitment to the Armed Forces Community Covenant ensures the need of those residents of Southwark who serve, of have served, the country are recognised and supported at a local level.
2. Further notes that many other residents have, through a range of professions, served the country in equally significant measure, such as in national security and defence – including those who participated in the testing of Britain's nuclear weapons in the 1950s and 1960s.
3. Welcomes that, following a Ministry of Defence commissioned Health Needs Analysis in 2011 of British nuclear test veterans, the NHS have introduced a number of practical measures to support them.
4. Believes that other parts of the public and voluntary sector should seek to introduce similar measures to support nuclear test veterans – and that the council should lead this at a local level by extending the provisions of the Armed Forces Community Covenant to those veterans who live in Southwark.
5. Urges the government to support the campaign of the British Nuclear Test Veterans Association by:
 - officially recognising the unique service of these veterans and acknowledge the nation's continuing debt to them; and
 - supporting the intention to establish a benevolent fund of £25 million to provide assistance for those veterans and their descendants in need.
6. Calls on Southwark's Members of Parliament to back this campaign and join the council in urging the government to support the requests outlined in this motion.

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