

## Cabinet

Tuesday 10 February 2015

4.00 pm

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

### Membership

Councillor Peter John  
Councillor Ian Wingfield

Councillor Fiona Colley  
Councillor Dora Dixon-Fyle MBE  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Darren Merrill

Councillor Victoria Mills  
Councillor Michael Situ

Councillor Mark Williams

### Portfolio

Leader of the Council  
Deputy Leader and Cabinet Member for  
Communities, Employment and Business  
Finance, Strategy and Performance  
Adult Care, Arts and Culture  
Public Health, Parks and Leisure  
Housing  
Environment, Recycling, Community Safety and  
Volunteering  
Children and Schools  
Environment, Recycling, Community Safety and  
Volunteering  
Regeneration, Planning and Transport

---

## INFORMATION FOR MEMBERS OF THE PUBLIC

---

### Access to information

You have the right to request to inspect copies of minutes and reports on this agenda as well as the background documents used in the preparation of these reports.

### Babysitting/Carers allowances

If you are a resident of the borough and have paid someone to look after your children, an elderly dependant or a dependant with disabilities so that you could attend this meeting, you may claim an allowance from the council. Please collect a claim form at the meeting.

### Access

The council is committed to making its meetings accessible. Further details on building access, translation, provision of signers etc for this meeting are on the council's web site: [www.southwark.gov.uk](http://www.southwark.gov.uk) or please contact the person below.

### Contact

Paula Thornton 020 7525 4395 or Virginia Wynn-Jones 020 7525 7055  
Or email: [paula.thornton@southwark.gov.uk](mailto:paula.thornton@southwark.gov.uk); [virginia.wynn-jones@southwark.gov.uk](mailto:virginia.wynn-jones@southwark.gov.uk)

Members of the committee are summoned to attend this meeting

**Councillor Peter John**  
Leader of the Council  
Date: 2 February 2015



# Cabinet

Tuesday 10 February 2015

4.00 pm

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

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
	<b>MOBILE PHONES</b>	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
<b>1.</b>	<b>APOLOGIES</b>	
	To receive any apologies for absence.	
<b>2.</b>	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
<b>3.</b>	<b>NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED</b>	1 - 3
	To note the items specified which will be considered in the closed part of the meeting.	
<b>4.</b>	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.	
<b>5.</b>	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	

Item No.	Title	Page No.
6.	<b>MINUTES</b>	4 - 11
	To approve as a correct record the minutes of the open section of the meeting held on 27 January 2015.	
7.	<b>DEPUTATION REQUESTS</b>	
	To consider any deputation requests.	
8.	<b>COMMISSIONING AND PROCUREMENT AT SOUTHWARK COUNCIL (OVERVIEW AND SCRUTINY COMMITTEE)</b>	12 - 58
	To note the recommendations of the review of commissioning and procurement at Southwark and that the relevant cabinet member bring back a report to cabinet within eight weeks, in order to respond to the overview and scrutiny committee.	
9.	<b>COUNCIL PLAN 2014/2015 - 2017/2018</b>	59 - 104
	To agree to recommend the proposed the council plan 2014/15 – 2017/18 to council assembly for agreement.	
10.	<b>OLD VIC ENDOWMENT TRUST</b>	105 - 111
	To agree to release £500,000 as a one-off contribution from the youth fund reserve to donate to the Old Vic Endowment Trust for the purposes of the long term promotion of education and employment through culture and the arts for young people in Southwark.	
11.	<b>QUARTER 3 CAPITAL MONITORING FOR 2014/15 AND CAPITAL PROGRAMME REFRESH FOR 2014/15 - 2023/24</b>	112 - 143
	To note the general fund capital programme for the period 2014/15 to 2023/24 and the housing investment programme for the period 2014/15 to 2021/22.	
	To approve the variation to the housing investment programme of £63.1m, a variation to the general fund capital programme of £75.9m, the virements and variations to the general fund and housing investment capital programme.	
	To approve the re-profiling of the budgets in line with projected expenditure and note the use of New Home Bonus in funding the capital programme.	

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
<b>12.</b>	<b>REVENUE MONITORING REPORT FOR QUARTER 3, 2014/15 INCLUDING TREASURY MANAGEMENT</b>	144 - 162
	To note the general fund forecast for 2014/15, the housing revenue account's forecast outturn for 2014/15 and the treasury management activity for the first three quarters.	
	To also note the forecast performance for the collection of council tax and collection of business rates.	
<b>13.</b>	<b>LAKANAL INQUIRY - PROGRESS WITH CORONERS RECOMMENDATIONS</b>	163 - 180
	To note the contents of the report and to approve the installation of LD2 type automatic battery powered smoke/heat detection to the leasehold homes in the blocks to which the coroners recommendations refer.	
<b>14.</b>	<b>LAKANAL HOUSE REDEVELOPMENT, SCEAUX GARDENS ESTATE 2014/17 - UPDATE REPORT</b>	181 - 192
	To note the details of the proposed Lakanal House redevelopment.	
<b>15.</b>	<b>GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - ADULT INTEGRATED DRUG AND ALCOHOL TREATMENT SYSTEM</b>	193 - 218
	To approve the procurement strategy for the adult integrated drug and alcohol treatment system contract.	
<b>16.</b>	<b>RE-ALIGNMENT OF AN EXISTING RIGHT OF WAY WHERE THE COUNCIL IS THE BENEFICIARY OF ACCESS AND EGRESS TO AND FROM ADJOINING LITTLE DORRIT PARK</b>	219 - 224
	To approve the re-alignment of an existing right of way.	
	<b>OTHER REPORTS</b>	
	The following items are also scheduled for consideration at this meeting.	
<b>17.</b>	<b>ASSET MANAGEMENT STRATEGY - KITCHENS AND BATHROOMS</b>	
<b>18.</b>	<b>POLICY AND RESOURCES STRATEGY 2015-16 TO 2017-18 - REVENUE BUDGET</b>	
	<b>DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING</b>	

**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. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - ADULT INTEGRATED DRUG AND ALCOHOL TREATMENT SYSTEM**
  
- 20. RE-ALIGNMENT OF AN EXISTING RIGHT OF WAY WHERE THE COUNCIL IS THE BENEFICIARY OF ACCESS AND EGRESS TO AND FROM ADJOINING LITTLE DORRIT PARK**

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

Date: 2 February 2015

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

### **Cabinet 10 February 2015**

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 10 February 2015 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 19:** Gateway 1: Procurement Strategy Approval - Adult Integrated Drug and Alcohol Treatment System
- Item 20:** Re-alignment of an existing right of way where the council is the beneficiary of access and egress to and from adjoining Little Dorrit Park

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:** 2 February 2015



## NOTIFICATION OF CLOSED BUSINESS FOR URGENT CONSIDERATION BY AN EXECUTIVE DECISION MAKING BODY

The required 28 days notice relating to a decision likely to be considered in closed session has not been given on the forward plan in respect of the decision detailed in this document. The matter is considered to be urgent and cannot be reasonably deferred for a further 28 days to enable the required notice to be given. Details of the issue are set out below.

Note: This notice applies to meetings of the cabinet, cabinet committee or community councils considering an executive function.

### DECISION MAKER

**Name of decision maker:** Cabinet

**Date of meeting:** 10 February 2015

### LEAD OFFICER DETAILS

**Name and contact details:** Donna Timms, Drug Action & Alcohol Unit Manager  
Tel: 0207 525 7497

### DETAILS OF THE REPORT

#### **Title and brief description of the nature of the business to be considered:**

#### **Gateway 1, Procurement Strategy Approval, Adult Integrated Drug and Alcohol Treatment System**

That cabinet approve the procurement strategy for the adult integrated drug and alcohol treatment system contract up to a maximum annual value of £4,100,000.

- *Why the decision is urgent and cannot be reasonably deferred i.e. Why it cannot wait a further 28 days or more to enable the required notice to be given?*

The next meeting of the cabinet is not scheduled to meet until 17 March 2015. A decision cannot wait until March because this would affect the procurement timescales which would in turn affect the financial reallocation of the public health budget from substance misuse to the wider public health priorities.

- *What is the potential cost to the council if the decision is delayed?*

£148,000

- *How long has the department known the decision required a closed report?*

See below.

- *If scheduled on the forward plan, what's changed to make this request necessary i.e. why a closed report is now necessary?*

The decision was listed on the forward plan. However reference to the requirement for a confidential report was not included in error. It will be necessary to prepare a closed report because it includes financially sensitive information, (that is not in the public domain) that relates to the current service providers.

**Everton Roberts**  
**For Proper Constitutional Officer**  
**Dated:** 2 February 2015





## Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 27 January 2015 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 MBE  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Darren Merrill  
Councillor Victoria Mills  
Councillor Michael Situ  
Councillor Mark Williams

### 1. APOLOGIES

Councillors Michael Situ and Victoria Mills gave apologies for lateness.

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

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

Item 7: Deputation requests

Item 13: Housing Revenue Account – Final Rent-Setting and Budget Report 2015/16 (Appendix F – consultation feedback)

Item 19: Policy and Resources Strategy 2015/16 – 2017/18: Revenue Budget.

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

There were none.

### 4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

**5. PUBLIC QUESTION TIME (15 MINUTES)**

There were no public questions.

**6. MINUTES****RESOLVED:**

That the minutes of the meeting held on 9 December 2014 be approved as a correct record and signed by the chair.

**7. DEPUTATION REQUESTS**

Notification of this deputation request had not been circulated five clear days in advance of the meeting. The chair agreed to accept this request as urgent as it related to an item on the agenda for this meeting, item 8, Draper House – Independent investigation update report.

Deputation request from the Draper House Residents' Association

The deputation spokesperson addressed the meeting in respect of an item on the agenda, item 8, Draper House – Independent investigation update report, offering feedback on the report's findings and what actions were still to be completed.

**8. DRAPER HOUSE WORKS - INDEPENDENT INVESTIGATION - UPDATE REPORT****RESOLVED:**

That the updated actions by officers following the publication of the independent investigation report and the previous report to cabinet on 9 December 2014 into the major works contract at Draper House be noted.

**9. CHILD SEXUAL EXPLOITATION: SOUTHWARK SAFEGUARDING CHILDREN BOARD ACTION PLAN****RESOLVED:**

1. That the report and appended action plan from Southwark Safeguarding Children's Board be received and the commitments the Board is making in relation to tackling child sexual exploitation be noted.
2. That an update report from Southwark Safeguarding Children Board describing the progress on implementation of the strategy be received in December 2015.

**10. FREE SWIM AND GYM IMPLEMENTATION**

**RESOLVED:****Decision of the Cabinet**

1. That the proposals for the pilot offer for free swim and gym to begin in spring 2015 be agreed as follows:
  - **18s and under free swim** – all day Friday; afternoons from 2pm until 6pm on Saturday and Sunday
  - **16 to 18 years free gym** – all day Friday; afternoons from 2pm until 6pm on Saturday and Sunday
  - **14 to 16 years free youth gym sessions** – at selected times on Friday evenings Saturday and Sunday afternoons
  - **Free ‘Silver Sessions’** – access to the 60+ sessions all week
  - **Free access to The Castle for those with disabilities (from Summer 2015)** – all day Friday, afternoons from 2pm until close on Saturday and Sunday
  - **Free gym and swim for referrals to key healthy lifestyle schemes (from April 2016)**
    - MEND family weight management programmed
    - GP physical activity referral scheme including Kickstart
    - NHS Health Checks fitness passport scheme.
  
2. That the outline proposals for the implementation of the general free swim and gym offer from July 2016 be approved, and officers be instructed to further develop the offer and report back on the firm proposals by December 2015.
  - **Free access to gym and swimming for all residents** – all day Friday; afternoons on Saturday and Sunday until close
  - **A selection of targeted offers to be developed which could include:**
    - Free ‘Silver Sessions’ – access to the 60+ sessions all week
    - Free access to all centres for those with disabilities
    - Free swim and gym throughout the week for referrals to key healthy lifestyle schemes
      - MEND family weight management programme
      - GP physical activity referral scheme including Kickstart
      - NHS Health Checks fitness passport scheme.

**Decision of the Leader**

3. That the decisions on the details of the pilot scheme be delegated to the cabinet member for public health, parks and leisure.

**11. CULTURAL STRATEGY PROGRESS UPDATE****RESOLVED:**

1. That the breadth of support the council gives to the cultural sector in Southwark and the resulting benefits to the community be noted.

2. That the action taken to deliver the cultural strategy action plan from its approval in July 2013 to date be noted.

## **12. GATEWAY 1 - A NEW APPROACH TO HEALTHCHECKS IN LAMBETH AND SOUTHWARK**

### **RESOLVED:**

1. That the outcome of a joint review of healthchecks which was carried out across Lambeth and Southwark (as set out in Appendix 1 of the report), including work to ensure a doubling of healthchecks in Southwark, be noted.
2. That a memorandum of understanding agreement with Lambeth Council be entered into for the purposes of entering into a joint commissioning agreement for healthchecks, with Southwark Council acting as the lead commissioning borough.
3. That the procurement strategy outlined in the report, to undertake a competitive tender to commission a Lambeth and Southwark healthchecks delivery hub at an estimated contract value of £1.5m for a term of three years from December 2015, with provision to extend the contract for two further periods of one year, making a total estimated contract value of £2.5m, be approved.

## **13. HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2015/16**

Feedback from consultation meetings including tenants' council was circulated at the cabinet meeting (Appendix F).

### **RESOLVED:**

1. That a rent increase of 2.2% to be applied to all housing revenue account (HRA) dwellings as set out in the previous report to cabinet on 9 December 2014 be approved. This is equivalent to an increase of £2.18 per week on average for tenanted properties, with effect from 6 April 2015 and is in accordance with the earlier decision of cabinet on 28 January 2014 on rent levels. This percentage increase is also to be applied to estate void and hostel properties from 6 April 2015. The average budgeted dwelling rent for 2015/16 is estimated to be £101.25 per week.
2. That officers be instructed to set rents for newly-let existing stock from 6 April 2015 (paragraphs 22 – 26 of the report) at the target level for that property, calculated and inflated using central government methodology, with the proviso that exemptions are to be granted where circumstances necessitate a move.
3. That increases in the estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges by 2.2% as laid out in paragraph 27 of the report with effect from 6 April 2015 be approved.
4. That there be no increased charges for non-residential properties and that officers

be instructed to find a compensatory measure to balance the budget.

5. That heating and hot water charges be set at the same level as 2014/15 as laid out in paragraph 29 of the report with effect from 6 April 2015.
6. That the sheltered housing charges be set at the same level as 2014/15 as laid out in paragraph 30 with effect from 6 April 2015.
7. That water and sewerage charges levied by Thames Water are liable to an inflationary uplift as set out at paragraph 31, but as yet the council has not been informed by Thames Water of what that increase will be, be noted.
8. That the revised HRA budget for 2015/16 (as set out in Appendices D and E to the report) be noted.

#### **14. SOUTHWARK REGENERATION IN PARTNERSHIP PROGRAMME**

##### **RESOLVED:**

1. That the development of the proposed 'Southwark Regeneration in Partnership' programme be agreed.
2. That an upfront budget for site investigations, feasibility studies, surveys and option appraisals will be funded from regeneration and development reserves, on the basis that it will be repaid back into the reserve through realisation of the various developments be noted.
3. That the proposed delivery timetable be noted.
4. That a further report be submitted to cabinet in Summer 2015, seeking approval to specific proposals for procurement, be noted.

#### **15. SOUTHWARK HOUSING STRATEGY TO 2043**

##### **RESOLVED:**

1. That the Southwark's Housing Strategy to 2043 (Appendix 1 of the report) be approved.
2. That the single page summary of the Housing Strategy to 2043 (Appendix 2 of the report) be noted.
3. That that implementation plans will be developed collaboratively across all council services and with our private, public and third sector partners be noted.
4. That Southwark Council give support to the cross-party national "Yes To Homes" campaign to build more homes in the places needed at prices that people can afford be agreed.

**16. ABBEYFIELD ESTATE HINE (MAYDEW HOUSE) WORKS UPDATE****RESOLVED:**

1. That the information contained within the update report for Abbeyfield Estate HINE (High Investment Needs Estate), Maydew House works be noted.
2. That the risks to the projected vacant possession date be noted.

**17. DIVERSITY STANDARD****RESOLVED:**

That consultation on the draft Diversity Standard as set out in Appendix 1 of the report be agreed.

**18. LONDON COUNCILS GRANTS SCHEME 2015-2016****RESOLVED:**

That Southwark Council's contribution to the London Councils Grants Scheme of £319,175 for 2015/16, subject to approval of the council budget by council assembly in February 2015, be approved.

**19. POLICY AND RESOURCES STRATEGY 2015/16 - 2017/18 - REVENUE BUDGET****RESOLVED:**

1. That the government's Autumn Statement, delivered on 3 December 2014; the provisional settlement announced on 18 December 2014; and that the final settlement, expected to be confirmed in early February 2015, be noted.
2. That the provisional settlement contained no indicative grant settlement figures for 2016/17 or beyond be noted.
3. That representations have been made to the minister by the leader and by the cabinet member for finance, strategy and performance with regard to the provisional settlement be noted.
4. That specific funding by government for Local Welfare Provision has been removed from the settlement be noted.
5. That cabinet have previously agreed to extend the Southwark Emergency Support Scheme until 2017/18, despite the withdrawal of this Social Welfare Provision funding and that budget provision for 2015/16 is provided in the budget proposals contained in the report be noted.
6. That the principle to set a one year budget for 2015/16 in the context of uncertainty

over funding levels for 2016/17 and beyond be agreed.

7. That the balanced general fund budget proposals for 2015/16 contained within the report, including resources available, commitments, income generation efficiencies and improved use of resources and other savings impacting on service delivery be noted.
8. That the balanced budget plans for council tax to be frozen for 2015/16 be noted.
9. That these proposals for 2015/16 be noted, including the impacts of:
  - The provisional grant settlement;
  - An increase in Council Tax revenue to reflect an increase in the taxbase and improved collection rates;
  - An increase in retained business rates;
  - Pay awards for council staff in line with national agreements;
  - Contractual inflation;
  - Top slicing of new homes bonus to redirect resources to the Local Enterprise Partnership (LEP);
  - Reduction in grant to support Housing Benefit administration;
  - One off use of reserves of £6.2m;
  - One off reductions in insurance fund provisions of £500k to reflect reduced insurance risks;
  - Contingency provision retained at £4m to help mitigate risks inherent within the council's savings programme for 2015/16 and beyond.
10. That the need in the context of these proposals to monitor especially the implementation of the Care Act during 2015/16 and any further and unforeseen implications on general fund budget proposals be noted.
11. That the feedback from the public budget consultation exercise be noted.
12. That the delivery of the Fairer Future Council Plan commitments included in this budget be noted.
13. That this report is to be considered by the overview and scrutiny committee on 2 February 2015 and that any recommendations arising which are agreed by cabinet will be incorporated into the final report to cabinet on 10 February 2015 for recommendation to council assembly on 25 February 2015 be noted.

**NOTE:** In accordance with overview and scrutiny procedure rule 23.1(a) (budget and policy framework) these decisions are not subject to call-in.

#### **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 was moved, seconded and approved as the cabinet wished to exclude the press and public to deal with reports revealing exempt information:

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

## **PART B - CLOSED BUSINESS**

### **20. MINUTES**

#### **RESOLVED:**

That the closed minutes of the meeting held on 9 December 2014 be approved as a correct record and signed by the chair.

Meeting ended at 5.45 pm.

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 4 FEBRUARY 2015.**

**THE ABOVE DECISIONS WITH THE EXCEPTION OF ITEM 19 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.**



<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Commissioning and Procurement at Southwark Council (Overview & Scrutiny Committee)	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Overview & Scrutiny Committee	

## RECOMMENDATIONS

1. That the cabinet notes the recommendations of the review of commissioning and procurement at Southwark and that the relevant cabinet member bring back a report to cabinet within eight weeks, in order to respond to the overview and scrutiny committee.

## BACKGROUND INFORMATION

2. Attached is the final report arising from the scrutiny review of commissioning and procurement at Southwark.
3. The report makes recommendations to help the council to do three things:
  - save money
  - improve services
  - improve social outcomes from procurement.
4. The committee sought to answer several key questions about how the council approaches commissioning and procurement:
  - how are procurement decisions made and scrutinised?
  - how much political/democratic input is there?
  - how open and transparent is the process?
  - how do we monitor the contracts?
  - are we getting value for money?
  - are the outcomes good enough?
  - given the risks, are we doing too much outsourcing?
  - what is the impact on the workforce?
  - do we need a new corporate procurement strategy?
5. The overview and scrutiny committee (OSC) completed its report at its meeting on 19 January 2015.

## OVERVIEW & SCRUTINY COMMITTEE RECOMMENDATIONS

6. The committee's recommendations for consideration by cabinet are set out below. The committee's report is attached as an appendix.
  1. A new Southwark "Fairer Future" Commissioning and Procurement Strategy

Following consideration of the recommendations below cabinet should agree a new procurement strategy replacing the very technical strategy currently included in the medium term financial strategy. This would provide a rich, politically informed document which could guide future commissioning decisions by officers and cabinet members. This new procurement policy should be given a high status among council officers and should act as guidance for council officers engaging in commissioning and procurement. The new strategy should be presented by the cabinet member for finance, strategy and performance at full council assembly.

2. “Gateway zero” reports for all large scale commissioning processes

To ensure a decision to change the way a service is delivered is made with appropriate input from cabinet, elected members, staff, service users and residents, we recommend a mandatory report prior to a Gateway 1 which makes the case for the preferred mode of delivery – in-house, private sector, CVS sector, shared service etc. A gateway zero report would also ensure that the broad methods by which a service is to be delivered (e.g. single provider/framework of providers etc.) could be discussed before a particular approach becomes hard to unpick.

These reports should be reserved for high value *services* and would exclude all capital investment works. The intention of this recommendation is to improve decision making with particular regard to large scale services such as the examples given in table (street cleaning, repairs, IT, customer services etc.), rather than to introduce unnecessary bureaucracy. Therefore, OSC believes that the threshold level for a gateway zero decision to be required should be substantial and set following further consultation with interested parties.

Gateway zero reports should also set out how the commissioning decision will address social clauses, such as Living wage, apprenticeships, job creation for local people and environmental impact.

3. “Gateway zero” decisions reserved for cabinet members

Following on from recommendation 1, OSC believes that contract standing orders should make it clear that decisions about which large-scale services should be commissioned are reserved for members of the cabinet – not taken under delegated powers by officers.

4. Pre-scrutiny for “Gateway Zero” reports

Southwark should require gateway zero reports to come to scrutiny (sub-committee or OSC) prior to cabinet. This will allow changes to the proposed strategy to be suggested before key decisions are taken.

5. Lower contract thresholds

Currently, a £480,000 contract can be awarded by officers without any oversight by a cabinet member or elected members. A £2 million contract can be awarded by chief officers and “notify” councillors. Unlimited spending on contract variations can be signed off by of strategic director for finance.

In other London boroughs the thresholds are significantly lower and cabinet members formally sign-off far more decisions. Evidence is presented in this report showing that Southwark is out of step with the average thresholds for other London boroughs.

OSC believes we should lower our threshold levels to improve oversight of this spending. These new thresholds should be included in the new commissioning and procurement strategy

#### 6. In-house as “preferred provider”

Because of the inherent risks associated with outsourcing large-scale services, cabinet could consider having a stated policy of in-house as the “preferred provider”, similar to the NHS preferred provider policy operated when Andy Burnham was Health Secretary. This would *not* mean that Southwark would cease to outsource services. Instead it would mean that the possible benefits of outsourcing, where it was considered appropriate, would need to be investigated and evidenced. One of the problems identified in this scrutiny process has been that, across local government, there has been a tendency to assume that outsourcing services to the private sector will “solve our problems” or “take it off our hands”. In reality, many local authorities have found that the lack of direct management control and the fragmentation of staff can be hugely frustrating in delivering some services. Also, in the eyes of residents, risk is never transferred to the private sector. If a service must be outsourced then this must happen with very careful consideration and with a clearly thought through justification. Putting in place an in-house preferred provider model would help that to happen. OSC recommends that the cabinet include this policy in the form of a statement in the new commissioning and procurement strategy.

#### 7. Departmental Contract Review Boards

Clearly the departmental and corporate contract review boards are very important in allowing officers the space to analyse these decisions at an early stage. Informally, OSC was made aware of one department where the review board does not actually meet in person. Instead, the practice in this department is to have a “virtual” review board. This entails relevant documents and reports being shared via email and then officers relying on this information being reviewed by colleagues. This was confirmed in one of the procurement officer interviews carried out for this report.

The officer stated “DCRB is virtual. So you’ll prepare the report for DCRB and it will go through the checks and any queries will come back via email... It’s emailed out for us. We prepare the documentation and we send it to the secretariat, the person who is actually co-ordinating that and they send it out to DCRB... You always get something back, even if it is ‘this is OK’”

OSC does not consider this to be adequate to facilitate the level of scrutiny needed for procurement decisions. Further evidence that the departmental boards are not always providing the early challenge that might be expected comes from comments made by the strategic director of finance and corporate services in his interview with OSC. He said: “Once reports have gone through DCRBs, you often see reports where we have to ask

questions which you would have thought should have been asked and answered.” OSC recommends that all virtual DCRB arrangements are replaced by formal meetings, and that consideration is given to standardising the DCRB process across all departments. The model for this could be devised and circulated by the council’s central procurement team.

#### 8. Using the Public Services (Social Value) Act 2012 – Jobs and apprentices

More could be done to encourage social benefits within Southwark via procurement activity. Southwark should set targets for the number of apprenticeships and the number of jobs created by each £1 million of our procurement spending. These targets should be set in the commissioning and procurement strategy on an annual basis along with a report on progress towards meeting those targets in the previous year should also be included in the report. Consideration should also be given to how the council can help Southwark residents to take advantage of apprenticeships, including targeted advertising and training.

#### 9. Using the Public Services (Social Value) Act 2012 – other social clauses

Other social value issues which should also be introduced in our tendering processes are:

- Disqualification of bidders who have engaged in trade union black-listing (and have shown no commitment to ensuring this does not happen again in the future)
- Disqualification of bidders for licensed premises (Park Café’s etc) not prepared to sign up to Southwark’s Women’s Safety Charter
- Flexible working and family friendly policies
- Training and development of staff
- Environmental considerations.

#### 10. Standard contract clauses

To improve scrutiny and monitoring of contracts, Southwark could introduce the following contract clauses for all contracts covering the following issues:

- Prompt payment of sub-contractors
- Adherence to Southwark’s whistle-blowing policy
- Open book audits of contract accounts on request
- ‘Termination at will’ clauses (See scrutiny of Draper House, 2013)
- Openness and transparency in the event of termination – allowing us to explain to residents why a contract has been terminated
- Attendance at council committees such as cabinet or scrutiny by contractors on request
- Break clause allowing Southwark to conclude a contract should the ownership of contractor change during the life of a contract.

#### 11. Openness and transparency for contracts

Procurement is often shrouded in unnecessary secrecy. Southwark’s current approach of not publishing full contracts conflicts with the recommendation made in the Local Government Transparency Code 2014.

OSC recommends all contracts signed by Southwark Council with external contractors should be published in full online with a link from the contracts register. In those exceptions where commercial confidentiality is considered an issue, partial redaction could be used.

## 12. Codifying engagement with Cabinet Members

It is noticeable that Southwark's contract standing orders contain no reference to the importance of consulting with cabinet members over major procurement decisions. By contrast Lambeth council's contract standing orders contains the following stipulation:

"Where the aggregate value of the contract or purchase is valued at £100,000 and greater, the officer *must consult* with their departmental cabinet member before tender approval is given."

OSC believes Southwark Council should adopt similar procedures in its standing orders to ensure there is appropriate input from elected members.

## 13. Updating Contracts register

It has emerged through conversations with officers that the contracts register is not being updated with all the information which it should be. Sometimes contracts are signed and not uploaded to the register and sometimes it is uploaded with incomplete or inaccurate information. Given the very limited amount of information required to be placed on the register, it is reasonable to expect this important document to be kept fully up to date. Measures should be put in place to ensure all contracts of the required value are uploaded to the register.

## 14. Update Community and Voluntary Sector Compact

Southwark Council's Community and Voluntary Sector (CVS) Compact was last revised in 2010, before the publication of the Open Public Services White Paper. OSC recommends refreshing this Compact to include recognition of the CVS as a partner in service delivery. OSC is in agreement with Community Action Southwark that this should include:

- CVS engagement before procurement stage. Compact Voice recommends engagement with the CVS from the earliest stage in order to fully comply with the Social Value Act10
- A clear 12 weeks' notice of contracts ending. This does not always happen, and can cause problems for CVS organisations, particularly with regards to giving employees notice
- An appropriate length of time at Pre-Qualification Questionnaire and Invitation To Tender stage. CAS recommends a minimum of 5 weeks at the PQQ stage, and 6 weeks at the ITT stage. This would result in more targeted, higher quality submissions
- A commitment to providing time for the development of consortia, and a favourable approach to consortia bids from the sector
- Procurement approaches need to be varied to suit the individual circumstances. Grant funding may still be appropriate if the service is small.

## 15. Standardising commissioning and procurement

In their submission to this scrutiny Community Action Southwark point out that “There can be different rules and procedures across Southwark Council departments about how commissioning and procurement take place. This is confusing for the sector.” OSC recommends that the council’s central procurement support team runs training sessions for all procurement officers throughout the council to make clear the standard practices they are expected to follow. Clearly this will need to wait until the full implementation of recommendation 1.

#### 16. Consultation with recognised trade unions

Consultation where commissioning decisions affect staff, unions should be involved at an early stage in the process. Southwark UNISON has stated “UNISON would also be willing to give serious consideration to signing confidentiality agreements if this is necessary to enable us to see the bids and procurement information.” This offer should be taken up by the council. OSC recommends that the council negotiate a procurement agreement with recognised trade unions to facilitate this involvement. OSC recommends that such an agreement should cover, although not be limited, to the following:

- notice that a procurement process is to commence
- a timetable for the process
- access to tender documentation
- access to bids
- involvement in stake holder consultations.

#### 17. Protecting the workforce

When the council renews contracts or outsources services to the private or voluntary sector as a minimum the following workforce provisions should apply:

- Access to the LGPS
- Trade Union recognition agreements
- London Living Wage
- Payment of sick pay
- Appropriate training
- Defined hour contracts without unreasonable “availability clauses” (i.e. no zero hours contracts)
- Free access to personal protective equipment
- Guarantees that TUPE terms and conditions will last for the term of the contract.

#### 18. Small and medium sized enterprises included on tender lists

Local small and medium sized businesses should be included on council tender lists for all council contracts.

#### 19. Social Value: Gender Pay Gap and Pay Differentials

Cabinet should consider setting a threshold for both the employee gender pay gap and pay differentials (the gap between the lowest and highest paid) for organisations to qualify to provide services on our behalf.

Southwark Council should ask the companies we currently have contracts with to respond to the questions of pay differentials and gender the gender pay gap, giving us our baseline. This information would then help the council to look into setting a threshold.

Clearly legal advice would need to be sought to ensure that the way in which this was introduced did not breach procurement regulations.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Overview & Scrutiny Committee Agenda 19 January 2015	Scrutiny Team 160 Tooley Street London SE1 2QH	Peter Roberts 020 7525 4350
<b>Link:</b> <a href="#">Overview &amp; Scrutiny Committee Agenda 19 January 2015</a>		

## APPENDICES

No.	Title
Appendix A	Report of the Overview & Scrutiny Committee

## AUDIT TRAIL

<b>Lead Officer</b>	Shelley Burke, Head of Overview & Scrutiny	
<b>Report Author</b>	Peter Roberts, Scrutiny Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	26 January 2015	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	N/a	N/a
Strategic Director of Finance and Corporate Services	N/a	N/a
Chief Officers	N/a	N/a
<b>Cabinet Member</b>	N/a	N/a
<b>Date final report sent to Constitutional Team</b>	26 January 2015	

# **Commissioning and Procurement at Southwark Council**

**Report of the Overview & Scrutiny Committee**

**January 2015**





## Contents

	<b>Page No.</b>
<b>Part 1: Introduction and Context</b>	
1. Introduction	3
2. Methods of scrutiny	4
3. The wider context of outsourcing public services	5
4. The Public Services (Social Value) Act 2012	7
5. New EU Procurement Directives	8
<b>Part 2: Scrutiny Findings</b>	
6. Commissioning and procurement at Southwark Council	9
7. How procurement process works at Southwark Council	17
8. How Southwark's procurement thresholds compare	17
9. Codifying engagement with Cabinet Members	19
10. Contract variations "Gateway 3"	19
11. Cabinet Member Interview, Councillor Fiona Colley, Cabinet Member for Finance, Strategy and Performance	19
12. Interview with John Tizard	20
13. Interview with the Strategic Director of Finance & Corporate Services and Deputy Finance Director	23
14. Consultation with the Community and Voluntary Sector in Southwark	24
15. Consultation with UNISON	26
16. Consultation with Southwark Chamber of Commerce	28
17. Introducing social clauses as part of the procurement process, an example	29
18. Social value: apprenticeships and jobs	30
19. Social Value: gender pay gap and pay differentials	31
20. Procurement officer views on "Gateway Zero"	31
21. Openness and transparency	32
<b>Part 3: Conclusion and Recommendations</b>	
22. Conclusions and recommendations	34
Appendix: Example of a model section for a pre-qualification questionnaire on trade union black-listing	39

## Part 1

### Introduction

1. Southwark Council's contract register records 220 current contracts for goods and services accounting for a total contract value of £2.6 billion. A huge range of services, from the building of new schools to employment support services to homecare for vulnerable residents, are procured by the council. Decisions about when to outsource and who gets the contracts have a huge impact on the lives of people in the borough.
2. Yet, over the past twenty years, scrutiny of the council's procurement activity has only taken place on a piecemeal basis, usually when something has gone wrong or if a service has been brought back in-house. It has been useful to focus on individual services where appropriate but the time has now come to take a step back and reflect on the council's wider strategy.
3. This report will make recommendations which can help the council to do three things:
  1. **Save money.** The council has experienced very deep cuts to the money it receives from central government. Since 2010 this has equated to an £80 million reduction in government funding. This has caused severe pressure on budgets and the situation is becoming even more serious. In the coming financial year Southwark will need to find a further £31.2 million in savings. This report will make recommendations which can help the council do more with less and avoid procurement crises which can be extremely costly.
  2. **Improve services.** For some services which have been outsourced Southwark residents already receive a good service, but there have also been a number of significant contract failures. These have had a damaging impact on the quality of services and caused huge frustrations for residents. This report will make recommendations which will improve the outcomes of procurement decisions.
  3. **Improve social outcomes from procurement.** The council has made progress on social outcomes from procurement in recent years. Becoming a Living Wage employer and implementing the Ethical Care Charter are significant achievements. But more can be done to ensure that the way we provide services has a greater positive impact for people in the borough.
4. Overview & Scrutiny Committee has sought to answer several key questions about how the council approaches commissioning and procurement.

The key questions which this scrutiny report seeks to answer are:

How are procurement decisions made and scrutinised?

How much political/democratic input is there?

How open and transparent is the process?

How do we monitor the contracts?

Are we getting value for money?

Are the outcomes good enough?

Given the risks, are we doing too much outsourcing?

What is the impact on the workforce?

Do we need a new corporate procurement strategy?

5. This report will look at both commissioning and procurement. That is, both the decision making process on how a service will be delivered and the technical process of “going to the market”.
6. Given the range of services at Southwark for which commissioning and procurement is relevant it is not possible for us to look in detail at all contracts or even all service areas. Instead, we will concentrate on generic processes and refer to specific examples as and when they are relevant. We are particularly interested in decisions made about 'outsourcing'. We distinguish this as an issue because these are services which the council has a choice to procure. Or put another way, the council *could* provide these services directly.
7. This report does make reference to contract monitoring arrangements, but this is also not the primary focus of the report. This may well be an issue that we will return to for future scrutiny.

### **Methods of scrutiny**

8. Overview & Scrutiny Committee (OSC) has used a variety of methods in our investigation. These included:
  - Committee interviews with officers  
On 8<sup>th</sup> September 2014 OSC interviewed the Director of Finance & Corporate Services (Duncan Whitfield) and Head of Procurement (Jennifer Seeley) at a public OSC meeting.
  - Review of written report on procurement at Southwark provided by officers  
Officers provided a written report on procurement to OSC which explained existing processes and safeguards.
  - Informal meetings  
In addition, the Chair of OSC and the Head of Overview & Scrutiny (Shelley Burke) held several informal meetings with Director of Finance & Corporate Services and Deputy Finance Director
  - Interviews with procurement officers  
On 15<sup>th</sup> December 2014 the Chair held a series of interviews with lead contract officers from across all council departments.
  - Contracts questionnaire  
Lead contract officers from across the council were asked to fill out a questionnaire in relation to a random sample of the 220 contracts currently recorded on the council's public Contract Register. The full responses can be found here :  
  
[Responses to Contracts Questionnaire](#)
  - Review of contracts register  
The council's contract register was reviewed.

- Review of contract terminations  
Officers provided a list of contract cancellations.
- Written submissions  
OSC received written submissions from Community Action Southwark, Southwark Chambers of Commerce and UNISON. We also received additional information from officers at GMB National Office.
- Interview with John Tizard  
On 10<sup>th</sup> November 2014 OSC held a discussion with John Tizard (the former Head of Policy at Capita) at OSC meeting.
- Review of a variety of external reports on procurement and outsourcing.  
These include Parliamentary Select Committee reports and research carried out by think tanks and campaigning organisations.

### **Note on interviews with council procurement officers**

Throughout this report reference is made and quotations are taken from the interviews with procurement officers carried out on 15<sup>th</sup> December 2014. The Chair of OSC interviewed officers from six different departments who were the lead contacts listed on the Contract Register, published on the council website. OSC is very grateful to officers for giving up their time to speak to us in such a constructive way.

Participants were free to offer their personal views. In particular, the interviews sought to:

- Verify current procurement and contract management processes.
- Understand the strategic approach to procurement, including a number of special themes (e.g. London Living Wage; social value; etc.).
- Gather opinions on some proposals being considered by OSC.
- Probe more deeply into the practical aspects of procuring and managing contracts.

### **The wider context of outsourcing public services**

9. Southwark Council's approach to commissioning and procurement has not developed in a vacuum. Research, Government policy and ideological fashion have all had an impact on decisions made by councillors and senior officers and will continue to do so.
10. The roots of outsourcing go all the way back to "Public Choice Theory" championed in some American universities in the 1960's. It began to gain purchase in British political circles via the New Right think tanks (Institute of Economic Affairs, Centre for Policy Studies and Adam Smith Institute) in the late 1970's. By 1988 Conservative Minister Nicholas Ridley had written his influential pamphlet 'The Local Right', which argued that more outsourcing "...should do enormous amounts to improve standards of efficiency". Compulsory Competitive Tendering, varied forms of outsourcing and PFI were all introduced, first by the Conservatives and then continued by the 1997 Labour Government. By 2010 David Cameron was arguing that the benefits of outsourcing were so obvious, we should no longer seek to justify it, but instead "...the state will have to justify why it should ever operate a monopoly."
11. However, in the past three years there has been a significant shift in the balance of national political debate on this issue. A weight of evidence has accumulated undermining claims made for outsourcing in terms of greater efficiency and improved value for money. There have been numerous high profile contract failures and scandals which have grabbed public attention, most notably in relation to prisoner tagging, court translation services, security at

the 2012 Olympics and the Government's 'Workfare' programme. In addition, a number of the larger 'strategic partnerships' set up by councils to manage back office and transactional operations have run aground. 'Liverpool Direct', 'Service Birmingham', 'Transform Sandwell' and the 'South West One' partnerships are just a few examples.

12. Evidence presented by the cross party House of Commons Public Accounts Select Committee has also proved damaging to the reputation of private sector companies running public services. Their reports have detailed numerous examples of perverse incentives, service failure and even outright fraud.<sup>1</sup>
13. A July 2013 report by the Institute for Government highlighted potential risks involved in outsourcing. It called for an "...urgent, cross-government review to ensure public services are truly competitive – and not dominated by a few providers". The report stated that a lack of expertise in running complex outsourcing had resulted in an inability to negotiate the best deals with suppliers. The Select Committee for Communities and Local Government report in March 2014 was largely positive about the potential benefits of outsourcing but did highlight concerns about the lack of transparency involved in contracting out and took issue with the growth of the two-tier workforce and low pay in the social care sector.<sup>2</sup>
14. Questions have also been raised about whether outsourcing really produces savings based on increased efficiency. A report by the Smith Institute published in September 2014<sup>3</sup> shows that savings for the public sector and profits for contractors are often based on driving down of the terms and conditions of staff providing the service rather than greater efficiency. The report concludes "Huge public-sector cuts are determining the objectives, nature and outcomes of the latest outsourcing deals in public services. On some contracts, the cuts are being passed directly on to low-paid workers. On others, there is a more mixed picture, with cuts being met via reduced pay and benefits for staff alongside other changes to working patterns and processes".
15. Faced with this increasing evidence both the Liberal Democrats and Labour at national level have challenged the idea that outsourcing is a problem free solution to providing quality public services for less money.
16. The Liberal Democrats recently presented a new policy called a 'Community Trigger for Change'<sup>4</sup>. The policy states that "Where a sizeable proportion of users or the public for a private or other provider of a public service believe that the service is inadequate, providing for a 'community trigger for change', through which they could require the responsible authority to conduct a full review of who provides the service, and how." The Labour Party's "Community Right to Challenge" policy<sup>5</sup> uses slightly different language, but would achieve essentially the same thing.
17. Both Labour and the Liberal Democrats have also come out in support of extending the Freedom of Information Act to private providers of public services. Both parties have stated that public sector contracts should be made publicly available. In addition, Andy Burnham, Labour Shadow Health Secretary, has said that under a Labour Government the NHS would be the "preferred provider"<sup>6</sup> rather than the private sector.

<sup>1</sup> House of Commons Committee of Public Accounts 'Contracting out public services to the private sector' <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicacc/777/777.pdf>

<sup>2</sup> House of Commons Communities and Local Government Committee Local government procurement Sixth Report of Session 2013–14, March 2014 <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmcomloc/712/712.pdf>

<sup>3</sup> Smith Institute, 'Outsourcing the Cuts' <http://socialwelfare.bl.uk/subject-areas/services-activity/employment/smithinstitute/167197outsourcing-the-cuts-pay-and-employment-effects-of-contracting-out.pdf>

<sup>4</sup> Liberal Democrat Conference Agenda October 2014: [http://issuu.com/liberaldemocrats/docs/aut2014\\_agenda\\_book?e=5969407/9226058](http://issuu.com/liberaldemocrats/docs/aut2014_agenda_book?e=5969407/9226058)

<sup>5</sup> John Trickett MP, Fabian Society, February 2014: <http://www.fabians.org.uk/public-service-outsourcing-putting-people-first/>

<sup>6</sup> Burnham: Time to 'reset' NHS, NHS Confederation: <http://www.nhsconfed.org/news/2014/06/time-to-reset-nhs-says-burnham>

18. This stance may also be a response to consistently strong support to publicly run public services reflected in opinion polls. Table 1 below shows results from a poll recently carried out by Survation for the campaign group 'We Own It'.

**Table 1. Public opinion on privatisation and contracting out<sup>7</sup>**

<b>% of people agreeing with this statement</b>	<b>Statement</b>
60%	Think local and national government should try running a public service first and only consider private ownership when found to have been run poorly
28%	Think local and national government should contract out to private tender first and only consider public ownership when the service is badly run and too expensive
80%	Think that when a service is put out to tender, there should always be an in-house bid from the public sector to see if the service can be provided publicly at better value
79%	Say the public should be consulted first before their services are privatised or outsourced
88%	Think the Government should be required to end contracts of private companies early, when they are found to be doing a poor job of running public services.

19. However, we should not pretend that outsourcing is on the wane. Quite the opposite. A recent report by the Information Services Group found that public sector spending on outsourcing has doubled since 2010 to £88 billion.<sup>8</sup> Perhaps more significantly, the rate of outsourcing in the public sector is greater than it is in the private sector. According to the Financial Times, "... the public sector is contracting out services at twice the rate of the private sector. The value of public sector outsourcing deals reached £51bn over the past two years, compared with £30bn for the commercial sector". Ironically, profit-driven companies appear to be more sceptical about the benefits of outsourcing than the public sector.
20. As we approach this year's General Election, the general tenor of policy from both the Liberal Democrats and Labour, if not the Conservative Party, appears to focus on two issues: Firstly, the transparency and openness of the process and secondly, recognising the risks of service failure. Depending on the result of the 2015 General Election, Southwark Council may find itself dealing with a government which believes improving procurement includes recognising the risks of going to the market in the first place.

### **The Public Services (Social Value) Act 2012**

21. The advent of the Public Services (Social Value) Act 2012 places a duty on local authorities, the NHS and some other public bodies to give consideration to improving the economic, social and environmental wellbeing – the "social value" – of an area when it

<sup>7</sup> Survation polling commissioned by 'We Own It' <http://prezi.com/naqdf7uvoguh/campaign-for-a-public-service-users-bill/>

<sup>8</sup> Financial Times, 6<sup>th</sup> July 2014 "UK outsourcing spend doubles to £88bn under coalition" <http://www.ft.com/cms/s/0/c9330150-0364-11e4-9195-00144feab7de.html#axzz3HMLjiDxy>

commissions services. This is a significant development and means that an authority must consider:

- a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- b) How, in conducting the process of procurement, it might act with a view to securing that improvement.

22. This responsibility only applies to contracts which are valued over EU Procurement thresholds. It does not cover goods and works contracts, although the Government is currently reviewing if this could be extended.

23. To ensure a council is complying with the Act it must take “reasonable steps” to consider whether additional social, economic or environmental benefits can be created through the delivery of a service. This consideration must be “proportionate and relevant to the service that is to be commissioned” and the consideration must take place before beginning the process of procurement.<sup>9</sup> The case study below shows how a council might put this legislation into practice.

#### **Case Study – Oldham Council using the Social Value Act**

When Oldham Council tendered for a new banking services contract, they assessed bids with a 60% weighting in favour of service quality, and 40% allocated to price.

The winning bid delivered an annual saving of 26% on the previous contract, whilst securing additional social value outcomes. These included work with local schools and colleges to develop students’ employability and money management skills, the creation of new apprenticeships within Greater Manchester and partnership working with local stakeholders to improve employment and social inclusion outcomes.

#### **New EU Procurement Directives**

24. In February 2012 The European Union adopted a legislative package for modernisation of public procurement rules. The new directives focus on the simplification of procedures and the promotion of electronic procurement but also include

*“.. new rules [which] seek to ensure greater inclusion of common societal goals in the procurement process. These goals include environmental protection, social responsibility, innovation, combating climate change, employment, public health and other social and environmental considerations.”<sup>10</sup>*

25. This is significant as, for the first time, EU rules explicitly encourage the use of “social clauses” in procurement. Previously the law was ambiguous on this point. As a result some public sector commissioners have erred on the side of caution and refused to include issues such as the Living Wage in their procurement activities. This should no longer be the case and a much wider range of social considerations can be included in the contracting process.

<sup>9</sup> “The Public Services (Social Value) Act 2012: One Year On”

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/275719/Public\\_Services\\_Social\\_Value\\_Act\\_-\\_One\\_Year\\_On.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275719/Public_Services_Social_Value_Act_-_One_Year_On.pdf)

<sup>10</sup> Agreement on the reform of public procurement policy, Council of the European Union:

[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/intm/138101.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/138101.pdf)

26. The consultation on the Government's proposed transposition of these regulations into UK law is currently on-going.

## Part 2: Scrutiny Findings

### Commissioning and Procurement at Southwark Council

27. Before we come to our more detailed findings it is important to establish the scale of the problem with the way the council has historically approached commissioning and procurement. It has been the series of high profile contract failures in Southwark which prompted OSC to investigate this issue in the first place.
28. Of course, we will get a skewed picture of procurement at the council if we do not also recognise that there have been successes. In terms of service delivery, for example, the council's experience with SOLACE (Domestic Violence Support Services) and Veolia (waste collection and management) have been largely positive.
29. However, there is no doubt that Southwark has had its fair share of outsourcing and procurement controversies, some of which have led to serious and prolonged reductions in service quality and wasted taxpayers' money. Table 2 gives some examples of this, dating back to the 1990's.
30. These are just the highest profile examples of outsourcing which seriously underperformed according to the promises made at the point of contract award. They show us that large scale procurement can be a risky undertaking that should not be entered into lightly. Even with the best of intentions on both sides, fragmenting the control of a service can leave the council relying on the goodwill of a contractor to respond appropriately when things go wrong. Precisely this point was made by one officer in their contribution to the interviews carried out as part of this scrutiny. They said:
- “ . . . you've got the money and you think you have control. As soon as you sign the contract, you've lost it. And unless you're very good at it, you immediately pass all of the control over to that contractor. The only thing you have, in theory, is paying the bills. But then if you look at all of the legals, you don't have much control over that either. Because you are committed to paying them. So once it [the contract] started not going well, we didn't have any facility to do anything about it, other than get upset and threaten them and whatever. Of course, that was alright for a while and then they got fed up with it. They weren't going to take any notice because it wasn't in the contract.”*
31. Outsourcing can set in stone pricing and performance indicators which return exorbitant profits to private companies without any accompanying improvement in service. In the case of the Morrison housing repairs contract, financial incentives in the contract were never implemented, and performance indicators only ever returned a picture of very strong performance. In reality Morrison was providing a poor quality service which was hidden by the performance indicator regime. Operatives were able to remotely report that they had completed repairs and attended appointments without any oversight. As a result residents suffered huge inconvenience and delay whilst the company was often paid multiple times for individual repairs.<sup>11</sup>
32. In the case of the Pearson/Vangent call centre contract it was revealed that the contract contained incentives for the company not to deal with issues raised. Because Vangent was

<sup>11</sup> “Review Of Key Performance Indicators In The Housing Repairs Service” Report of Housing & Community Safety Scrutiny Sub-Committee, February 2011 <http://moderngov.southwarksites.com/mgConvert2PDF.aspx?ID=16278>



paid per call it was not in their interest to sort out problems first time. Instead they had an incentive to force residents to call back multiple times.<sup>12</sup>

33. It is important that we do not write these examples off as “one offs”. For all these contracts, large amounts of money were invested in the procurement exercise. Expert consultants<sup>13</sup> are employed to advise the council on how to structure their contracts and identify the provider best placed to deliver the service, yet the end result was still service failure.
34. There is a recognition among senior officers that things can and do go badly wrong. The Strategic Director of Finance & Corporate Services stated in his interview with OSC that after starting at the council in 2005 “The first twenty procurement reports I ever saw, none of them saved any money and none of them tangibly improved services.” The Strategic Director stated that this was, in part, because of an overly centralised procurement function in which procurement officers were divorced from the services being provided. The Strategic Director stated that the situation improved when “... responsibility was sent back out to service managers”.
35. Table 3 on page 15 lists all of the contract cancellations and mutual terminations of contracts since 2010. The rhetoric of service improvement, value for money and reliability which so often surrounds outsourcing would suggest that the need to take such a step should be rare. But these eighteen examples in just over four years present a different picture. The total amount of money spent on terminating or mutually concluding contracts with these organisations has been **£1,623,996**. The reasons for cancellations vary from contract to contract, but this is another reminder of the financial risks associated with outsourcing.
36. Based on the evidence presented in this report, OSC concludes that there is not sufficient recognition of the financial and service quality risks associated with procuring services from the private sector. Among a minority of officers with involvement in procurement there is an assumption that outsourcing is “the way we do things”. Two contributions during the interview for this scrutiny reiterate this point. In one interview an officer said:

*“Sometimes it can be a fall back for the lazy. People forget why these things were introduced in the first place and then they start replicating it endlessly. They forget what it’s good for. It doesn’t help you make good judgments, it doesn’t help you set good strategy and that people almost hide behind the reality of that. They think that because they have followed the procurement process, they’ve ticked all the boxes. Therefore it’s a good decision.”*

Another officer stated:

*“I don’t think it’s a problem restricted to Southwark Council, but there is this idea that outsourcing is a way of sorting out our problems, and not looking at if we can sort it ourselves. In terms of procurement, you need to understand what you need to buy and you need to be able to express that very clearly and accurately through a procurement process.”*

37. There is also anecdotal evidence that decisions to procure a service are sometimes presented to Cabinet Members as a fait accompli, or not even presented to Cabinet Members at all. In his interview at Overview & Scrutiny Committee the Strategic Director of Finance & Corporate Services stated that “There is the possibility that we get to Gateway 1 where we haven’t fully shared with elected members why we’re going ahead with the strategy we are going ahead with. Because of the pace of programs, particularly with regard to regeneration, we haven’t had time to share with you the thinking we have gone through as

<sup>12</sup> Minutes, Overview and Scrutiny, Tuesday 8<sup>th</sup> May 2012 <http://moderngov.southwark.gov.uk/mgAi.aspx?ID=24155>

<sup>13</sup> News release: “Sharpe Pritchard advises Southwark Council on Landmark IT Managed Services Outsourcing”  
<http://www.sharpepritchard.co.uk/news/sharpe-pritchard-advises-southwark-council-on-landmark-it-managed-services-outsourcing>

officers once we have got to the Gateway 1 decision...We need to be more open about how we get to those decisions.”

38. In this report OSC seeks to make recommendations which promote a more consistent and analytical approach to commissioning and procurement at the council. Where outsourcing fails, we need to ensure that Southwark learns from these experiences and modifies its approach to reduce the risk of this happening again. OSC believes that promoting transparency, greater democratic involvement and more engagement with service users will help this to happen.

**Table 2 – Examples of large scale procurement underperforming in Southwark**

Contractor	Year contract began	Service	Pre-contract statements	What happened?
CSL (Liberata)	1998  Initial 5 year contract then renegotiated in 2002	Revenue and benefits	<p><b>Local Government Chronicle February 11<sup>th</sup> 1998:</b> Chief executive and director of finance Bob Coomber said: '...over time we anticipate significant improvements in the service. Despite the reduced cost to the council we have set tough targets for the new provider which includes a more rapid turnaround of claims and a substantial improvement in telephone answering.'</p>	<p>There were numerous controversies over poor performance between 1998-2002. In 2002 following the best value review, the Council renegotiated the contract and there were some improvements.</p> <p>However, in 2010, following further concerns about contractor performance, the service was taken back in-house.</p> <p><b>From Southwark News, June 10th 2010:</b> "Southwark Council has taken the first step in bringing tax collection in-house after its contractor missed a series of targets - leaving nearly £4 million uncollected over four years... Southwark Council had the lowest collection rate of all London boroughs in 2008/9, with every one per cent of council tax not collected representing £940,000 of lost income."</p>
WS Atkins	2001	All the non-teaching responsibilities of Southwark LEA	<p><b>8<sup>th</sup> April 2001, Michael Jeffries, Chief Executive of WS Atkins, said,</b> "We are delighted to be entering into an education services partnership with the London Borough of Southwark. Together with the staff who are joining our Group, WS Atkins brings an unique combination of skills and experience to enhance the quality of the education service in Southwark."</p>	<p>The £100m education contract was terminated after two years of the five-year contract. Atkins failed to meet key targets and claimed the contract was unprofitable. The contract termination alone cost Southwark Council £1.5m.</p>

**Table 2 – Examples of large scale procurement underperforming in Southwark**

Contractor	Year contract began	Service	Pre-contract statements	What happened?
SITA	1990s	Street Cleaning		<p><b>APSE Report “Insourcing” published in 2009:</b>            Having taken the service back in-house “...London Borough of Southwark has seen resident overall satisfaction ratings of its street and estate cleaning services increase from 30% to 70% in the last four years. It has also gone from being rated the fifth dirtiest London borough to the fourth cleanest in the same time period. These positive results have been twinned with over £1 million of efficiency savings. This vast improvement in service delivery, cleanliness and efficiency was achieved following decision made by the authority in 2002/03 to return street and estate cleaning in-house.”</p>
Ecolab and Canon Hygiene	2003	Pest Control Service		<p>There was widespread dissatisfaction with the existing Pest Control Service. Members requested that officers review arrangements and recommend improvements.</p> <p>Southwark Cleaning took on Pest Control activities across the borough, utilising an in-house workforce to deliver an improved service to all residents of the borough. The new Pest Control service adopted working practices and culture that existed within the cleaning service and became more customer focused and concentrated on delivering a quality service on a ‘not for profit’ basis. The new service addressed the recommendations of the Housing Scrutiny Sub-Committee review of pest control.</p>
Pearson Government Solutions (Vangent)	2005	Customer Call Centre		<p>There were some initial improvements in making services more accessible, but problems with performance, the structure of the contract and the takeover of the contractor by another company came to a head in 2012.</p> <p><b>‘Government Computing’, 10th May 2012:</b> “Southwark council's cabinet is set to agree to proposals to bring all customer services, including the authority's web portal and</p>

**Table 2 – Examples of large scale procurement underperforming in Southwark**

Contractor	Year contract began	Service	Pre-contract statements	What happened?
				<p>contact centre, in-house. The authority has opted to end its £116m deal with outsourcing firm Vangent two years earlier than previously agreed.</p> <p><b>Minutes of Overview &amp; Scrutiny 8th May 2012:</b> “The head of customer experience said that the council's contract with Vangent was based on transactional costs, so that every time a customer called the Customer Service Centre or visited a One Stop Shop they would receive a payment. This provided no incentive for Vangent to reduce call volumes or seek to get customers to use cheaper service access channels. The new service would be investing in staff and would not be a script-based service.”</p>
Morrison	2009	Housing Repairs in South of the Borough	<p><b>Southwark News, 15<sup>th</sup> June 2009:</b> Cabinet Member for Housing, Councillor Kim Humphreys said: "The new system means faster, more efficient repairs - something tenants have called for and we've addressed with serious investment. The new contracts will be closely monitored, to make sure you all receive the impeccable housing repairs service you deserve. This is a sign of things to come from a council housing service which manages all its own stock."</p>	<p><b>Scrutiny:</b> In February 2011 a scrutiny report revealed that much of the performance data to monitor to the contract was consistently wrong, showing strong performance when, in fact, there were serious performance issues with the contract. It was also revealed that none of the financial incentives contained within the contract were being enforced.</p> <p><b>Construction Enquirer April 2012:</b> “Southwark Council has terminated its £10m-a-year housing repairs contract with Morrison. The contractor had been given since the start of the year to improve its performance. But the council confirmed today it will be cancelling its deal with Morrison and changing the way repairs in the borough are carried-out.</p>
Capita	2013	IT Services	<b>November 2012, Craig</b>	Capita took on responsibility for IT at Southwark from Serco in

**Table 2 – Examples of large scale procurement underperforming in Southwark**

Contractor	Year contract began	Service	Pre-contract statements	What happened?
			<p><b>Rodgerson</b>, Chief executive at Capita Secure Information Solutions, said: "Capita's secure solutions business has considerable experience working with clients who require a highly secure environment - a key area of concern to council's handling large volumes of data. In addition the company's scale and expertise across local government will deliver Southwark an affordable solution, providing significant savings on current contracts... consistent value for money across the duration of the contract."</p>	<p>February 2013 – soon after there were serious performance issues with IT systems including extremely long log on times and staff being unable to access important data to carry out their jobs. A Capita board member wrote to all Councillors apologising for the disruption caused. At subsequent OSC meetings there was open discussion about the cancellation of the contract because problems had become so acute.<sup>14</sup></p> <p>Since this time there has been a slow but significant improvement in performance. However, at the time of writing (November 2014) there still ongoing issues with the speed of Citrix and length of log-in times. A “refresh” of IT took place in December 2014. At the time of writing the success of this project is not clear.</p>

<sup>14</sup> Meeting of Overview & Scrutiny Committee, Monday 3 February 2014 7.00 pm (Item 7) <http://moderngov.southwark.gov.uk/mgAi.aspx?ID=31554>

**Table 3 - All of the contract cancellations in Southwark in the past 4 years****Contract termination under CSO 8**

“A contract may only be terminated early or suspended by a chief officer, and only after obtaining approval from the monitoring officer and strategic director of finance and corporate services; all such decisions will be advised in writing by the chief officer to the relevant member of the cabinet and cabinet member for finance, resources and community safety”

**Contracts which have been terminated:****2014/15 to date**

- Supply Southwark business support contract with Prospects Services. September 2014:

**2013/14**

- FM contract (at Design and build schools) with 4 Futures. Approved January 2014
- Ruskin Home to School Transport Contract

**2012/13**

- Reprographic service agreement with SIP Communications Plc and lease for two bulk photocopiers with CHG Meridian. September 2012
- Internal decent homes package with Kier Support Services. January 2013
- February 2013 - major works contract for Borough & Bankside and Walworth with Breyer (note: this was a mutual conclusion of the contract, so does not really apply as an early termination)
- February 2013 - intensive surveillance and supervision programme (ISS) with Nacro
- Wates housing major works contract (note: due to issues at the start of the contract we believe that the contract was never concluded so was not subject to a CSO 8 termination report).
- CSC contract with Vangent/GDIT (note: this was not approved under CSO 8 but was a cabinet decision to return service in-house and parties agreed to amend expiry date)

**2011/12**

- July 2011 - strategic and operational management of SBS with Just Housing
- August 2011 - bailiff services with Loxstock Ltd trading as Davies Enforcement (note: company went into liquidation)
- October 2012 - repairs and maintenance for areas 3 and 4 and internal decent homes refurbishment for areas 3 and 4 with Morrison Facilities Services Ltd (MFSL) (note: early termination via exercise of break clause w.e.f. September 2012)
- Lifts R&M contract with Apex Lift & Escalator Engineers Ltd (note: achieved by way of a settlement agreement so did not form the subject of a specific CSO 8 termination report, but was instead referred to in a subsequent report which awarded the outstanding work to another Approved List contractor).
- Liberata contract for revenues and benefits (note: this was a 'rolling contract' which continued until notice given - so wasn't terminated using CSO 8).

**2010/11**

- Burnhill Close travellers' site refurbishment with David Hewitt Ltd (October 2010)
- May 2010 - terminated lift maintenance contract with Apex Lift and Elevators Limited (note: through a commercial agreement)
- Gaitskell House External Refurbishment - Blain & Forrester Ltd (note: terminated due to contractor being placed in liquidation). Report signed April 2010.

## How procurement process works at Southwark Council

39. With some simplification, the basic decision making process for a Gateway 1 (which sets a procurement strategy) is as follows:

- An initial opinion on whether or not to proceed with a procurement will be taken by council officers (possibly with input from the Cabinet Member, but not necessarily)
- Depending on the value, nature of decision, and decision maker the Gateway 1 reports may go through a Departmental Contract Review Board, and may also go on to the Corporate Contracts Review Board. The purpose of these reviews is to provide advice to the Lead Contract Officer.
- The decision on the procurement strategy will be taken by Cabinet if the contract:
  - has an estimated contract value of over than £4 million (for services or £15 million for works)
  - considered politically sensitive
  - is considered high risk
  - involves the transfer of a significant asset
  - involves significant change to the service

If not,

- for contracts between £2m and £4m (or for £10-£15m for works) the decision will be taken by a Cabinet Member
- for contracts under £2m the decision will be taken by a Chief Officer or as delegated in the scheme of management

40. **For Gateway 2 decisions (Contract Award)**, the criteria is broadly the same as for Gateway 1, but there are specific requirements for any proposed contracts with pension arrangements which differ from the council's admitted bodies policy.

41. **Gateway 3 decisions (Variations to an existing contract** - which may include extending the life of a contract or additional works, as allowed for in the individual contract) the decision is taken by a chief officer or by the strategic director of finance and corporate services if it is above certain thresholds or a corporate contract.

42. Once a contract is awarded some limited details should be uploaded to the council's "contract register", which is published online. This can be seen here:

[http://www.southwark.gov.uk/downloads/download/96/selling\\_to\\_southwark](http://www.southwark.gov.uk/downloads/download/96/selling_to_southwark)

## How Southwark's procurement thresholds compare

43. During the course of this scrutiny process OSC was informed on several occasions that Southwark's contract thresholds for Cabinet Member sign off of a decision were at the lower end of the spectrum. Officers stated in their interview with OSC that a benchmarking exercise had been carried out to confirm this and that work was in progress to *raise* Southwark's thresholds so that contracts of a higher value could be signed off by senior officers. This potential change conflicts with the views of OSC. The view of the committee is that, if anything, Southwark's contract standing orders are too high. The Committee's view is that Cabinet Member and full Cabinet sign off of procurement decisions should take place at lower values than is currently allowed in contract standing orders.



OSC believes that greater oversight of these decisions from elected members would improve outcomes.

44. It is currently possible for a Gateway 1 procurement decision of up to £2m to be signed off by Senior Officers, in cases where this is not deemed politically sensitive or high risk. OSC's own benchmarking shows that in Lambeth, Islington and Lewisham that figure is £500,000. In fact, of the twelve council's OSC benchmarked Southwark against, nine had lower thresholds for Cabinet Member sign off. Only one, Havering, has higher threshold. The table below summarises these findings.

**Table 4: Threshold for Cabinet Member (or member) sign off of Gateway 1 decisions**

<b>Borough</b>	<b>Procurement Threshold for Cabinet Member (or member) sign off</b>	<b>Higher or lower than Southwark?</b>
Southwark	Decision taken by Cabinet if over £4 million for services or £15 million for works. Unless "politically sensitive", "high risk" involves transfer of assets or "significant service change". Some contracts between £2m and £4m (or for £10-£15m for works) the decision will be taken by a Cabinet Member. For contracts under £2m the decision will be taken by a Chief Officer or as delegated in the scheme of management (with some exceptions based on risk and nature of contract)	NA
Barnet	Above £172,514 – if within budget, Officer in consultation with Chairman of relevant theme or Policy & Resources Committee	Lower
Hackney	If value of contract is above delegated authority of Chief Officer then the report is approved by Chair of Procurement Board if less than £2m, or by Cabinet Procurement Committee if more than this value	Same
Havering	£5,000,000-£9,999,999 – individual Cabinet Member, £10,000,000 or more – Cabinet	Higher
Hillingdon	£50,000 - £249,999 – Cabinet member and Leader of the Council (joint decision). £250,000 or greater – Cabinet	Lower
Islington	Anything above £1m capital and £500K revenue is considered to be a key decision and taken by Executive. Key decisions can be taken by Corporate Directors and two Assistant Chief Executives under urgency. No individual Executive Member decisions	Lower
Kingston	(Committee system so no individual Cabinet Member decision making). Anything over £300K must be authorised in consultation with Lead Member for Capital, Projects and Contracts. No set financial thresholds for the reporting of contracts to Committee but in practice financially significant and/or sensitive contracts will be submitted for Member approval by the relevant Service Committee	Lower
Lambeth	More than £500,000 up to £1 million - relevant Cabinet Member. More than £1 million - relevant Cabinet Member in consultation with the Leader	Lower
Lewisham	Building, construction and engineering works contracts with an estimated value of over £1m and all other contracts with an estimated value of over £500,000 – Mayor and Cabinet with Scrutiny	Lower

Merton	Contracts awarded by Cabinet where value of the contract is £2,000,000 or greater	Same
Sutton	Anything over £500K – relevant service committee	Lower
Waltham Forest	All procurements over the EU threshold for supplies and services, and over £1m for works, require Cabinet approval to start a procurement (following internal strategic procurement board approval). Those that are key decisions (over £1m or affecting more than one ward) also need Cabinet approval to award the resulting contracts	Lower
Westminster	Above £1.5m - Cabinet Members (£300k for consultancies)	Lower

45. Upon further investigation, it transpired that the benchmarking referred to by officers contained information on seven unnamed councils and the table incorrectly benchmarked Southwark's threshold for Cabinet/Leader sign off at £500,000, instead of £2m.
46. OSC also notes that since these thresholds were set the council has faced almost £80 million in government funding cuts, which have caused huge budget pressures. As a result the need to scrutinise the money the council spends and ensure we are getting value for money has intensified. In the context of procurement this means that a £1.5 million contract decision accounts for a significantly larger proportion of the council's overall spending power than it did in 2010.

### Codifying engagement with Cabinet Members

47. It is noticeable that Southwark's Contract Standing Orders contain no reference to the importance of consulting with Cabinet Members over major procurement decisions. By contrast Lambeth Council's Contract Standing Orders contains the following stipulation:

"Where the aggregate value of the contract or purchase is valued at £100,000 and greater, the officer *must consult* with their departmental cabinet member before tender approval is given. "

48. OSC believes Southwark Council should adopt similar procedures in its standing orders to ensure that there is appropriate input from elected members.

### Contract variations "Gateway 3"

49. As noted above, Southwark's contract standing orders say that high value contract variations or Gateway 3 decisions (contract variations) are taken by the Strategic Director of Finance & Corporate Services and advised in writing to members of the Cabinet. In practice, some of these decisions are signed off by the Cabinet Member themselves. For example, the decision to vary the Homecare Support Services taken in July 2014 was signed by the Cabinet Member.<sup>15</sup>
50. However, it is still true to say that most high value variations are signed off by the Strategic Director of Finance & Corporate Services. There is no formal limit to the value of these decisions. This is an unusual arrangement which OSC could not find an equivalent for in other local authorities. In Lewisham, for example, any contract variation over the value of £500,000 is a decision reserved for the appropriate Cabinet Member or for the Mayor.
51. OSC believes that the time has come to review and lower the current thresholds for all three gateway decisions. We would suggest that, as part of a full review of contract standing orders, Cabinet Members provide a revised schedule of thresholds which they feel better reflects the importance of the large financial commitments being made by their departments.

<sup>15</sup> <http://moderngov.southwark.gov.uk/documents/s47842/Record%20of%20Decision.pdf>

## Cabinet Member Interview, Councillor Fiona Colley, Cabinet Member for Finance, Strategy and Performance

52. On 1<sup>st</sup> December 2014, the Committee interviewed Councillor Fiona Colley who is the Cabinet Member responsible for commissioning and procurement policy at Southwark Council. The full interview covered all areas of the Cabinet Member's portfolio, but the opportunity was also taken to ask about a possible recommendation from this scrutiny report.

**Question from Chair of OSC:** "What do you think of the idea of Southwark Council adopting a policy or a statement stating that our preferred way of providing a service is in-house? This would not mean that all services would be delivered in-house but that any decision to outsource would have to have a reasonable justification. What are your views on that?"

**Cllr Fiona Colley:** "My inclination is to agree with you. We've had some real successes in my own portfolio bringing services back in-house. Whether we go quite as far as that statement, is all about how that is understood. I think it's clear from the discussions that we have had about it, it clearly doesn't mean that everything will always be delivered in-house, but I would be worried if that was how it appeared because the points of Adele's [Cllr Morris] about the voluntary sector, I wouldn't want to give the impression that we were going to stop commissioning with the voluntary sector because, as I've already mentioned, I think the voluntary sector can sometimes deliver things right on the ground, and funding sources, better than we can.

So I think we have to be quite careful how it is described and that it's not taken to mean that it is always in-house, because I don't think that it will. But certainly I think that "Should the service be run in-house?" is always a serious question that is asked, I think it's something we could be addressing more clearly in all of the gateway reports that come to Cabinet, and I think your idea of "Gateway Zero", if you call it that or something else, is taken more seriously both in terms of whether we outsource or not, but also whether we share services with other boroughs. Too often we don't look at that until it's too late, to consider those alternative options, whether it's in-house, voluntary sector or shared service and looking at things earlier I think would be a good thing."

### Interview with John Tizard

53. John Tizard attended a public Overview & Scrutiny meeting in Southwark on 10<sup>th</sup> November 2014. OSC would like to put on record our gratitude to him for taking the time to come to the committee and give his view on outsourcing and procurement.
54. John Tizard is an independent strategic advisor and commentator on public policy and public services. He works with a range of public, private, third and academic organisations. He worked for Scope from 1977 to 1997, latterly becoming their Director of Strategy and Policy and serving on its senior management team. He joined Capita in 1997 to lead its local government consultancy business but moved to a corporate role reporting directly to Capita Group's Chair and Chief Executive; and directly advising the Board. In over the ten years at Capita he held a number of different roles but for eight years until December 2007 as Director of Government and Business Engagement had responsibility for The Capita Group's public sector strategy and strategic relations with Government, the wider public sector and other national public policy and regulatory bodies. He also has over eighteen years' experience as a county councillor, and was a group leader for fourteen years and for over eight years the joint leader of Bedfordshire County Council.
55. Below are direct quotes from John Tizard from this session. Where the quotes are in response to a direct question this is highlighted:

**On the important difference between Commissioning and Procurement:**

“We should not confuse commissioning with procurement. Commissioning is a much more strategic process about identifying a need and how to identify the outcomes to meet that need. Too often, in a lazy way, we conflate the two. Even for in-house services you may want to go through some sort of commissioning process. In-house provision, partnership with other councils, private sector or Community and Voluntary Sector. Don’t assume that the private sector is the default option.”

#### **On ensuring procurement is aligned with political objectives:**

“My challenge.... Is procurement seen as a tactical or a strategic activity?... too often there is a policy objective over there and you begin to lose them all, moving back into a traditional cost based approach. Of course current financial pressures on local government mean that is a real risk. But ensuring there is a constant political drive for the wider objective to be achieved. It is really important that procurement is seen as one of the political tools of your council to actually achieve its wider objectives.”

#### **On involving the wider community:**

“Good practice means it has to have political direction. Where there is the significant spend there is also the opportunity to involve wider stakeholders. It is rare in local government in my experience for communities, residents, users of services and staff and unions to be involved in that process. There is no reason why they shouldn’t be. In fact, it enriches the process. A procurement exercise which specifies a technical requirement which procurement officers have decided is the right requirement which actually doesn’t meet anything like what the users want or the community wants. Then you get the ludicrous position, but the contractor is saying ‘we’re meeting all of our performance targets’. Very difficult, particularly if you have large corporates with large legal departments.”

#### **On transparency:**

“There is much to say for transparency. If you are going to outsource, you’ve not only consulted, through commissioning, but the business case for outsourcing is also subject to consultation, so that people can challenge it. Actually they can hold the council to account for what they said they would achieve. You might have your procurement team or your legal team saying ‘you can’t do that.’ It’s commercially sensitive and it’s going to put us at a disadvantage’. I don’t really think that’s the case. We are seeing the requirement to be much more transparent... there are elements that are commercially sensitive, but that cannot be the default option. Ironically, often providers, even the big corporates, are much more prepared to be open even than the public sector client. There are certain terms that you can consider imposing on your providers. One is, you can contractually make them comply with freedom of information. But also that applies to your client side.”

#### **Using procurement to test the ethos of providers:**

“There is also something to be said for testing the ethos of your providers. Are they paying their due level of taxation? Because if not you are paying public money that may then be going out of the country and may not be being properly taxed. There is public legitimacy to test that. What are their remuneration policies so what is the ratio between their lowest paid and their most senior people. Are you comfortable with that? What are their employment practices?.. You can obviously impose things like Living Wage. Most respectable providers won’t challenge you on it because they want to have a good reputation in the sector.”

#### **On break clauses for changes in ownership:**

“There is something about checking ownership....Take Southern Cross for example...it changed ownership to a very different business model. You may want to put in a break clause if there is a change of ownership during the lifetime of the contract.”

**On open book accounting:**

“Open book accounting. My question would be, do you have, have you agreed the accountancy standards that will underpin it and are those open book accountancy arrangements subject to your internal audit team or your external auditors? . . . One of the other big challenges is internal recharge, particularly on IT contracts. What the company does is declare a 5% profit on the contract itself. But because of internal recharging to other parts of the same company, they are in fact taking 20-25 % profits and then that then gets lost in the totality. So you do need open book accounting that exposes the whole financial model of the company and being able to audit that. On big contracts it's absolutely essential.”

**On the limits of saving money through outsourcing:**

“My message to you is just think and just challenge when you are thinking about outsourcing. In the past outsourcing has been seen as a means of taking out cost. You will be a much more efficient authority now than you were 10-15 years ago. So those significant savings that were there, they are not going to be there if you have contracted 1, 2 or 3 times.”

**On the limits of transferring risk:**

“There is a lot a lot of misconception about transfer of risk and accountability. If your provider fails, you might be able to get some financial reward back from them, but what you can't do is to abdicate or transfer your political accountability . . . risk always remains. I would challenge your procurement people on their understanding of risk and the transfer of risk . . . I can take you to local authority after local authority across the country, of all political persuasions where the politicians are absolutely divorced from the procurement process and it just becomes a technical exercise that they can put over there somewhere. Then they wonder why people are shouting at them in the street, when the streets aren't cleaned or the bins aren't collected.”

**On scrutiny and accountability:**

“For scrutiny committees, for the big contracts, you should expect the client officers and the Cabinet Members and the provider to appear before you to answer questions. There will be a challenge that it wasn't in the original contract so you need to build it into the original contract so that you can do that. I think there is something about holding the Cabinet Member for the performance of contracts. There is a role for when an outsourcing is being considered to call before the committee to scrutinise most appropriate model. Has the council got the right approach? Has it got the capacity to handle those contracts? What alternatives have been looked at?”

**On using the Public Services (Social Value) Act 2012 and new EU regulations:**

“I would describe it as a very good enabler for people who want to use procurement for other means. You can also use the new EU procurement legislation which will allow you to take more account of social factors. Although, my advice is that you could do quite a lot under the existing ones, provided it was a level playing field.”

**More on the role of scrutiny:**

“It is more difficult to do it retrospectively, if the contract is already let, it should be for future contracts and it's very clear that these things can be specified. It's also about who they send. You need the person with operational responsibility for the service before you. Not someone from their marketing department.”

**Question from the Chair of OSC:**

Would you be surprised that an Authority like Southwark often finds itself in the situation where we have Gateway 1 reports circulated, for the first time, as fully formed objects in themselves? The decision to procure in the first place has already been made and the details are set. So we find the thinking about how a service should be run is done internally, or worse, isn't done at all and then is presented as a Gateway 1 report and it's very difficult to stop it. Does that surprise you?

**John Tizard Answer:**

I'm not at all surprised. It's very, very common and that's part of what I was saying earlier. Good practice suggests that consulting on that original review and decision is a good idea. ... it is quite likely that some people will ask questions that haven't been asked. Particularly if you ask the people who use the service or the staff. Otherwise you won't get that richness from having stakeholders involved. You need to encourage the Cabinet Members or maybe the senior officer team to be much more open about the process. This will not inhibit good procurement.

**Chair of OSC suggests:**

"Gateway Zero" for large contracts and asks for John Tizard's opinion, Does that sound like a sensible approach to you?

**John Tizard Answer:**

It does. But I think you need to go further than that. Because I think you need to talk to service users, staff, unions, CVS sector. ... in terms of accountability and transparency it is very important to have that.

**Interview with the Strategic Director of Finance & Corporate Services, Duncan Whitfield and the Deputy Finance Director, Jennifer Seeley**

56. On Monday 8<sup>th</sup> September 2014 OSC interviewed the Strategic Director of Finance, Duncan Whitfield and the Deputy Finance Director, Jennifer Seeley. The following notes are taken from the formal minutes of that session.<sup>16</sup>

"The chair of the Committee asked how well corporate contract review boards were functioning and whether they were providing sufficient insight and challenge. The Strategic Director of Finance confirmed that the corporate board was working extremely well but that he would like to see more challenge at the level of departmental boards.

The chair highlighted the proliferation of contracts across the council. Given the risks in big long-term contracts, he wondered whether the council should be asking officers to take a preferred position of awarding work in-house unless there was a particular case for doing otherwise. The Strategic Director of Finance responded that this could be stated in the Medium Term Resources Strategy but that it might have the effect of removing autonomy from managers who knew services well. The chair commented on the general claim that private contractors were more efficient, better value for money and improved services. Experience across the country was that profits were made at the expense of the people directly delivering the services, for instance in social care. He wondered about the possibility of holding contractors to Southwark's two tier code. The Strategic Director of Finance clarified that if Southwark's own staff were TUPE'd to a provider then their existing terms and conditions were preserved. Through the procurement process and valuation, Southwark had been quite successful in the introduction of the London Living Wage. The Ethical Care Charter was also

<sup>16</sup> <http://modern.gov.southwark.gov.uk/documents/g4896/Printed%20minutes%20Monday%2008-Sep-2014%2019.00%20Overview%20Scrutiny%20Committee.pdf?T=1>

breaking new ground. However, legal advice would be needed as to whether or not terms and conditions could be specified through procurement.

Councillor Catherine Dale emphasised the importance of the skills of the people engaged in managing contracts and questioned where management of contracts should be positioned within the authority. The Strategic Director of Finance responded that it would not be beneficial, operationally and in terms of relationships, to divorce day to day responsibility for managing contracts from the service managers. Contract management was best left with service managers but supported from the centre. Councillor Tom Flynn referred to pages 15 – 17 of the supplemental agenda which showed that a lot of decisions were made without any political involvement. He asked what percentage were made at, for example, cabinet level and whether officers considered that the proportion was right. The Deputy Finance Director explained that the system was not dissimilar to that of other councils, with contracts over £500K in value being referred to the political arena. Procurement was considered a tool for output, to achieve service objectives, and limits were set at the level that the council decided.

Councillor Karl Eastham suggested that it might be helpful to officers to have a procurement strategy that included political considerations. The Strategic Director of Finance clarified that officers tried to embody any evolving political priorities within procurement. He added that Southwark compared with other London boroughs in this. The chair commented that the council did not have a corporate procurement strategy in the sense of a document which provided strategy and direction and did not just set out processes. The school places strategy contained a clear political input but there was no equivalent document in terms of procurement. Councillor Adele Morris wondered whether the Community Development Foundation might be able to provide a framework for assessing contractors. Councillor Johnson Situ stressed that the aim was to get the best possible service. Some sort of accreditation might help but it would be important that no providers were excluded.

Councillor Claire Maugham commented that appendix C to the report, Extract from Medium Term Resources Strategy 2014/15 – 2016/17, seemed to be very broad. She sought reassurance that the broad strategy captured specific learning for instance from the experience of the Draper House contract. The Strategic Director of Finance responded that there was scope to go deeper in the strategy, it depended how specific elected members wanted to be. Councillor Situ asked whether there was any mechanism in place to develop local businesses to be ready to take on services. The Strategic Director of Finance replied that the Economic Development Team supported local businesses.

The chair asked to see a list of terminated or cancelled contracts over the last five years. He also said that he would be taking a sample of the contracts on the contract register asking why they were procured, whether they were performing well and how they were managed. He would contact lead officers and keep strategic directors informed. The chair asked members for suggestions as to which contracts should be examined. The chair indicated that he intended to bring a draft report to committee in December.”

## **Consultation with the Community and Voluntary Sector in Southwark**

57. The Committee is grateful to Community Action Southwark (CAS) for their very constructive engagement with this scrutiny process. CAS is the umbrella organisation for the voluntary and community sector in Southwark. CAS submitted a detailed and insightful paper to OSC setting out areas which they felt could be improved in the way the council engages with CVS bodies through commissioning and procurement. You can read the full paper here:

<http://modern.gov.southwark.gov.uk/documents/s49345/Community%20Action%20Southwark%20-%20Presentation.pdf>

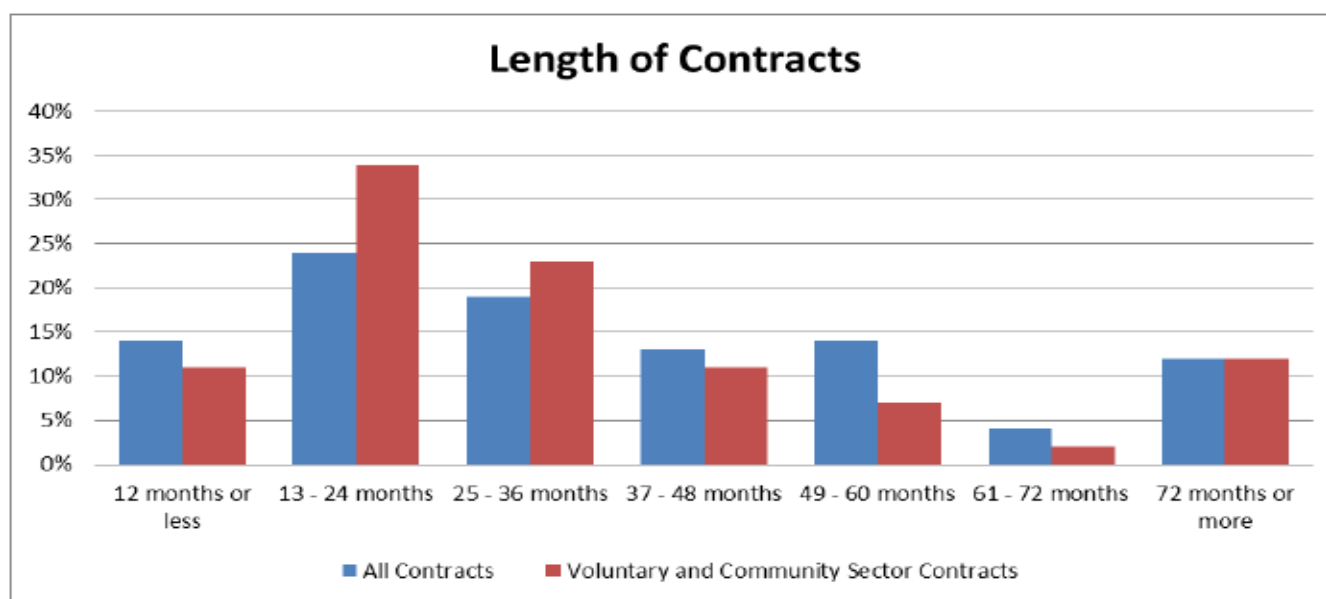
Representatives from CAS also met with the Chair of OSC to discuss their proposals. Much of the information below has been provided directly to OSC by CAS.

### Southwark's current outsourcing to the CVS sector

CVS sector currently delivers 44 contracts on behalf of Southwark council, approximately 20% of all contracts. The majority of these contracts (25) are within the Children's and Adults Services Department. They provide a variety of services within this area – for example, mental health support, day services, and carers support.

### Length of CVS contracts

Contracts with the voluntary and community sector seem, in general, to be on the shorter side. Comparing the length of all the contracts on the register to the length of just the VCS contracts, we can see that a greater proportion of them are 13-24 months long, and there are fewer contracts in the longer categories.



58. In their submission to OSC, CAS emphasised that , where outsourcing does take place, they are often best placed to deliver on greater social value from the contracts.
59. They gave the example of Thames Reach who employ service users through targeted measures such as traineeships. All jobs are open to current or former Thames Reach service users, as well as clients from other homelessness organisations. As a result, 22% of Thames Reach staff have experienced homelessness in the past. CAS went on to make a series of recommendations to the way that procurement should change in the borough. These are summarised below:

#### Embedding social value into procurement:

When considering contract awards, it is imperative that the council considers bids on their value for money – not just their price. Local authorities have a duty to consider 'social value' alongside 'best value'. According to CAS: "The Social Value Act came into force in January 2013 – almost two years ago – yet Southwark Council still has no clear policy on social value. This is not the case in other London boroughs."

#### Update CVS Compact:



Southwark Council's CVS Compact was last revised in 2010, before the publication of the Open Public Services White Paper. It would be a good idea to refresh this Compact to include recognition of the CVS as a partner in service delivery. CAS would like to see commitments to the following:

- a) CVS engagement before procurement stage. Compact Voice recommends engagement with the CVS from the earliest stage in order to fully comply with the Social Value Act.
- b) A clear 12 weeks' notice of contracts ending. This does not always happen, and can cause problems for the CVS, particularly with regards to giving employees notice.
- c) An appropriate length of time at Pre-qualification Questionnaire and Invitation To Tender stage. CAS would recommend a minimum of 5 weeks at the PQQ stage, and 6 weeks at the ITT stage. This would result in more targeted, higher quality submissions.
- d) A commitment to providing time for the development of consortia, and a favourable approach to consortia bids from the sector.
- e) Procurement approaches need to be varied to suit the individual circumstances. Grant funding may still be appropriate if the service is small.

#### **Preventative procurement:**

Greater value should be attached to those services with a preventative capacity. Preventative services are those which reduce future need, particularly the need for acute services provided at crisis point, which are generally very expensive. All procurement decisions should take into account whether the procurement will do anything to reduce future need. This could be done by making procurement decisions on the basis on their impact over a five or ten year period.

#### **Appropriate size and length of contracts:**

In order to ensure that services being delivered are high quality, it is important to support a mixed market of service providers, to avoid monopoly and complacency. Contracts that are particularly short (i.e. 12 months or less) make it impossible for the VCS to engage in long-term planning, or retain high quality staff. Additionally, very large contracts cause problems for the VCS. A 2013 VCSE survey by Locality found that nearly 42% of respondents believe contracts have become larger in the past five years. A further 52% expect them to become.

#### **Standardising commissioning and procurement:**

There can be different rules and procedures across Southwark Council departments about how commissioning and procurement take place. Not surprisingly, this is confusing for the sector. One example to note is the launch of the council's Approved Provider List. This is now only being used in the Community Services Department, and the sector is still required to fill in PQQs for contracts from other departments, even if they are on this list. To avoid confusion and variation in procedures across departments, we would like to see one 'commissioning unit' that standardises commissioning processes across the council and sets hard and fast rules about procurement.

#### **Co-production:**

Co-production refers to the involvement of service users in the design of services, not just consultation processes on those services once they have been decided. Because a large number of VCOs engage with service users on a day-to-day basis, they are often well-informed about local needs. Co-production could represent a good way for the sector to get involved in service design before procurement stage, to ensure that procurement is appropriate and aligns with what service users need. The council is currently in the process of developing a co-production toolkit and will be developing a community coproduction advisor network. CAS will be a key partner in the development

of the toolkit. We would like to see the VCS fully involved in co-production, and VCS representatives on the advisor network.

## Consultation with UNISON

60. The Committee is grateful to Southwark UNISON branch for their constructive submission and engagement with this scrutiny process. UNISON is the UK's largest public sector trade union. UNISON contributed a written submission to the scrutiny process.

61. Below is a summary of views and recommended changes to current procedures contained within the UNISON submission. A full version of this submission can be seen here: [Unison Submission](#)

**1. Involving unions in decision making:** Where a commissioning decision affects staff, unions should be involved at an early stage in the process. Southwark UNISON stated: "We have not participated in any procurement decisions until very recently in connection with Home Care. We know that the branch secretary of Ucatt has attempted to influence procurement decisions connected to the provision of repair services to Council Tenants. Our involvement has been limited to lobbying Council Members as to what options Council reports contain and which options they should choose." They go on to say, "UNISON would also be willing to give serious consideration to signing confidentiality agreements if this is necessary to enable us to see the bids and procurement information."

**2. On transparency:** It is the view of Southwark UNISON that these questions cannot be separated. In order to have democratic input it is necessary to have an open and transparent process. Too often procurement decisions recommended by Council officers are ratified in closed session as the information is deemed commercially sensitive.

**3. A procurement agreement with local trade unions:** When services are reviewed UNISON would like members involved in delivering a service to:

- Receive notice that such a process is to commence
- Receive a timetable for the process
- Be permitted to submit a trade union concurrent to any subsequent reports received by the Council
- To be allowed access to tender documentation
- To be allowed access to bids
- Be involved in stake holder consultations about "co-production" etc.

Southwark UNISON "... invites the Council to enter into a procurement agreement. The provisions of such an agreement are attached as an appendix. It is recognised that in many cases Southwark UNISON would neither have the resources or the expertise to comment, for example on the purchase of energy supplies, however by early notification and access through the process Southwark UNISON members would be in a strong position to challenge assumptions made within the commissioning and procurement process, in so doing making such decisions more robust."

**4. On two-tier workforce issues:** Southwark UNISON state "When the Council renews contracts or (heaven forbid) outsources services to the private or voluntary sector as a minimum the following should apply:

Access to the LGPS  
 Trade Union recognition agreements  
 London Living Wage  
 Company sick pay  
 Local delivery employing local people where possible  
 Work creation and training programs

Defined hour contracts without unreasonable “availability clauses”  
 Free access to personal protective equipment  
 Guarantees that TUPE terms and conditions will last for the term of the contract”

5. **On social value:** UNISON state “Southwark Council has an opportunity to enhance the position of local government in the local economy by ensuring “Value” isn’t just counted in “pounds shillings and pence.”
6. **On the impact of Commissioning decisions on the workforce:** Southwark UNISON state their belief that “...the Council should set out a set of principles in respect of the workforce. Historically Southwark Council has brought services in-house which has had a very positive impact on the workforce and would comply with any set of principles the Council could establish.”
7. **On a procurement strategy:** UNISON state “Southwark UNISON does believe that the Council should develop a new procurement strategy. This should include a commitment to delivering services in house where possible.

#### **Case study provided by Southwark UNISON: day centre services for adults with learning disabilities**

The Council’s provider for day centre services for adults with learning disabilities has recently cut the terms and conditions of staff and is increasingly relying on “bank staff” (zero hour contracts) to deliver routine services. We are at this very moment trying to establish whether they intend to remunerate their bank staff for attending training.

Both of these employers enjoy charitable status. The branch recently sought information from the day centre provider as to when and where their board meetings took place. This information was refused. Recently a charitable provider was swallowed up by a larger organisation whilst maintaining its trading identity. The governance arrangements are now even more complex. The company is set up as a company limited by guarantee. They are able to change articles of association without agreement with service users, clients or members. The frequency of meetings and the involvement of service users in governance arrangements are below those that would be routine if the services were provided in house.

#### **Consultation with Southwark Chambers of Commerce**

62. The Committee is grateful to Southwark Chambers of Commerce for their constructive submission and engagement with this scrutiny process. Southwark Chamber of Commerce and Industry is Southwark’s largest voluntary business organisation and has recently celebrated its role of representing businesses in Southwark for over ninety years.
63. Below is a summary of the recommended changes to current procedures contained within the Chambers of Commerce submission. A full version of this submission can be seen here:

##### Chamber of Commerce Submission

1. Local SMEs being included on council tender lists for council contracts.
2. The council assisting SME’s in how to approach the tendering process. We attach a note regarding how Lambeth give this help.
3. How to ensure that SME’s do not have to do a lot of expensive work to tender, only to find that they were not successful. For instance tenders could be accepted subject to appropriate accreditations being achieved.

4. Making tenders and contracts appropriate to enable local businesses to tender.
5. The Council should set targets for the amount, percentage and number of contracts awarded to local businesses.
6. The council could publish data on the progress made to ensuring an adequate number and percentage of contracts going to smaller and local businesses.
7. The council can work with Southwark Chamber of commerce in hosting events to promote the tendering process.
8. Ensure that a minimum percentage of local businesses are employed on larger developments, thus reducing the risk of being just 'window dressing' i.e. being seen to help local businesses without any real commitment to do so.
9. Designating a council officer to work in partnership with the chamber in promoting procurement and other council matters that effect local business. As a result the 8,000 or so SME'S that form the backbone of economic production and employment within the borough can be promoted and become more focused on local issues and employment. This can be achieved through both the procurement process and the other items on the Chamber's Manifesto for Business in Southwark. They chamber is confident that with a real business input working in partnership with the council that results can be effectively and quickly be achieved.
10. SME's being given a chance to compete for work on major projects in the borough. This can often be achieved by being specified as part of 106 agreements. Evidence has shown that at several business fairs where large employers have been there ostensibly looking to engage and use local services in practice local businesses are not awarded contracts One instance of this is the rebuilding of London Bridge Station, this is very disruptive for the borough and local employers, giving something back in return would not be unreasonable. They are spending £6b on this over 4 years, whilst recognising they are working on promoting local apprenticeships, at a public meeting they were unaware of how many Southwark SME's were used, i.e. they have no policy to promote their work locally.

### **Introducing social clauses as part of the procurement process, an example**

64. OSC believes that more use could be made of the Social Value provisions in our procurement processes. This is addressed further in the conclusions and recommendations below. In compiling the evidence for our recommendations OSC thought it would be useful to explore one example of how this could be done in Southwark. Below we set out how Southwark might change its procedures to ensure that companies who have been involved in trade union black-listing might be dealt with. We are grateful to the trade union GMB (national office) for the evidence they have submitted on this issue.
65. Trade union black-listing is "The systematic compilation of information on individual trade unionists and their use by employers and recruiters to discriminate against those individuals because of their trade union membership or because of their involvement in trade union activity."<sup>17</sup> Blacklisting individuals has been unlawful since early 2010, and legislation has been put in place to prohibit its use.
66. Blacklisting can devastate the lives of people who are targeted, in some cases leading to long periods of unemployment and family breakdown. OSC believes that people who engage in trade union activity are making a contribution which can improve the working environment for all workers and benefit the organisations in which they are active. To blacklist individuals from employment simply

<sup>17</sup> Blacklisting the blacklisters: how to use ethical procurement to achieve justice for blacklisted workers, produced by Leigh Day and GMB  
<http://www.leighday.co.uk/LeighDay/media/LeighDay/documents/Employment/Blacklisting-the-blacklisters.pdf>

because they are engaged in this activity is wrong and Southwark Council should actively participate in discouraging this unlawful practice.

67. Other councils, notably Islington and Liverpool, have taken action to ensure that companies who have been involved in black-listing in the past and have not taken steps to ensure they will not do so again, will not be awarded contracts. In the case of Islington, an Executive Member Report was agreed in March 2014 to put in place this policy. The recommendation of the report stated:

*“The recommendations in this report will mean that the council’s contracting processes take proper account of participation in blacklisting activities to ensure that no organisation which participated in blacklisting and has not “self-cleansed” is awarded a contract with the council.*

*The actions to be taken by the Leader will also ensure that the concerns raised, and the best practice identified, by the Policy and Performance Scrutiny committee are brought to the attention of the Government and other London Councils.”<sup>18</sup>*

68. Details of the action taken at Liverpool City Council, led by Councillor Nick Small, can be found in this article <http://www.building.co.uk/blacklisting-the-blacklisters/5053665.article>. The article includes the following, please note the reference to the legality of local authority action to tackle this issue:

*“Liverpool has a very high number of construction workers who have been affected by this from the seventies and eighties onwards. Some have suffered financially and we want the government to do more about this. Some sort of system of compensation needs to be set up and we’ve said where it’s legal to do so, we won’t work with the companies involved with blacklisting.”*

*Crucially, it appears councils are legally within their rights as clients to take this action, although that is not to say they could not be challenged.*

*Lawyer Rupert Choat, head of construction disputes at CMS Cameron McKenna, points to the Public Contracts Regulations 2006 which state that a contracting authority can treat a contractor as ineligible for work if they have “committed an act of grave misconduct in the course of his business or profession”.*

*“By definition this regulation is designed to get at things which happened in the past and it clearly gives authorities the discretion to act when a contractor has been guilty of ‘grave misconduct’,” Choat explains. “If any of the local authorities act on [these motions], it has the opportunity and threat of setting a bit of a precedent.”*

69. OSC was interested to know the technicalities of how such a policy might be put in place. It appears that one way of achieving this is for a local authority to include this issue as part of the pre-qualification questionnaire (PQQ) which is often used as part of procurement exercises. A model section of a PQQ on trade union blacklisting has been produced by GMB and this is included in this report as Appendix 1.
70. OSC believes that this other social issues should be included in Southwark’s procurement processes, using the appropriate methods, to ensure Southwark Council’s resources are being used in a responsible and ethical way. Precisely which issues should be addressed and how is explored further in our recommendations.
71. OSC has been made aware of guidance and resources which Southwark offers to contract officers on the issue of blacklisting. Further steps could be taken to ensure that blacklisters who have not “Self-cleansed” are excluded as a matter of policy. This is addressed in our recommendations.

<sup>18</sup> Blacklisting in the construction industry, response to the report by the policy and performance scrutiny committee, March 2014, <http://democracy.islington.gov.uk/Data/Executive/201403061930/Agenda/D1%20Response%20on%20Blacklisting%20for%20Executive.pdf>

## Social Value: Apprenticeships and Jobs

72. With the exception of the Living Wage and the Ethical Care Charter, it is not clear that the wider concept of social value is a core consideration in Southwark's procurement activity. There is no reference to "social value" in Southwark's contract standing orders or the decision charts which procurement officers are encouraged to use. The Procurement Strategy contained within the council's Medium Term Financial Strategy<sup>19</sup> does contain a reference to the Public Services (Social Value) Act 2012. However this is one of 32 other "key principles".
73. Southwark has been slow to respond to the possibilities opened up by the Social Value Act. OSC is aware that some work is currently taking place to develop Southwark's response to the Act, including a social value toolkit. This is welcome. The Committee believes that any new approach should prioritise apprenticeships and job creation for local people. The current economic climate continues to be extremely tough for many people and so the council should do everything in its power to extend quality job opportunities to Southwark residents. In one of the interviews carried out as part of this scrutiny the idea of setting targets for creating apprenticeships and jobs for local people through our procurement was put to a procurement officer. The response, which follows was very positive:

*"Definitely, yes. Definitely. Without question, the construction industry ought to be investing in that and we're not just talking about people on site, we're talking about architects and others. There is a shortage of these types of people in the construction industry. That's why the construction industry is so difficult at the moment. There is such a shortage of skills.... lack of brickies, lack of sparkies, lack of good plumbers. Just to take an example, we go down to a school and we can't get the quality that we want from [contractor]. Why is that? Because they haven't got the skills in the industry. Apprenticeships are clearly a good thing because they encourage young people to look at different forms of employment rather than necessarily just saying, 'I can go to university'.*

*Also it provides an incentive for companies to invest in a local area because they can give something back to the local community. So in my dealings with Lend Lease, they are very strong on apprenticeships and strong encouraging people into the industry. They get something back from it and it builds that relationship with the local authority."*

74. A proposal was put to the same procurement officer that the Cabinet might set a target, such as: "For each £1million we spend we expect to see x amount of apprenticeships x amount of jobs for local people". He was asked if this would be workable? His response is below:

*"Yes. Obviously targets have to be reasonable. But yes, it definitely is workable and it's a tangible way of building the relationship between the local community and people who are providing services through the private sector.... I think that is a very good proposal and if we pitch it just right we can get more interest from people working with the local authority."*

This proposal is addressed further in our conclusions and recommendations.

## Social Value: Gender Pay Gap and Pay differentials

75. Consideration could also be given to promoting the values of fairness and equality through Southwark's procurement spending power. OSC is interested in the possibility of setting a threshold for both the employee gender pay gap and pay differentials (the gap between the lowest and highest paid) for organisations to qualify to provide services on our behalf.
76. Southwark Council could ask the companies we currently have contracts with to respond to the questions on of pay differentials and gender the gender pay gap, giving us our baseline. This information would then help the council to look into setting a threshold.

<sup>19</sup> [http://www.southwark.gov.uk/downloads/download/278/medium\\_term\\_resources\\_strategy](http://www.southwark.gov.uk/downloads/download/278/medium_term_resources_strategy)

77. Clearly legal advice would need to be sought to ensure that the way in which this was introduced did not breach procurement regulations.

### **Procurement officer views on “Gateway Zero”**

78. Currently “Gateway 1” reports can sometimes be presented by officers as a fait accompli, both to Cabinet Members and scrutiny – a procurement strategy is proposed and this becomes the subject for discussion.
79. To ensure a decision to change the way a service is delivered is made with appropriate input from Cabinet, elected members, staff and residents, OSC has investigated the idea of introducing a new standard commissioning report which makes the case for the preferred mode of delivery – in-house, private sector, CVS sector, shared service etc. A Gateway zero report could also ensure that the broad methods by which a service is to be delivered (e.g. single provider/framework of providers etc.) could be discussed before a particular approach becomes hard to unpick.
80. To avoid introducing unhelpful levels of bureaucracy these reports should be reserved for high value services and exclude all capital investment works. Gateway zero reports should also set out how the commissioning decision will address social clauses, such as Living Wage, apprenticeships, job creation for local people and environmental impact. Gateway zero would also be the point at which the council could seek the views of service users and staff on the commissioning decision. As part of interviews carried out during this scrutiny procurement officers were asked for their opinion of introducing Gateway Zero reports in this form. They responded as follows:

*Officer 1: “I agree that there could be more discussion at an early stage. What you’re saying is, by the time a report is delivered, all the discussion about what you are trying to achieve by the procurement has happened. So, do you want a cheap contract? If that’s the thing that matters most, this is going to be the cheapest one you’re going to get. Or do you want one with all the bells and whistles, or something in-between? ... What I tend to use is the standard options appraisal which brings into account all of those elements you are talking about. Not only in terms of cost, but political objectives, of social benefits and environment benefits. .. Any model is only as good as the people who are using it*

*Officer 2: “ We spent a year of work in looking at various delivery options [for a particular contract], outsourcing in-house, mixed economy etc. I can see that process for big contracts being more formalised. I can see the sense in that. Being a local economy person, all the things you are talking about [job creation, apprenticeships etc.] tick all the boxes. It’s all brilliant stuff. . . We don’t have to think about that because it’s what we do. So some kind of process that isn’t an industry in itself but prompts that kind of thinking would be helpful.”*

Please note that this suggestion is referred to by both John Tizard and Cabinet Member Fiona Colley in responses they gave in interviews with OSC. Both gave positive responses to the proposal.

### **Openness and transparency**

81. Procurement is often shrouded in unnecessary secrecy. After consideration, OSC believes that three issues in particular need to be addressed in this respect.
1. Contracts signed by Southwark, using public money, are not available to the public. This reduces the level of scrutiny and is not legally necessary.
  2. Contractors being paid by Southwark can and sometimes do refuse to attend scrutiny committees when requested.

3. When contracts are cancelled, fail or are mutually concluded, Southwark Council often signs confidentiality agreements with contractors meaning that the council cannot fully explain to the public why this action has been taken.
82. As part of interviews carried out during this scrutiny two procurement officers were asked for their opinion of introducing a policy of publishing all contracts, with partial redaction if deemed legally necessary. These are the responses to this proposal:
- Officer 1: *"You mean excluding the commercials? I can't think of an in principle reason why we couldn't. Obviously we would need to make it clear when people are bidding that this is what we would be doing."*
- Officer 2: *"We may be able to. This is something to pose to legal. I can think of FOI requests where we have been asked for this information. Almost certainly you will have to go through some process of redaction because there may be elements of commercial sensitivity....I think we ought to be able to put the nature of contracts if not the pricing into a public domain."*
83. On contractors refusing to come and speak to Southwark Scrutiny Committees, one officer responded by saying "I find that staggering." When another officer was asked, "Could attendance at Scrutiny Committees be included as clauses in contracts?", they responded:
- "Well, the lawyers might possibly come up with a reason not to, but why not? Most of my contractors would welcome the opportunity to come in and talk to the client... You're better inside than outside the tent."*
84. On the same issue, another officer said:
- "My gut reaction is it may be worth exploring. We have to think through the role that scrutiny plays in holding officers to account, that important function it performs and making sure that if you were to design that into contract, you would have to ensure there wasn't a duplication or conflict. You would want it to enhance performance monitoring arrangements. My gut reaction isn't 'that is a crazy idea' but there's some careful thought that would be needed."*
85. When asked, "Why do we not tell people about our poor contractors? We sign agreements not to share this information?", one officer responded:
- "I think we're a little bit risk averse in that respect. If you look at things like CQC, it's all there for people to see. There's something for us to think about in terms of contract monitoring reports and our own internal reports is something we make more public, both to local residents and other boroughs who may want to look at that."*
86. Publishing contracts is also recommended by the 'Local Government Transparency Code 2014' which states "It is recommended that local authorities should go further than the minimum publication requirements set out in Part 2 and publish . . . all contracts in their entirety where the value of the contract exceeds £5,000."<sup>20</sup>

<sup>20</sup> Local Government Transparency Code 2014'

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/360711/Local\\_Government\\_Transparency\\_Code\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/360711/Local_Government_Transparency_Code_2014.pdf)



## Part 3

### Conclusions and recommendations:

#### 1. A new Southwark “Fairer Future” Commissioning and Procurement Strategy

Following consideration of the recommendations below Cabinet should agree a new Procurement Strategy replacing the very technical strategy currently included in the Medium Term Financial Strategy. This would provide a rich, politically informed document which could guide future commissioning decisions by officers and cabinet members. This new procurement policy should be given a high status among council officers and should act as guidance for council officers engaging in commissioning and procurement. The new strategy should be presented by the Cabinet Member for Finance, Strategy and Performance at full Council Assembly.

#### 2. “Gateway zero” reports for all large scale commissioning processes

To ensure a decision to change the way a service is delivered is made with appropriate input from Cabinet, elected members, staff, service users and residents, we recommend a mandatory report prior to a Gateway 1 which makes the case for the preferred mode of delivery – in-house, private sector, CVS sector, shared service etc. A Gateway zero report would also ensure that the broad methods by which a service is to be delivered (e.g. single provider/framework of providers etc.) could be discussed before a particular approach becomes hard to unpick.

These reports should be reserved for high value *services* and would exclude all capital investment works. The intention of this recommendation is to improve decision making with particular regard to large scale services such as the examples given in table (street cleaning, repairs, IT, customer services etc.), rather than to introduce unnecessary bureaucracy. Therefore, OSC believes that the threshold level for a Gateway Zero decision to be required should be substantial and set following further consultation with interested parties.

Gateway zero reports should also set out how the commissioning decision will address social clauses, such as Living wage, apprenticeships, job creation for local people and environmental impact.

#### 3. “Gateway zero” decisions reserved for Cabinet Members

Following on from recommendation 1, OSC believes that contract standing orders should make it clear that decisions about which large-scale services should be commissioned are reserved for Members of the Cabinet – not taken under delegated powers by officers.

#### 4. Pre-Scrutiny for “Gateway Zero” reports

Southwark should require gateway zero reports to come to scrutiny (sub-committee or OSC) prior to Cabinet. This will allow changes to the proposed strategy to be suggested before key decisions are taken.

#### 5. Lower Contract thresholds

Currently, a £480,000 contract can be awarded by officers without any oversight by a Cabinet Member or elected members. A £2 million contract can be awarded by Chief Officers and “notify” councillors. Unlimited spending on contract variations can be signed off by of Strategic Director for Finance.

In other London boroughs the thresholds are significantly lower and Cabinet Members formally sign-off far more decisions. Evidence is presented in this report showing that Southwark is out of step with the average thresholds for other London boroughs.

OSC believes we should lower our threshold levels to improve oversight of this spending. These new thresholds should be included in the new Commissioning and procurement Strategy

## **6. In-house as “preferred provider”**

Because of the inherent risks associated with outsourcing large-scale services, Cabinet could consider having a stated policy of in-house as the “preferred provider”, similar to the NHS preferred provider policy operated when Andy Burnham was Health Secretary. This would *not* mean that Southwark would cease to outsource services. Instead it would mean that the possible benefits of outsourcing, where it was considered appropriate, would need to be investigated and evidenced. One of the problems identified in this scrutiny process has been that, across local government, there has been a tendency to assume that outsourcing services to the private sector will “solve our problems” or “take it off our hands”. In reality, many local authorities have found that the lack of direct management control and the fragmentation of staff can be hugely frustrating in delivering some services. Also, in the eyes of residents, risk is never transferred to the private sector. If a service must be outsourced then this must happen with very careful consideration and with a clearly thought through justification. Putting in place an in-house preferred provider model would help that to happen. OSC recommends that the Cabinet include this policy in the form of a statement in the new Commissioning and Procurement Strategy

## **7. Departmental Contract Review Boards**

Clearly the Departmental and Corporate Contract Review Boards are very important in allowing officers the space to analyse these decisions at an early stage. Informally, OSC was made aware of one department where the Review Board does not actually meet in person. Instead, the practice in this department is to have a “virtual” review board. This entails relevant documents and reports being shared via email and then officers relying on this information being reviewed by colleagues. This was confirmed in one of the Procurement Officer interviews carried out for this report.

The officer stated “DCRB is virtual. So you’ll prepare the report for DCRB and it will go through the checks and any queries will come back via email... It’s emailed out for us. We prepare the documentation and we send it to the secretariat, the person who is actually co-ordinating that and they send it out to DCRB... You always get something back, even if it is ‘this is OK’”

OSC does not consider this to be adequate to facilitate the level of scrutiny needed for procurement decisions. Further evidence that the Departmental Boards are not always providing the early challenge that might be expected comes from comments made by the Strategic Director of Finance & Corporate Services in his interview with OSC. He said: “Once reports have gone through DCRBs, you often see reports where we have to ask questions which you would have thought should have been asked and answered.” OSC recommends that all virtual DCRB arrangements are replaced by formal meetings, and that consideration is given to standardising the DCRB process across all departments. The model for this could be devised and circulated by the council’s central procurement team.

## **8. Using the Public Services (Social Value) Act 2012 – Jobs and apprentices**

More could be done to encourage social benefits within Southwark via procurement activity. Southwark should set targets for the number of apprenticeships and the number of jobs created by each £1 million of our procurement spending. These targets should be set in the Commissioning and Procurement Strategy on an annual basis along with a report on progress towards meeting those targets in the previous year should also be included in the report. Consideration should also be given to how the council can help Southwark residents to take advantage of apprenticeships, including targeted advertising and training.

## **9. Using the Public Services (Social Value) Act 2012 – other social clauses**

Other social value issues which should also be introduced in our tendering processes are:

- Disqualification of bidders who have engaged in trade union black-listing (and have shown no commitment to ensuring this does not happen again in the future)
- Disqualification of bidders for licensed premises (Park Café's etc) not prepared to sign up to Southwark's Women's Safety Charter
- Flexible working and family friendly policies
- Training and development of staff
- Environmental considerations

## 10. Standard contract clauses

To improve scrutiny and monitoring of contracts, Southwark could introduce the following contract clauses for all contracts covering the following issues:

- Prompt payment of sub-contractors
- Adherence to Southwark's whistle-blowing policy
- Open book audits of contract accounts on request
- 'Termination at will' clauses (See scrutiny of Draper House, 2013)
- Openness and transparency in the event of termination – allowing us to explain to residents why a contract has been terminated.
- Attendance at council committees such as Cabinet or scrutiny by contractors on request
- Break clause allowing Southwark to conclude a contract should the ownership of contractor change during the life of a contract.

## 11. Openness and transparency for contracts

Procurement is often shrouded in unnecessary secrecy. Southwark's current approach of not publishing full contracts conflicts with the recommendation made in the Local Government Transparency Code 2014. OSC recommends all contracts signed by Southwark Council with external contractors should be published in full online with a link from the contracts register. In those exceptions where commercial confidentiality is considered an issue, partial redaction could be used.

## 12. Codifying engagement with Cabinet Members

It is noticeable that Southwark's Contract Standing Orders contain no reference to the importance of consulting with Cabinet Members over major procurement decisions. By contrast Lambeth Council's Contract Standing Orders contains the following stipulation:

"Where the aggregate value of the contract or purchase is valued at £100,000 and greater, the officer *must consult* with their departmental cabinet member before tender approval is given. "

OSC believes Southwark Council should adopt similar procedures in its standing orders to ensure there is appropriate input from elected members.

## 13. Updating Contracts register

It has emerged through conversations with officers that the contracts register is not being updated with all the information which it should be. Sometimes contracts are signed and not uploaded to the register and sometimes it is uploaded with incomplete or inaccurate information. Given the very limited amount of information required to be placed on the register, it is reasonable to expect this important document to be kept fully up to date. Measures should be put in place to ensure all contracts of the required value are uploaded to the register.

#### 14. Update CVS Compact

Southwark Council's Community and Voluntary Sector Compact was last revised in 2010, before the publication of the Open Public Services White Paper. OSC recommends refreshing this Compact to include recognition of the CVS as a partner in service delivery. OSC is in agreement with Community Action Southwark that this should include:

- CVS engagement before procurement stage. Compact Voice recommends engagement with the CVS from the earliest stage in order to fully comply with the Social Value Act10
- A clear 12 weeks' notice of contracts ending. This does not always happen, and can cause problems for CVS organisations, particularly with regards to giving employees notice
- An appropriate length of time at Pre-Qualification Questionnaire and Invitation To Tender stage. CAS recommends a minimum of 5 weeks at the PQQ stage, and 6 weeks at the ITT stage. This would result in more targeted, higher quality submissions
- A commitment to providing time for the development of consortia, and a favourable approach to consortia bids from the sector
- Procurement approaches need to be varied to suit the individual circumstances. Grant funding may still be appropriate if the service is small

#### 15. Standardising commissioning and procurement

In their submission to this scrutiny Community Action Southwark point out that "There can be different rules and procedures across Southwark Council departments about how commissioning and procurement take place. This is confusing for the sector." OSC recommends that the council's central procurement support team runs training sessions for all procurement officers throughout the council to make clear the standard practices they are expected to follow. Clearly this will need to wait until the full implementation of recommendation 1.

#### 16. Consultation with recognised trade unions

Consultation where commissioning decisions affect staff, unions should be involved at an early stage in the process. Southwark UNISON has stated "UNISON would also be willing to give serious consideration to signing confidentiality agreements if this is necessary to enable us to see the bids and procurement information." This offer should be taken up by the council. OSC recommends that the council negotiate a procurement agreement with recognised trade unions to facilitate this involvement. OSC recommends that such an agreement should cover, although not be limited, to the following:

- notice that a procurement process is to commence
- a timetable for the process
- access to tender documentation
- access to bids
- involvement in stake holder consultations

#### 17. Protecting the workforce

When the council renews contracts or outsources services to the private or voluntary sector as a minimum the following workforce provisions should apply:

- Access to the LGPS
- Trade Union recognition agreements
- London Living Wage
- Payment of sick pay
- Appropriate training
- Defined hour contracts without unreasonable "availability clauses" (i.e. no zero hours contracts)

- Free access to personal protective equipment
- Guarantees that TUPE terms and conditions will last for the term of the contract

**18. SME's included on tender lists**

Local Small and Medium sized businesses should be included on council tender lists for all council contracts

**19. Social Value: Gender Pay Gap and Pay differentials**

Cabinet should consider setting a threshold for both the employee gender pay gap and pay differentials (the gap between the lowest and highest paid) for organisations to qualify to provide services on our behalf.

Southwark Council should ask the companies we currently have contracts with to respond to the questions on of pay differentials and gender the gender pay gap, giving us our baseline. This information would then help the council to look into setting a threshold.

Clearly legal advice would need to be sought to ensure that the way in which this was introduced did not breach procurement regulations.

## Appendix 1:

Example of a model section for a pre-qualification questionnaire on trade union black-listing.

Blacklisting	
3.2a	<p>Do you certify that your organisation has not engaged in any act contrary to the Employment Relations Act 1999 (Blacklisting) Regulations 2010, s137 of the Trade Union and Labour Relations (Consolidation) Act 2002 and/or the Data Protection Act 1998 at any time in relation to:</p> <ul style="list-style-type: none"> <li>· the recruitment of prospective employees (e.g. seeking references, vetting);</li> <li>· the dismissal of an employee;</li> <li>· the treatment of existing employees (including through the provision of names for inclusion in any blacklist, or through the imposition of other detriment for any related reason);</li> <li>· the use of a blacklist for any reason</li> </ul> <p>Yes /No</p>
3.2b	<p>Do you undertake, on behalf of your organisation, not do any engage in any act contrary to the Employment Relations Act 1999 (Blacklisting) Regulations 2010, s137 of the Trade Union and Labour Relations (Consolidation) Act 2002 and/or the Data Protection Act 1998 at any time in relation to:</p> <ul style="list-style-type: none"> <li>· the recruitment of prospective employees (e.g. seeking references, vetting);</li> <li>· the dismissal of an employee;</li> <li>· the treatment of existing employees (including through the provision of names for inclusion in any blacklist, or through the imposition of other detriment for any related reason);</li> <li>· the use of a blacklist for any reason</li> </ul> <p>Yes/No</p>
3.2c	<p>Do you certify that the principles contained in the Employment Relations Act 1999 (Blacklisting) Regulations 2010 and the Data Protection Act 1998 have been, or will be, brought to the attention of all your employees as well as all your sub-contractors, suppliers, employment/recruitment agencies and associated companies providing services, information or materials connected with the tender and any contract entered into with such sub-contractors, suppliers, employment/recruitment agencies or associated companies will be made on the basis of compliance with the above principles by all parties.</p> <p>Yes/No</p>
3.2d	<p>2d Do you certify that any organisation with which you are legally related (through any parent/subsidiary or group structure) has not done any act contrary to the Employment Relations Act 1999 (Blacklisting) Regulations 2010, s.137 of the Trade Union and Labour Relations (Consolidation) Act 2002 and/or the Data Protection Act 1998 in relation to:</p>

	<ul style="list-style-type: none"> <li>· the recruitment of prospective employees (e.g. seeking references, vetting);</li> <li>· the dismissal of an employee;</li> <li>· the treatment of existing employees (including through the provision of names for inclusion in any blacklist, or through the imposition of other detriment for any related reason);</li> <li>· the use of a blacklist for any reason</li> </ul> <p>Yes / No</p>
--	---

**Note:**

In the event that you are unable to provide the certification required in this section please inform the council accordingly providing details relating to the circumstances as to why you are not able to provide the certification. The council will then review the details provided and carry out any necessary investigation to form a view as to whether the facts giving rise to the non-certification amount to an act of grave misconduct in the course of business or profession for purposes of Public Contracts Regulations 2006, Regulation 23(4)(e) such as to disqualify you from tendering for this contract. In order to make this assessment it would be of assistance to the council if you could provide the following information:

- A description of the scope and nature of the blacklisting activities that have been carried out;
- A description of the steps taken to repair the damage done by such blacklisting activities;
- A description of any personnel changes that have been made to address the problem of blacklisting;
- A description of any organisational / structural changes that have been made to prevent blacklisting occurring in the future.

If you are not able to provide the certification in respect of any related company, please provide details as is required of any blacklisting by your organisation (see above). In addition, please provide details of any matters that demonstrate that the offending behaviour cannot be attributed also to your organisation. In this respect, you may consider it relevant to include details of the ownership, management, control and power exercised by the related company and by any common parent company (if different) over your own.

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Council Plan 2014/15 - 2017/18	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Peter John, Leader of the Council	

### **FOREWORD FROM COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL**

Last May we had the privilege of being elected to continue delivering a Fairer Future for Southwark over the next four years. We have listened to your priorities and have committed to an ambitious new set of promises and commitments that reflect the needs of our residents. The building of 11,000 new council homes, free swim and gym use for our residents and guaranteed education, employment or training for every 18-year-old reflect our continued commitment to equality and fairness valuing all residents in the borough.

Unfortunately in 2015/16 we face the third highest cut of spending power per household in the country, therefore more tough decisions about how we spend money lie ahead. However government's cuts will not mean we are less ambitious in creating a borough where everyone has opportunity to reach their own potential. We are realistic about the challenges ahead and will continue to do more with less and look for innovative ways of investing in the things that matter most to our residents. We will carry on delivering free healthy school meals for every primary school child, we will finish our warm dry and safe programme for the borough's council homes and we will keep working to create jobs in apprenticeships that provide local residents with the better opportunities of learning, living and working in Southwark.

In 2015 we are increasing our efforts to make the borough healthier, with investment in cycling, parks and leisure and free fruit every day for primary school children. We are rolling out our ethical care charter and improving the quality of homecare so that older people can lead independent lives for longer. We are also delivering on our commitment to make Southwark an age friendly borough, so that whatever your age you can get the best from living in the borough.

The council can only make all of this a success with the work, help and support of people and other organisations in the borough. I'd like to thank all of you who give your time, energy and talents to making our borough what it is. I'd like to thank all our partners, faith groups, sports clubs, businesses and business organisations, volunteers, community leaders, charities, all organisations working to support the young, elderly or vulnerable and those who help to look after their local areas, including green spaces.

Thank you all for what you do to make Southwark the exciting and diverse borough that it is and a place that we can all be proud to call home. We look forward to working with so many of you as we continue to deliver a fairer future for all.



## RECOMMENDATIONS

That cabinet:

1. Recommends the proposed Council Plan 2014/15 – 2017/18 for agreement by Council Assembly on 25 February 2015.
2. Agrees to the proposed Council Plan 2014/15 – 2017/18.
3. Agrees detailed performance schedules for Council Plan based on six priority themes.
4. Agrees to the proposed arrangements for monitoring and reporting on progress against the Council Plan 2014/15 - 2017/18 as noted in paragraphs 13 to 15.

## BACKGROUND INFORMATION

5. The Council Plan is Southwark Council's (the council's) overarching business plan setting out the programme of work that the council will achieve over the period 2014/15 to 2017/18. It is a clear statement to the residents, businesses, local voluntary/community sector organisations and other stakeholders of that programme and how the council will deliver a fairer future for all in Southwark.
6. This Council Plan covering the period from 2014/15-2017/18 builds on the achievements of the organisation's previous Council Plan, which included key commitments such as delivering free school meals to all primary school children, delivering new affordable homes through our regeneration programmes and halving the cost of meals on wheels.
7. Our continued vision is for a fairer future for all in Southwark. This was agreed by cabinet in July 2014 expressed through a set of ten "fairer future promises" that are at the heart of what we want to achieve for Southwark over the next four years.
8. This Council Plan has been developed in the context of further substantial reductions in from the grant received from central government. This grant along with council tax and other income, makes up the resources to fund the services that we deliver to residents and businesses of Southwark. Despite these funding reductions from central government the council will continue to prioritise how it spends its money, keep our commitment to keep council tax low and ensure we provide value for money, quality services.
9. Since May 2010, in the light of unprecedented reductions in resources from government, the council has had to make very tough decisions about the allocation of our spending, whilst still being committed to delivery of the fairer future programme of business. The council has continued to listen to the community and in doing so has prioritised front line services and, reduced our spending on back office functions. We will continue to modernise the way the council works, retaining the focus on being more efficient and a more effective partner with other organisations to ensure a fairer future for all.

## KEY ISSUES FOR CONSIDERATION

### The Council Plan

10. The Council Plan 2014/15-2017/18 includes:
- A vision for a fairer future for all in Southwark, including the key principles that underpin that vision;
  - Ten fairer future promises that set out our key commitments for the residents and businesses of Southwark;
  - A set of fairer future themes and commitments around which future delivery will be based;
  - An outline of the financial context in which the plan will be delivered.
11. This Council Plan is structured around six priority themes. These reflect the things that the people of Southwark said were most important to them. These six key themes are:
- Quality affordable homes
  - Best start in life
  - Strong local economy
  - Healthy active lives
  - Cleaner, greener, safer
  - Revitalised neighbourhoods.
12. The priority themes will guide our future budget planning and how we organise the way we monitor and report on the progress of the plan. Each theme will include a set of commitments which are in turn underpinned by a series of “measures” and “milestones” that show in a clear and transparent way, how our performance will be judged. These measures and milestones have been developed in conjunction with the budget setting process.

### Fairer Future promises

13. The council kept the ten promises it made to the residents and businesses of Southwark in 2010. This plan now sets out ten new fairer future promises that were agreed by cabinet on 22 July 2014. These are:

Promise 1: **Value for money** “We will continue to keep Council Tax low by delivering value for money across all our high quality services.”

Promise 2: **Free swimming and gyms** “We will make it easier to be healthier with free swimming and gyms for all residents and doubling the number of NHS health checks.”

Promise 3: **Quality affordable homes** “We will improve housing standards and build more homes of every kind including 11,000 new council homes by 2043 with 1,500 by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.”

Promise 4: **More and better schools** “We will meet the demand for primary and secondary school places and drive up standards across our schools so at least 70% of students at every secondary get at least five good GCSEs.”

Promise 5: **Nurseries and childcare** “We will help parents to balance work and family life including investment in our children’s centres to deliver more quality affordable childcare and open two new community nurseries.”

Promise 6: **A greener borough** “We will protect our environment by diverting more than 95% of waste away from landfill, doubling the estates receiving green energy and investing in our parks and open spaces.”

Promise 7: **Safer communities** “We will make Southwark safer with increased CCTV, more estate security doors and a Women’s Safety Charter. We will have zero-tolerance on noisy neighbours.”

Promise 8: **Education, employment and training** “We will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships.”

Promise 9: **Revitalised neighbourhoods** “We will revitalise our neighbourhoods to make them places in which we can all be proud to live and work, transforming the Elephant and Castle, the Aylesbury and starting regeneration of the Old Kent Road.”

Promise 10: **Age friendly borough** “We want you to get the best out of Southwark whatever your age so will become an age friendly borough including the delivery of a Southwark ethical care charter and an older people’s centre of excellence.”

### **Monitoring, reporting and communicating on progress**

14. The Council Plan contains a range of promises and commitments which the Council will deliver from 2014/15 to 2017/18.
15. More detailed performance schedules have been developed for each Council Plan theme with responsibility for each commitment apportioned across the cabinet portfolios. To ensure accountability for each commitment, a lead cabinet member and lead chief officer has been identified, thereby ensuring that the whole organisation is working towards delivery of the plan.
16. The cabinet will receive quarterly monitoring reports on progress against the measures and milestones for each Council Plan theme, reported in tandem with the council’s financial reporting cycle. The Leader will also present an Annual Performance Report on progress of the plan to Council Assembly in July each year. The council’s website will be the primary channel of regular reporting and communication, and updates will also provided through our Southwark Life magazine.

### **Consultation**

17. In accordance with the council’s constitution and budget and policy framework, the Council Plan 2014/15-2017/18 and proposals within it have been subject to consultation.
18. The process of consultation on the Council Plan was undertaken alongside the development of the budget (report elsewhere on this agenda). The consultation

set out the key priorities of the new Council Plan, including the ten new fairer future promises that were approved by cabinet in July 2014, thereby enabling residents and stakeholders to take a view on areas of expenditure and how best to prioritise spending and delivery.

19. When the cabinet approved the new ten fairer future promises in July 2014, it was also agreed that engagement on the plan be undertaken with the chairs of the overview and scrutiny committee and its sub committees through the council's consultation on its future budgets. There has been opportunity to comment on the plan initially approved by cabinet and discussion has taken place on the fairer future promises through both cabinet member interviews and topics in the committee work programme. Budget proposals were also presented to overview and scrutiny on Monday 2 February 2015.
20. The Equality and Human Rights panel were consulted on how to further embed equality into the Council Plan.
21. The Council Plan is therefore now being presented, alongside the budget following the outcome of that consultation process, ultimately for agreement to council assembly in February 2015.

#### **Community impact statement**

22. The purpose of this report is for cabinet to agree the proposed new Council Plan 2014/15-2017/18. Throughout the plan we have made specific commitments to equality and fairness.
23. The proposed promises and commitments have been developed to have a positive impact on different sections of the community and particularly on residents who possess one or more of the protected characteristics. An equality analysis of the implementation of the commitments has been completed and is available as background document.
24. In line with the council's Approach to Equality detailed equality analysis will continue to be undertaken. Future decisions made on the basis of the commitments highlighted in this plan may require further equality analysis to be undertaken and more detailed consideration of the impact on local people and communities as appropriate.
25. The Forum for Equalities and Human Rights in Southwark have been consulted on the overall approach to equality taken within this Council Plan 2014/15-2017/18 and the development of the equality analysis that supports it.

#### **Policy implications**

26. The Council Plan is Southwark Council's (the council's) overarching business plan setting the overall policy direction for the period 2014/15 to 2017/18. The plan will guide the development and delivery of, and align with, other key council strategies and plans, over that period.

#### **Financial implications**

27. Resources to implement the new Council Plan will be identified in conjunction with budget setting for financial year 2015/16 and beyond. The cost and officer time

required for the consultation is contained within existing resources.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of legal services**

28. It was previously a requirement for local authorities to publish a best value performance plan. The Local Government and Public Involvement in Health Act 2007 removed the powers of the Secretary of State to specify performance indicators and standards for local authorities, the duty on authorities to meet such standards and to publish best value performance plans. However there are clear advantages to the council providing a clear statement to the residents, businesses and other stakeholders about the programme of work that the council is working towards to deliver a set of agreed objectives.
29. A local authority is still required to achieve best value.
30. Equality analysis has been undertaken for this report on assessing impact of implementation of the promises and commitments. Cabinet is reminded of the requirement to have due regard to the public sector equality duty set out in s.149 Equality Act 2010 in its future deliberations and conclusion. As stated above this analysis is available as a background paper.

### **Strategic Director of Finance and Corporate Services (FC14/046)**

31. The strategic director of finance and corporate services notes the recommendations in this report which seeks cabinet agreement to the proposed Council Plan 2014/15-2017/18, for ultimate agreement by council assembly in February 2015.
32. There are no new financial implications resulting from this report, although the resources to implement the new Council Plan are identified in the policy and resources report 2015/16, which will also be submitted to council assembly in February 2015/16.
33. The strategic director of finance and corporate services expects that financial appraisals will be carried out as any new plans are developed and will be subject to future reports as required.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Delivering a Fairer Future for All in Southwark	Chief Executive's Department Southwark Council 160 Tooley Street London SE1 2QH	Graeme Gordon <a href="mailto:graeme.gordon@southwark.gov.uk">graeme.gordon@southwark.gov.uk</a>
<b>Link:</b> <a href="http://moderngov.southwarksites.com/ielistdocuments.aspx?CId=302&amp;MId=4860&amp;Ver=4">http://moderngov.southwarksites.com/ielistdocuments.aspx?CId=302&amp;MId=4860&amp;Ver=4</a>		
Fairer Future Annual Performance Report 2013/14	Chief Executive's Department Southwark Council 160 Tooley Street London SE1 2QH	Chima Amiaka <a href="mailto:chima.amiaka@southwark.gov.uk">chima.amiaka@southwark.gov.uk</a>
<b>Link:</b> <a href="http://moderngov.southwarksites.com/ielistdocuments.aspx?CId=302&amp;MId=4861&amp;Ver=4">http://moderngov.southwarksites.com/ielistdocuments.aspx?CId=302&amp;MId=4861&amp;Ver=4</a>		
Fairer Future Interim Performance report 2013/14	Chief Executive's Department Southwark Council 160 Tooley Street London SE1 2QH	Chima Amiaka <a href="mailto:chima.amiaka@southwark.gov.uk">chima.amiaka@southwark.gov.uk</a>
<b>Link:</b> <a href="http://www.southwark.gov.uk/interimreport">http://www.southwark.gov.uk/interimreport</a>		
Council Plan 2011-14	Chief Executive's Department Southwark Council 160 Tooley Street London SE1 2QH	Chima Amiaka <a href="mailto:chima.amiaka@southwark.gov.uk">chima.amiaka@southwark.gov.uk</a>
<b>Link:</b> <a href="http://www.southwark.gov.uk/info/200342/council_plan">http://www.southwark.gov.uk/info/200342/council_plan</a>		
Equality Analysis on Council Plan 2014/15-2017/18	Chief Executive's Department Southwark Council 160 Tooley Street London SE1 2QH	Chima Amiaka <a href="mailto:chima.amiaka@southwark.gov.uk">chima.amiaka@southwark.gov.uk</a>
<b>Link:</b> <a href="http://www.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan">http://www.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan</a>		
Budget Consultation Report 2014/15-2017/18	Chief Executive's Department Southwark Council 160 Tooley Street London SE1 2QH	Chima Amiaka <a href="mailto:chima.amiaka@southwark.gov.uk">chima.amiaka@southwark.gov.uk</a>
<b>Link:</b> <a href="http://www.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan">http://www.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan</a>		

## APPENDICES

No.	Title
Appendix 1	Council Plan 2014/15-2017/18
Appendix 2	Council Plan 2014/15-2017/18: Performance Schedules

## AUDIT TRAIL

<b>Cabinet member</b>	Councillor Peter John, Leader of the Council	
<b>Lead officer</b>	Eleanor Kelly, Chief Executive	
<b>Report author</b>	Chima Amiaka, Senior Strategy Officer, Corporate Strategy	
<b>Version</b>	Final	
<b>Dated</b>	30 January 2015	
<b>Key decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of legal services	Yes	Yes
Strategic director of finance and corporate services	Yes	Yes
Cabinet member(s)	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		30 January 2015

**Fairer future** ✓  
Delivering our promises



# Council Plan 2014/15 to 2017/18



---

# Contents

Foreword	03
Introducing the cabinet team	04
About this council plan	06
The financial context	07
Our values	08
Our ten fairer future promises	09
Quality affordable homes	10
Best start in life	11
Strong local economy	12
Healthy active lives	13
Cleaner greener safer	14
Revitalised neighbourhoods	15
Contact us	16

# FOREWORD

## LEADER OF THE COUNCIL

Cllr Peter John



Last May you elected us to continue in delivering a Fairer Future for Southwark over the next four years. We have listened to your priorities and have committed to an ambitious new set of promises and commitments that reflect the needs of our residents. The building of 11,000 new council homes, free swim and gym use for our residents and guaranteed education, employment or training for every 18 year old reflect our continued commitment to equality and fairness valuing all residents in the borough.

Unfortunately in 2015/16 we face the third highest cut of spending power per household in the country, therefore more tough decisions about how we spend money lie ahead. However government's cuts will not mean we are less ambitious in creating a borough where everyone has opportunity to reach their own potential. We are realistic about the challenges ahead and will continue to do more with less, and look for innovative ways of investing in the things that matter most to our residents. We will carry on delivering free healthy school meals for every primary school child, we will finish our warm dry and safe programme for the borough's council homes and we will keep working to create jobs in apprenticeships that provide local residents with the better opportunities of learning, living and working in Southwark.

In 2015 we are increasing our efforts to make the borough healthier, with investment in cycling, parks and leisure and free fruit every day for primary school children. We are rolling out our ethical care charter and improving the quality of homecare so that older people can lead independent lives for longer. We are also delivering on our commitment to make Southwark an age friendly borough, so that whatever your age you can get the best from living in the borough.

The Council can only make all of this a success with the work, help and support of people and other organisations in the borough. I'd like to thank all of you who give your time, energy and talents to making our borough what it is. I'd like to thank all our partners, faith groups, sports clubs, businesses and business organisations, volunteers, community leaders, charities, all organisations working to support the young, old or vulnerable and those who help to look after their local areas, including green spaces.

Thank you all for what you do to make Southwark the exciting and diverse borough that it is and a place that we can all be proud to call home. We look forward to working with so many of you as we continue to deliver a fairer future for all.

**Councillor Peter John**  
Leader of Southwark Council

# INTRODUCING THE CABINET TEAM

\* Cllrs Merrill and Situ will be undertaking a job share in respect of this portfolio



**Councillor  
Ian Wingfield**

Deputy Leader and cabinet member for communities, employment and business



**Councillor  
Fiona Colley**

Cabinet member for finance, strategy and performance



**Councillor  
Dora Dixon-Fyle**

Cabinet member for adult care, arts and culture



**Councillor  
Barrie Hargrove**

Cabinet member for public health, parks and leisure



**Councillor  
Richard Livingstone**

Cabinet member for housing



**Councillor  
Darren Merrill**

Cabinet member for environment, recycling, community safety and volunteering (environment and recycling)\*



**Councillor  
Victoria Mills**

Cabinet member for children and schools



**Councillor  
Michael Situ**

Cabinet member for environment, recycling, community safety and volunteering (community safety and volunteering)\*



**Councillor  
Mark Williams**

Cabinet member for regeneration, planning and transport

# INTRODUCING THE CABINET TEAM



**Councillor  
Radha Burgess**  
Deputy cabinet member  
for women's safety



**Councillor  
Stephanie Cryan**  
Deputy cabinet member for  
financial inclusion



**Councillor  
Jamille Mohammed**  
Deputy cabinet  
member for inter-faith  
community relations



**Councillor  
Leo Pollak**  
Deputy cabinet member for  
excellence in design



# ABOUT THIS COUNCIL PLAN

As the overall plan for the organisation, this document describes how we will deliver our vision, through the promises and commitments that we make to the people of Southwark. As our plan of action, it shapes what every team and member of staff does, meaning that we are all working together to achieve our shared goals.

We aspire to be more than the sum of our parts. We know that when we work together to achieve shared goals, we achieve so much more and it's by working together that we can make the vision of a Fairer Future for all a reality.

We want to be a council that doesn't overlook any one group or community. We want to bring everyone with us, which means we must hear the voices of all in our borough, acknowledge when some groups are not getting the most out of opportunities and do all we can to resolve this. So, throughout the plan, we have made specific commitments to equality and fairness.

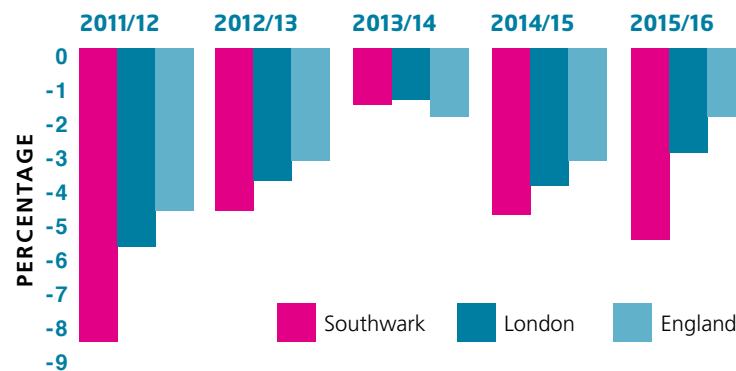
And since the council took over important responsibilities for public health, we have been thinking differently and more ambitiously about what we want to achieve. Our vision of a fairer future is one that can't happen unless we address the inequalities in health that prevent too many from reaching their full potential. We are determined to be a council that truly makes a difference to the health of our people. Throughout this plan, there are specific actions that will help us achieve this.

We will be absolutely transparent and accountable about what it is that we're going to deliver for and with our residents. The cabinet will also receive an annual performance report each June covering the previous year's performance. We'll also communicate our progress through our website and Southwark Life magazine.

# THE FINANCIAL CONTEXT

These have been a very tough few years. Many of our residents are worried about balancing their household budgets and so we understand that we need to spend money as if it were coming from our own pockets. Southwark has been hit hard with our council budget cut by the government by £90m since 2011/12, much more than most in the country. The graph below shows the reduction in spending power for Southwark, London and England since 2011/12, which illustrates how Southwark and London have borne a disproportionate share of the reductions.

**Reduction in spending power for Southwark, London and England since 2011/12**



This is the fifth consecutive year of cuts in government funding, with Southwark once again one of the hardest hit councils. Since 2010 our spending power has fallen by over £700 per household, the sixth hardest hit local authority in the country. In 2015/16 alone we are the third hardest hit council losing a further £161 per household, or £31m, whilst some other, less deprived, boroughs are seeing an increase in spending power.

But we have faced down these cuts so far and managed to not let them limit the scope of our ambition. We are only more determined to be truly ambitious when it comes to ensuring all our residents can achieve their potential. In this plan, we have listened to what our residents tell us is important to them - they said we should be maintaining spending on frontline services like children's services and making savings from our administrative functions so, wherever possible, that is what we have done and will continue to do.

Listening to what residents tell us they need, helps us to make changes to the services we provide and often these changes can prove cost effective too. For example, our residents say they want to live in their own homes as long as possible. Preventative services that help people stay independent and well at home have proved more cost effective than residential care, while residents are happier as they are receiving practical, proactive support that gives them choice and control.

# OUR VALUES

What makes our borough so special, so vibrant and so different to anywhere else in London or the UK is the people that live here. They shape the character, voice and culture of our borough. They are the soul of the borough.

That's why our residents are central to everything we are planning to do. They have helped us form the values that are the backbone of this plan, and our work will be informed by our values.

In everything we do, we are led by the fairer future principles set out above. We want people to see their values reflected back in the work their council is doing; we want our work to be guided by the aspirations our residents have for themselves, their families and their community.

What does this actually look like in practice? One example is making sure that it's easy for residents to see how their council tax is being spent, so that we're open, honest and accountable. Another is our commitment to implement a Southwark ethical home care charter, because we've pledged to treat older and vulnerable residents like valued members of our own family, and the right to good care and a dignified old age is something we all want for our mum, dad or grandparents. And we're doing all we can to create jobs and training opportunities in the borough for our residents, working to make sure that everyone can fulfil their potential.

We don't just want our residents to shape our values - we want to work with residents to create the kind of borough they are truly proud of. That's why we are bringing together residents, businesses and partners to make the most of the place where we live and create new opportunities for the future.

## Our Values...

**1 Treating residents as if they were a valued member of our own family**

**2 Being open, honest and accountable**

**3 Spending money as if it were from our own pocket**

**4 Working for everyone to realise their own potential**

**5 Making Southwark a place to be proud of**

# OUR TEN FAIRER FUTURE PROMISES

## 1 Value for money

We will continue to keep Council Tax low by delivering value for money across all our high quality services.

## 2 Free swimming and gyms

We will make it easier to be healthier with free swimming and gyms for all residents and will double the number of NHS health checks.

## 3 Quality affordable homes

We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.

## 4 More and better schools

We will meet the demand for primary and secondary school places and drive up standards across our schools so at least 70 per cent of students at every secondary get at least five good GCSEs.

## 5 Nurseries and childcare

We will help parents to balance work and family life including investment in our children's centres to deliver more quality affordable childcare and open two new community nurseries.

## 6 A greener borough

We will protect our environment by diverting more than 95 per cent of waste away from landfill, doubling the estates receiving green energy and invest in our parks and open spaces.

## 7 Safer communities

We will make Southwark safer with increased CCTV, more estate security doors and a Women's Safety Charter. We will have zero tolerance on noisy neighbours.

## 8 Education, employment and training

We will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships.

## 9 Revitalised neighbourhoods

We will revitalise our neighbourhoods to make them places in which we can all be proud to live and work, transforming Elephant and Castle, the Aylesbury and starting regeneration of the Old Kent Road.

## 10 Age friendly borough

We want you to get the best out of Southwark whatever your age so we will become an age friendly borough including the delivery of an Ethical Care Charter and an older people's centre of excellence.



# Fairer future

Quality affordable homes



Good quality affordable homes are essential to maintaining strong communities and making this a borough which all residents are proud to call home. We are determined to lead the way in London. We'll build more homes of every kind across the borough and use every tool at our disposal to increase the supply of all different kinds of homes in the borough.

Homes in Southwark will be of such quality that when you come to see families and friends in Southwark, you will not know whether you are visiting homes in private, housing association or council ownership. We will make sure that vulnerable residents and families are helped to find the right housing and live as independently as possible. We aim for our residents to take pride in and feel responsible for their homes and the local area too.

## We will

- Build more homes of every kind
- Build 11,000 new council homes by 2043, with at least 1,500 by 2018
- Finish our programme to make every home Warm, Dry and Safe by 2016 and have started a programme to deliver a quality kitchen and bathroom for every council tenant
- Introduce licensing in the private rented sector and further crack down on rogue landlords
- Set up an independent leaseholder and freeholder management company
- Introduce resident housing inspectors
- Further reduce illegal subletting of our council homes
- Have a lettings policy that means that 50 per cent of all new council homes go to people from that area, with the rest going to other Southwark residents
- Keep council rents low

# Fairer future

Best start in life



We believe in giving all our young people the best start in life. We want them to be in a safe, stable and healthy environment where they have the opportunity to develop, make choices and feel in control of their lives and future.

We will offer our young people and families, including those who are more vulnerable or have special educational needs, the right support at the right time, from their early years through adolescence and into successful adult life.

We will work with our looked-after children to find them stable and loving homes. In our schools, the high demand for new primary and secondary places means we'll make sure there are enough places for all. Our children deserve the very best and that's what we'll always aim for.

## We will

- Invest in the borough's children's centres
- Work with local parents to open two new community nurseries
- Find new ways to guarantee care and early education to help parents
- Ensure that 70 per cent of students at every secondary get at least five good GCSEs
- Deliver more quality affordable childcare places
- Guarantee a local primary place for every child
- Open new secondary schools to meet demand including on the Dulwich Hospital site in East Dulwich
- Ensure a top quality children's playground in every local area
- Provide free fruit for all primary school children as a healthy morning snack
- Invest more in 'early support' for families
- Help more people to foster and adopt by paying their council tax for them
- Establish a new Childcare Commission, bringing together experts, parents, providers and employers to find new ways to guarantee care and early education
- Increase library access with a free library card to every secondary school child
- Double the number of Southwark Scholarships



# Fairer future

Strong local economy



When our economy is strong, then all our residents benefit. It brings more opportunities for people in Southwark to find work, get into training and achieve their aspirations.

We want our town centres and high streets to thrive. We want to make Southwark the place to do business in a central London and global economy, where business owners know this is the borough where their enterprises will grow and prosper.

We want our residents to be and stay financially independent. With local business and other partners we'll make sure our residents are equipped with the skills and knowledge to access the many exciting opportunities that being in Southwark brings.

## We will

- Keep council tax at or below inflation
- Deliver value for money in council services
- Make sure young people are ready for work
- Guarantee education, employment or training for every school leaver
- Deliver an hour's free parking in our shopping parades
- Open a credit union account with a £10 opening deposit for every 11 year old
- Deliver good money advice for secondary school students
- Establish a Southwark Business Forum
- Stop the spread of pawnbrokers, betting shops, gambling machines and pay day lenders
- Invest in more affordable business space, street markets and encourage pop-up shops to help start up businesses
- Support 5,000 local people into jobs
- Create 2,000 new apprenticeships
- Make sure local residents benefit from new jobs and apprenticeships
- Award scholarships to local young people from low income backgrounds to study art foundation courses
- Support business improvement districts including around the Blue in Bermondsey
- Enhance and expand affordable studio and performance space



# Fairer future

Healthy active lives



For people to lead healthy lives, we need to tackle the root causes of ill health and reduce the inequalities that limit the lives of too many in our society. The council is now responsible for public health and we will work across the council to reduce health inequalities and improve people's lives; for example, by making all council homes warm, dry and safe and by building quality new homes, we are helping people to live healthier lives.

We will work with residents and our partners to build resilient communities, extending opportunities to all to maintain and improve their health and wellbeing. We're also committed to people remaining in their own homes for longer and we want our most vulnerable residents to lead and enjoy independent lives, achieve their goals and have a great future in Southwark.

## We will

- Make swimming and gym use free for all residents
- Improve homecare standards, making sure our staff are only ever judged by the quality of care they provide to our older and more vulnerable residents
- Deliver a safer cycling network
- Extend bike hire across the borough
- Implement a Southwark Ethical Care Charter, with better paid carers and an end to zero hours contracts
- Establish a commission to enhance the vital work of the voluntary and community sector
- Double the number of free NHS health checks to catch problems like heart disease and diabetes early
- Become an 'age friendly borough'
- Bring ten more parks to green flag standard
- Introduce 'play streets', where some streets are closed to traffic during school holidays



# Fairer future

Cleaner greener safer



We want people to feel safe in their borough, to walk down clean streets and to know that their borough is leading the way when it comes to things that matter like recycling and reducing landfill waste. With local people our aim is to deliver the very best so the borough is clean, green and a safe place to be.

We'll keep getting the basics right and continue to do all we can to be as efficient as possible in providing the essential services you need. We want to make a positive difference to the quality of life in Southwark and by providing good services well, we know we can deliver.

## We will

- Maintain clean streets
- Provide better education and enforcement of people who litter
- Provide better education and enforcement to people who don't clean up after their dogs
- Increase recycling rates
- Divert more than 95 per cent of waste away from landfill
- Have zero tolerance on noisy neighbours
- Increase CCTV coverage
- Increase estate security doors
- Deliver a new Women's Safety Charter
- Deliver a domestic abuse strategy
- Introduce estate deep cleans
- Campaign to restore 300 Southwark police officers and police community support officers cut since 2010
- Double the number of estates receiving green energy from the South East London Combined Heat and Power
- Double capital investment into roads
- Invest in our libraries and keep them open, including Dulwich and Kingswood House
- Campaign for Seeley Drive police base in the south of the borough
- Campaign against the super-sewer in Chambers Wharf



# Fairer future

## Revitalised neighbourhoods

We are a borough with a proud heritage and a great future. It's a future filled with potential, with some of the most exciting and ambitious regeneration programmes in the country being delivered right on our doorstep.

We will continue work with our local communities to make our neighbourhoods places that we are proud to live and work in. We will ensure that all our residents can access the benefits of our regeneration programmes and the opportunities created by those programmes – new homes, new jobs, new infrastructure.

Southwark is a borough that is growing for the future and we'll ensure that our residents and neighbourhoods prosper from that growth.

### We will

- Revitalise our neighbourhoods to make them places where we can all be proud to live and work
- Transform the Elephant and Castle with a new leisure centre, affordable homes and a shopping centre
- Introduce a new diversity standard to make sure that people from every community get their voices included when decisions are made
- Open a new civic centre in Walworth
- Campaign for the Bakerloo Line to be extended south of the Elephant and Castle to Camberwell and Old Kent Road
- Invest in Camberwell including a new library
- Bring superfast broadband to Rotherhithe
- Secure the long term future of Greendale in East Dulwich
- Start work on the regeneration of the Old Kent Road
- Invest in Peckham Town Centre to support arts and business
- Deliver a free cash point in Nunhead
- Improve the playground in Peckham Rye park
- Open new pedestrian crossings outside Borough Station and between Trinity Street and Great Suffolk Street



## Contact us

We'd love to hear what you think about this plan and if you've got questions, we are here to answer them. There are lots of different ways to get in touch with us and share your views.

 @lbs\_southwark  /southwarkcouncil

Or if you prefer, email [councilnews@southwark.gov.uk](mailto:councilnews@southwark.gov.uk) or call 020 7525 7251.

Front cover photo by @electricpedals

# APPENDIX 2

Council Plan 2014/15 - 2017/18

Performance schedule: Quality affordable homes

Cabinet members: Cllr Richard Livingstone, Cllr Peter John

Lead strategic directors: Gerri Scott, Eleanor Kelly and Deborah Collins

Ref	Measure/ Milestone	Description	2014/15 target	2015/16 target	2016/17 target	2017/18 target	Lead officer	Lead Cabinet Member
<b>QAH1</b>	<b>Council Plan commitment</b>	<b>Build more homes of every kind</b>						
	Milestone	Housing Strategy to go to Cabinet	<b>Jan-15</b>				Graeme Gordon, Director of Corporate Strategy Simon Bevan, Director of Planning	Cllr Richard Livingstone, Cabinet member for housing, Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
		New Southwark Plan to go before Cabinet in October 2015.		<b>Autumn</b>			Graeme Gordon, Director of Corporate Strategy Simon Bevan, Director of Planning	Cllr Richard Livingstone, Cabinet member for housing, Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Commentary</b>	Presently in third option of New Southwark Plan. Public consultation due to take place in autumn 2015 for three months. The New Southwark Plan will be designed to enable delivery of key elements of the Housing Strategy.						
<b>QAH2</b>	<b>Council Plan commitment</b>	<b>Build 11,000 new council homes by 2043, with at least 1,500 by 2018</b>						
	Measure	Build 1,500 new council homes by 2018	71	TBC	TBC	TBC	David Markham, Head of major works	Cllr Peter John, Leader of the Council
<b>QAH3</b>	<b>Council Plan commitment</b>	<b>Finish our programme to make every home Warm, Dry and Safe by 2016 and have started a programme to deliver a quality kitchen and bathroom for every council tenant</b>						
	Measure	Total spend on warm, dry and safe housing investment programme	£90m	TBC	TBC	n/a	David Markham, Head of major works	Cllr Richard Livingstone, Cabinet member for housing
	Measure	Percentage of decent homes	Not set	90%	TBC	TBC	David Markham, Head of major works	Cllr Richard Livingstone, Cabinet member for housing
	Measure	Number of council homes provided with a new quality 'kitchen and/or bathroom'	N/A	TBC	TBC	TBC	David Markham, Head of major works	Cllr Richard Livingstone, Cabinet member for housing
<b>QAH4</b>	<b>Council Plan commitment</b>	<b>Introduce licensing in the private rented sector and further crack down on rogue landlords</b>						
	Milestone	Complete consultation	Dec-14	To be confirmed, following consultation and cabinet report			David Littleton, Environmental Health and Trading Standards Manager	Cllr Richard Livingstone, Cabinet member for housing
	Milestone	Cabinet report	Mar-15	To be confirmed, following consultation and cabinet report			David Littleton, Environmental Health and Trading Standards Manager	Cllr Richard Livingstone, Cabinet member for housing



Ref	Measure/ Milestone	Description	2014/15 target	2015/16 target	2016/17 target	2017/18 target	Lead officer	Lead Cabinet Member
<b>QAH5</b>	<b>Council Plan commitment</b>	<b>Develop options for consideration to set up an independent leaseholder and freeholder management company</b>						
	Measure	Develop options for consideration to set up an independent leaseholder and freeholder management company	Mar-15	N/A	N/A	N/A	Housing and community services senior management team	Cllr Richard Livingstone, Cabinet member for housing
<b>QAH6</b>	<b>Council Plan commitment</b>	<b>Introduce resident housing inspectors</b>		<b>n/a</b>	<b>n/a</b>	<b>n/a</b>		
	Milestone	Introduce resident housing inspectors	Mar-15	N/A	N/A	N/A	Gerri Scott, Strategic Director Housing and Community Services	Cllr Richard Livingstone, Cabinet member for housing
	Measure	Overall satisfaction with repairs service (monthly surveys)	90%	90%	TBC	TBC	David Lewis, head of maintainance and compliance	Cllr Richard Livingstone, Cabinet member for housing
<b>QAH7</b>	<b>Council Plan commitment</b>	<b>Further reduce illegal subletting of our council homes</b>						
	Measure	Recover illegally occupied tenanted properties	400	TBC	TBC	TBC	Paul Langford, head of operations	Cllr Richard Livingstone, Cabinet member for housing
	Measure	Prevent fraud	100	TBC	TBC	TBC	Paul Langford, head of operations	Cllr Richard Livingstone, Cabinet member for housing
<b>QAH8</b>	<b>Council Plan commitment</b>	<b>Have a lettings policy that means that 50 per cent of all new council homes go to people from that area, with the rest going to other Southwark residents</b>						
	Milestone	Have a lettings policy that means that 50 per cent of all new council homes go to people from that area, with the rest going to other Southwark residents	Mar-15	N/A	N/A	N/A	Richard Selley, head of customer experience	Cllr Richard Livingstone, Cabinet member for housing
<b>QAH9</b>	<b>Council Plan commitment</b>	<b>Keep council rents low</b>						
	Measure	Rents to rise by September CPI (consumer price index) + 1%	As per measure	As per measure	As per measure	As per measure	Paul Langford, Head of operations	Cllr Richard Livingstone, Cabinet member for housing

Council Plan 2014/15 - 2017/18

Performance schedule: Best start in life

Cabinet members: Cllr Victoria Mills, Cllr Barrie Hargrove and Cllr Dora Dixon-Fyle

Lead strategic directors: David Quirke-Thornton and Eleanor Kelly

Ref	Measure/ Milestone	Description	2014/15 Target	2015/16 Target	2016/17 Target	2017/18 Target	Lead officer/s	Lead Cabinet Member
<b>BSL8</b>	<b>Council Plan Commitment</b>	<b>Ensure top quality children's playground in every local area</b>						
	Milestone	Project milestones	Asset register completed	Delivery programme costed, agreed and funded	Delivery programme procured and commenced	Programme completed	Des Waters, Head of Public Realm	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
<b>BSL13</b>	<b>Council Plan Commitment</b>	<b>Increase library access with a free card to every secondary school child</b>						
	Milestone	First distribution completed by September 2015	6000	6000	6000	5000	Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	<b>Q2 2014/15 commentary</b>	<p>From September 2014, all secondary schools have been contacted to make arrangements to issue their students with library cards. We estimate that we need to issue 23,000 new tickets over four years. Positive responses to date from:</p> <ol style="list-style-type: none"> <li>1) The Globe Academy, SE17</li> <li>2) James Allen Girls, SE22</li> <li>3) Walworth Academy SE17</li> <li>4) City of London Academy, SE1</li> <li>5) Notre Dame SE1</li> <li>6) Peckham Harris Academy SE15</li> </ol> <p>We expect to issue library cards to the first of these schools by January 2015 subject to access. Some schools have advised us of ad hoc OFSTED inspections which require us to reschedule our visits. We have designed a new promotional leaflet to highlight the range of library services on offer to secondary school students.</p> <p>We will begin a new phase of issuing tickets in September 2015 to issue to the new intake in year 7.</p>						
<b>BSL1</b>	<b>Council Plan Commitment</b>	<b>Invest in borough's children's centres</b>						
<b>BSL2</b>	<b>Council Plan Commitment</b>	<b>Work with local parents to open two new community nurseries</b>						
<b>BLS3</b>	<b>Council Plan Commitment</b>	<b>Find new ways to guarantee care and early education to help parents</b>						
<b>BSL5</b>	<b>Council Plan Commitment</b>	<b>Deliver more quality affordable childcare places</b>						
	Measure	Ensure that Children's Centre provision is judged to be 'good' or 'outstanding' by Ofsted.	69%	69%	81%	100%	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Measure	Increase the number of children taking up a free 2 year old place from those eligible to take up a place.	58%	65%	70%	70%	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Measure	Increase the number of 3 & 4 year old children for whom pupil premium is claimed	New policy area		85%	85%	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Milestone	Work with stakeholders to provide 2 new high quality nurseries	Options for new provision scoped	Two additional nurseries opened	Two additional nurseries opened	Two additional nurseries opened	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education

	<b>Q2 2014/15 commentary</b>	We have started the consultation for a new model for Children's Centres, to ensure they are able to achieve 'Good' or 'Outstanding' in the new Ofsted inspection framework. It is envisaged that the community nurseries may be established in conjunction with the voluntary sector or an independent provider in areas of most need. This is expected to be a two year project. Q2 2014/15: Potential options for new childcare provision scoped.						
<b>BSL4</b>	<b>Council Plan Commitment</b>	<b>Ensure that 70 per cent of students at every secondary get at least five good GCSE's</b>						
	Measure	Support Secondary schools to reach the target '70 percent of students at every secondary get at least five good GCSE's (or equivalent)'	67% (10 out of 15 secondary schools) (provisional 13/14 Ac year)	73% (11 out of 15 secondary schools) (14/15 Ac year)	87% (13 out of 15 secondary schools) ( 15/16 Ac year)	100% (15 out of 15 secondary schools) (16/17 Ac year)	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Measure	Percentage of pupils achieving 5 or more A*-C grades at GCSE to remain above the national average	70% (provisional 13/14 Ac year)	70% (14/15 Ac year)	70% (15/16 Ac year)	70% (16/17 Ac year)	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Measure	Southwark performance in top quartile	Top quartile performance	Top quartile performance	Top quartile performance	Top quartile performance	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Measure	Increase the number of schools rated 'Good' or better by Ofsted	87% (14/15 secondary schools) (57/67 primary schools)	All schools rated 'Good' or better	All schools rated 'Good' or better	All schools rated 'Good' or better	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	All schools results are monitored following national testing. Provisional 2014 results - 70.5%of Southwark children achieved 5 A*-C GCSEs (Southwark top quartile), final results are not reported until January 2015. Q2: Performance figures are encouraging, there has been a huge improvement in performance nationally with Southwark now in the top quartile. We will continue to support schools with the implementation of the new GCSEs, exploring opportunities to broaden the curriculum and to minimise the risk of any impact on our most vulnerable learners. Q2: One school, previously judged to be 'Requires Improvement' is due to be inspected imminently. The expected outcome is a judgement of 'Good' or better. There are some new academies that are yet to be inspected.						
<b>BSL6</b>	<b>Council Plan Commitment</b>	<b>Guarantee a local primary place for every child</b>						
	Measure	Percentage of on time applicants offered a primary place within two miles of home by the start of the academic year	100%	100%	100%	100%	Merril Haeusler, Director of education	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Milestone	Develop more capacity in the Primary School estate in the north of the borough	Planning phase to deliver increased capacity	Achieved	Achieved	Achieved	Kerry Crichlow, Director of strategy and commissioning	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	Q2: Due to rigorous place planning, demand within areas of local need has been met. In 2014 There was one child for whom a place within 2 miles could not be offered in April 2014, however the family was offered a place within 2 miles of home by September 2014. This process will continue for 2015/2016. Q2: A package of expansions to increase capacity in the north of the borough has been developed.						
<b>BSL7</b>	<b>Council Plan Commitment</b>	<b>Open new secondary schools to meet demand including on the Dulwich Hospital site in East Dulwich</b>						

	Milestone	Secure agreement for two new secondary schools to meet rising demand for secondary places.	Site identified in South of Borough	Another site identified in the borough	Agreement for two new secondary schools secured.	Open two new secondary schools for 2017/18 academic year intake.	Kerry Crichlow, Director of strategy and commissioning	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	Q2: Site identified for schools in south of Borough (East Dulwich Hospital). Site options to be identified in the north of the borough.						
<b>BSL9</b>	<b>Council Plan Commitment</b>	<b>Provide free fruit for all primary school children as a healthy morning snack</b>						
	Milestone	All schools to offer free fruit to KS2 pupils	60% (39/65 primary schools)	100% (65/65 primary schools)	100% (65/65 primary schools)	100% (65/65 primary schools)	Kerry Crichlow, Director of strategy and commissioning	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	Q2: Free fruit rolled out to 39 schools. Aim for all schools to offer free fruit by April 2015.						
<b>BSL10</b>	<b>Council Plan Commitment</b>	<b>Invest more in 'early support' for families</b>						
	Milestone	Develop Families Matter strategy including early support for families	Operational board established & developing options	Strategy developed and ready for implementation	Deliver initiative through the Council and its partners	Deliver initiative through the Council and its partners	Kerry Crichlow, Director of strategy and commissioning	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	Q2: Families Matter operational board has been established and has been developing options for the delivery of this initiative through the Council and its partners.						
<b>BSL11</b>	<b>Council Plan Commitment</b>	<b>Help more people to foster and adopt by paying their council tax for them</b>						
	Milestone	Develop scheme for implementation from April 2015	Scheme in place for April 2015 implementation.	More local foster carers and adoptors in Southwark	More local foster carers and adoptors in Southwark	More local foster carers and adoptors in Southwark	Rory Patterson, Director of Children's Social Care	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	Opportunity to introduce scheme to pay the council tax for every Southwark resident, who fosters or adopts a Southwark looked after child, from April 2015 as part of the 2015/16 budget. Q2: Detail of scheme in development with Revenues & Benefits and Finance.						
<b>BSL12</b>	<b>Council Plan Commitment</b>	<b>Establish a new Childcare Commission, bringing together experts, parents, providers and employers to find new ways to guarantee care and early education</b>						
	Milestone	Childcare Commission established	Completed				Graeme Gordon, Director of Corporate Strategy	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Milestone	Evidence gathering stage completed	Completed				Graeme Gordon, Director of Corporate Strategy	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	Milestone	Childcare Commission's report and recommendations completed	In progress	Completed	Completed	Completed	Graeme Gordon, Director of Corporate Strategy	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education

	<b>Q2 2014/15 commentary</b>	To date, the commission has met four times and completed its evidence gathering stage. Good progress has been made and a response will be made by the end of quarter 4.						
<b>BSL14</b>	<b>Council Plan Commitment</b>	<b>Double the number of Southwark Scholarships</b>						
	Measure	Scholarships awarded	12	12	12	48 (cumulative)	Bernard Nawrat, Human Resources Director	Cllr Victoria Mills Cabinet Member for Children and Schools Director of education
	<b>Q2 2014/15 commentary</b>	First twelve scholarships were awarded in September 2014 and we're on track to meet our target by September 2017.						

Council Plan 2014/15 - 2017/18

Performance Schedule: Strong Local Economy

Cabinet member: Cllr Fiona Colley, Cllr Ian Wingfield, Cllr Mark Williams

Lead strategic directors: Eleanor Kelly and Deborah Collins

Ref	Measure/ Milestone	Description	2014/15 Target	2015/16 Target	2016/17 Target	2017/18 Target	Lead officer/s	Lead Cabinet Member
<b>SLE1</b>	<b>Council Plan Commitment</b>	<b>Keep council tax at or below inflation</b>						
	Measure	Percentage increase in council tax	0%	Less than inflation			Duncan Whitfield, Strategic Director of Finance and Corporate Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Measure	Council tax collection (£, millions)	£103m				Dominic Cain, Assistant Director (Revenues and Benefits)	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Measure	National Non Domestic Rates (NNDR) collection rate (%)	98.50%	98.60%	98.70%	98.80%	Dominic Cain, Assistant Director (Revenues and Benefits)	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Measure	National non domestic rates (NNDR) collection rate (£, millions)					Dominic Cain, Assistant Director (Revenues and Benefits)	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
<b>SLE2</b>	<b>Council Plan Commitment</b>	<b>Deliver value for money in council services</b>						
	Measure	Council tax collection rate (%)	96.50%	95.45%	95.80%	96%	Dominic Cain, Assistant Director (Revenues and Benefits)	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Measure	Improve housing rent collection rate (%)					Gerri Scott, Strategic Director of Housing and Community Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Measure	Improve housing rent collection rate (£m)					Gerri Scott, Strategic Director of Housing and Community Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Milestone	Report from the external auditor on the council's arrangements for securing financial resilience and its arrangements for challenging how it secures economy, efficiency and effectiveness	Positive opinion	Positive opinion	Positive opinion	Positive opinion	Duncan Whitfield, Strategic Director of Finance and Corporate Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Milestone	Deliver the objectives of the 2013 Workforce Strategy	Annual update report	Annual update report	On track	On track	Bernard Nawrat, Human Resources Director	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Milestone	Deliver a new digital by default operating model - supporting and driving the redesign of services to eliminate unnecessary costs	Annual update report	Annual update report	On track	On track	Gerri Scott, Strategic Director of Housing and Community Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Milestone	Invest in IT infrastructure to provide a modern platform for service improvement	-	Complete core enabling programme (CEP) as defined within the Capita contract	Review status of CEP development and plan for next phase of infrastructure development	Commence implementation of next phase	Duncan Whitfield, Strategic Director of Finance and Corporate Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance

	Milestone	Develop and implement a new outcomes based approach to strategic savings, including identifying opportunities for service integration and the delivery of more with less	Complete budget setting process for 2015/16 and seek council assembly approval	Review budget planning process and identify necessary improvements	-	-	Duncan Whitfield, Strategic Director of Finance and Corporate Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Milestone	Identify the potential of the coordinated management of demand to reduce costs across council services					Deborah Collins, Strategic Director of Environment and Leisure	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
	Milestone	Lead the integration of services across agencies to improve outcomes and reduce costs across the local public sector					David Quirke-Thornton, Strategic Director of Children's and Adults Services	Cllr Fiona Colley, Cabinet Member for Finance, Strategy and Performance
<b>SLE3</b>	<b>Council Plan Commitment</b>	<b>Make sure young people are ready for work</b>						
	Milestone	Develop offer for schools of events involving a range of business partners	Programme of events for pupils well established				Merril Haeusler, Director of Education	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE4</b>	<b>Council Plan Commitment</b>	<b>Guarantee education, employment or training for every school leaver</b>						
	Milestone	Implementation of a 'Youth Guarantee' ensuring access to training, education and employment for 18 year olds	Project plan in place	Met			Graeme Gordon, Director of Corporate Services	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE5</b>	<b>Council Plan Commitment</b>	<b>Deliver an hour's free parking in our shopping parades</b>						
	Milestone	Consultation completed	Feb-15	N/A	N/A	N/A	Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Scheme designed	N/A	May-15	N/A	N/A	Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Measure	Percentage of scheme delivered	N/A	100	N/A	N/A	Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>SLE6</b>	<b>Council Plan Commitment</b>	<b>Open a credit union account with a £10 opening deposit for every 11 year old</b>						
	Measure	Open a credit union account with a £10 opening deposit for every 11 year old	Develop budget option	Introduce the scheme to all children in the borough as part of admissions process			Duncan Whitfield. Director of Finance and Corporate Services	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE7</b>	<b>Council Plan Commitment</b>	<b>Deliver good money advice for secondary school students</b>						

	Milestone	Develop offer for schools of events involving a range of business partners		Financial literacy programmes in 8 schools	Financial Literacy programmes offered to all schools		Merril Haeusler, Director of education	Cllr Victoria Mills, Cabinet Member for Children and Schools
<b>SLE8</b>	<b>Council Plan Commitment</b>	<b>Establish a Southwark Business Forum</b>						
	Milestone	Southwark Business Forum established	Met				Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE9</b>	<b>Council Plan Commitment</b>	<b>Stop the spread of pawnbrokers, betting shops, gambling machines and pay day lenders</b>						
	Milestone	Implementation of Article 4 Direction to remove permitted development rights within protected shopping frontages	Met				Simon Bevan, Director of Planning	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Implementation of New Southwark Plan threshold and clustering criteria				Met	Simon Bevan, Director of Planning	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE10</b>	<b>Council Plan Commitment</b>	<b>Invest in more affordable business space, street markets and encourage pop-up shops to help start up businesses</b>						
	Milestone	Launch of a Round 2 of the High Street Challenge	Met				Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Launch of a Round 3 of the High Street Challenge		Met			Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE11</b>	<b>Council Plan Commitment</b>	<b>Support 5,000 local people into jobs</b>						
	Measure	Number of people starting new jobs as a result of council employment support programmes and partnerships	1000	1300 (cumulative 2300)	1350 (cumulative 3650)	1350 (cumulative 5000)	Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Launch of Community Budget/TCA Pathways to Employment service in Lambeth, Lewisham and Southwark (Oct 2014)	Met				Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Launch of employment framework commissioning (April 2015)		Met			Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business



	Milestone	Launch of CLF ESA pilot (April/May 2015)		Met				Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE12</b>	<b>Council Plan Commitment</b>	<b>Create 2,000 new apprenticeships</b>							
	Measure	Number of apprenticeship opportunities in place as a result of council programmes and partnerships	100	500 (cumulative 600)	700 (cumulative 1300)	700 (cumulative 2000)		Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Implementation of a 'Southwark Apprenticeship Standard'	Met					Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE13</b>	<b>Council Plan Commitment</b>	<b>Make sure local residents benefit from new jobs and investment (please see SLE11 and SLE12 above)</b>							
<b>SLE14</b>	<b>Council Plan Commitment</b>	<b>Award scholarships to local young people from low income backgrounds to study art foundation courses</b>							
	Milestone	Produce options paper	Jan-15					Bernard Nawrat, Director of Human Resources	Cllr Victoria Mills, Cabinet Member for Children and Schools
<b>SLE15</b>	<b>Council Plan Commitment</b>	<b>Support business improvement districts including around the Blue in Bermondsey</b>							
	Milestone	The Blue Bermondsey business improvement district established (Oct 2014)	Met					Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Better Bankside business improvement district alteration ballot complete (Dec 2014)	Met					Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Southbank business improvement district established (July 2014)	Met					Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
	Milestone	Support for Team London Bridge business improvement district renewal ballot		Met				Graeme Gordon, Director of Corporate Strategy	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>SLE16</b>	<b>Council Plan Commitment</b>	<b>Enhance and expand affordable studio and performance space</b>							

	Milestone	Investigate conversion of undercroft garages for conversion	Q4					Steve Platts, Director of regeneration	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Measure	Strategy to be agreed to deliver 500 new work spaces by 2018.	100	100	100	200		Steve Platts, Director of regeneration	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport

Council Plan 2014/15 - 2017/18

Performance schedule: Healthy and active lives

Cabinet members: Cllr Dora Dixon-Fyle, Cllr Barrie Hargrove, Cllr Mark Williams and Cllr Ian Wingfield

Lead strategic directors: David Quirke-Thornton, Deborah Collins, Eleanor Kelly and Gerri Scott

	Measure/ Milestone	Description	2014/15 target	2015/16 target	2016/17 target	2017/18 target	Lead officer	Lead Cabinet Member
<b>HAL1</b>	<b>Council Plan Commitment</b>	<b>Make swimming and gym use free for all residents</b>						
	Milestone	Pilot scheme in place		By 2015/16			Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
	Milestone	Full implementation			By 2016/17		Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
	Measure	Physical activity on referral (PoR) (used to be called Exercise on referral but now includes Kickstart, Active Boost, Cardiacactive, Health Checks Fitness passports) Increase the numbers taking up PoR by 10% for 14/15 from baseline 13/14 (1,196)	1,316	TBC	TBC	TBC	Ruth Wallis, Director of Public Health	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
<b>HAL2</b>	<b>Council Plan Commitment</b>	<b>Improve homecare standards, making sure our staff are only ever judged by the quality of care they provided to our older and more vulnerable residents</b>						
	Measure	a) The proportion of regulated homecare services that are located in the borough and/or used by Council-supported Southwark residents that either meet all statutory Care Standards or that are rated as Good or Outstanding	88%	88%	88%	88%	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Measure	b) The proportion of older people (aged 65 and over) still at home 91 days after discharge from hospital into reablement or intermediate care, as a proportion of all people aged 65 and over) people entering reablement from hospital	90%	90.4%	90.4%	90.4%	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Measure	c) For existing providers of homecare: Improved user-reported experience - providers to report back on their annual independent survey and provide data on complaints and compliments in their monthly contract monitoring returns	No target - new measure for 2015-16	to be set in Q1 2015-16	To be agreed	To be agreed	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Measure	d) The turnover of staff in homecare and reablement/intermediate care services which are provided by externally-commissioned services	No target - new measure for 2015-16	to be set in Q1 2015-16	To be agreed	To be agreed	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
<b>HAL3</b>	<b>Council Plan Commitment</b>	<b>Deliver a safer cycling network</b>						
	Milestone	Kickstand training sessions delivered	Jun-14	N/A	N/A	N/A	Des Waters, Head of Public Realm	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Declaration of Southwark as a 20 mph borough	Dec-14	N/A	N/A	N/A	Des Waters, Head of Public Realm	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
<b>HAL4</b>	<b>Council Plan Commitment</b>	<b>Extend bike hire across the borough</b>						
	Milestone	Develop business case for extension south into Camberwell, Peckham, Bermondsey and Rotherhithe	Develop business case through VELOCITTA project	Conclude business case and lobby TfL	-	-	Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>HAL5</b>	<b>Council Plan Commitment</b>	<b>Implement an Southwark ethical care charter, with better paid carers and end to zero hours contracts</b>						
	Measure	a) For each contracted homecare provider with a contractual requirement to report on the following: • Number of staff offered a Guaranteed Hours Contract and on what terms. This information to be broken down by role in the organisation, for example, care worker, field supervisor etc • Confirmation that all staff have had an offer	No target - new measure for 2015-16	to be set in Q1 2015-16	To be agreed	To be agreed	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
<b>HAL6</b>	<b>Council Plan Commitment</b>	<b>Establish a commission to enhance the vital work fo the voluntary and community sector</b>						

	Milestone	Establish a commission to enhance the vital work for the voluntary and community sector	Mar-15	N/A	N/A	N/A	Stephen Douglass, head of community engagement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business
<b>HAL7</b>	<b>Council Plan commitment</b>	<b>Double the number of free NHS health checks to catch problems like heart disease and diabetes early</b>						
	Measure	Number of health checks	7,000	7,000	7,000	7,000	Ruth Wallis, Director of Public Health	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
<b>HAL8</b>	<b>Council Plan Commitment</b>	<b>Become an "Age Friendly Borough"</b>						
	Milestone	Cross-council programme of activities to support the delivery of becoming an Age Friendly Borough developed.	Mar-15	n/a	n/a	n/a	Graeme Gordon, Director of Corporate Strategy	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Performance framework to monitor delivery produced.	Mar-15	n/a	n/a	n/a	Graeme Gordon, Director of Corporate Strategy	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Cabinet report produced.	Mar-15	n/a	n/a	n/a	Graeme Gordon, Director of Corporate Strategy	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
<b>HAL9</b>	<b>Council Plan Commitment</b>	<b>Bring ten more parks to green flag standard</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>		
	Measure	Total number of green flag parks	19	22	25	27	Des Waters, Head of Public Realm	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
<b>HAL10</b>	<b>Council Plan Commitment</b>	<b>Introduce 'play streets', where some streets are closed to traffic during school holidays and weekends</b>						
	Measure	Number of play streets	12	24	30	30	Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio measures</b>	<b>Adult Social Care</b>						
	Measure	The number of admissions of older people (aged 65 and over) to care homes (permanent admissions - both residential and nursing) during the year	160	140	135	130	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Measure	The number of delayed transfers of care from hospital that are attributable solely to social services - average number per month	2 delays	2 delays	2 delays	2 delays	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Measure	The number of carers (caring for someone aged 18 or over) who have received an assessment or review of their needs	1400	1500	1700	1800	Jay Stickland, Director adult social care	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	<b>Portfolio commitment</b>	<b>Maintain reduction in teenage conceptions</b>						
	Measure	Teenage conceptions (under 18 conception rate / 1,000 females)	27.8	23.8	19.8	15.8	Ruth Wallis, Director of Public Health	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
	<b>Portfolio commitment</b>	<b>Leisure investment programme</b>						
	Milestone	Completion of Castle leisure centre		Spring 2015			Steve Platts, Director of regeneration	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure

Council Plan 2014/15 - 2017/18

Performance schedule: Cleaner greener safer

Cabinet members: Cllr Dora Dixon-Fyle, Cllr Peter John, Cllr Richard Livingstone, Cllr Darren Merrill, Cllr Michael Situ and Cllr Mark Williams

Lead strategic directors: Deborah Collins and Gerri Scott

	Measure/ Milestone	Description	2014/15 target	2015/16 target	2016/17 target	2017/18 target	Lead officer	Lead Cabinet Member
<b>CGS1</b>	<b>Council Plan commitment</b>	<b>Maintain clean streets</b>						
	Measure	Levels of litter and detritus identified as part of our inspection programme	Litter – 7 Detritus - 10				Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS2</b>	<b>Council Plan commitment</b>	<b>Provide better education and enforcement of people who litter</b>						
	Milestone	Campaign launched	Spring 2015				Ian Smith, Head of Environmental Services	Cllr Darren Merrill / Cllr Michael Situ, Cabinet members for Environment, Recycling, Community Safety and Volunteering
<b>CGS3</b>	<b>Council Plan commitment</b>	<b>Provide better education and enforcement of people who don't clean up after their dogs</b>						
	Milestone	Campaign launched	Spring 2015				Ian Smith, Head of Environmental Services	Cllr Darren Merrill / Cllr Michael Situ, Cabinet members for Environment, Recycling, Community Safety and Volunteering
<b>CGS4</b>	<b>Council Plan commitment</b>	<b>Increase recycling rates</b>						
	Measure	Recorded recycling rate.	2% improvement on 13/14 figures	2% improvement on 14/15 figures	2% improvement on 15/16 figures		Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS5</b>	<b>Council Plan commitment</b>	<b>Divert more than 95 per cent of waste away from landfill</b>						
	Measure	Percentage of waste stream diverted from landfill.	2% improvement on 13/14 figures	2% improvement on 14/15 figures	2% improvement on 15/16 figures	95%	Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS6</b>	<b>Council Plan commitment</b>	<b>Have zero tolerance on noisy neighbours</b>						
	Measure	Review our noise service with a view to delivery of the council plan commitments	Review complete				Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS7</b>	<b>Council Plan commitment</b>	<b>Increase CCTV coverage</b>						
	Milestone	Crime analysis of estates carried out	Analysis completed				Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering

	Measure	Increase in arrests from CCTV detections	10% increase					Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS8</b>	<b>Council Plan commitment</b>	<b>Increase estate security doors</b>							
	Measure	Number of households to benefit from new door entry refurbishments	423	TBC	TBC	n/a as this is a 2 year programme		David Lewis, Head of maintainance and compliance	Cllr Richard Livingstone, Cabinet member for housing
<b>CGS9a</b>	<b>Council Plan commitment</b>	<b>Deliver a new women's safety charter</b>							
	Measure	The adoption of a women's charter in Southwark by 31st December 2014	Adoption of charter					Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS9b</b>	<b>Portfolio commitment</b>	<b>Women's Safety Charter - Licenced premises</b>							
	Measure	Increase the number of Licenced premises signed up to the Women's Safety Charter	40	80	120			Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS10</b>	<b>Council Plan commitment</b>	<b>Deliver a domestic abuse strategy</b>							
	Measure	The adoption of a Domestic Abuse Strategy in Southwark by March 2015	Adoption of strategy					Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS11</b>	<b>Council Plan commitment</b>	<b>Introduce estate deep cleans</b>							
	Measure	Satisfaction of residents post deep clean, estate inspection cleanliness scores	n/a	baseline year	TBC	TBC		Paul Langford, head of operations	Cllr Richard Livingstone, Cabinet member for housing
<b>CGS12</b>	<b>Council Plan commitment</b>	<b>Campaign for the 300 Southwark police officers and police community officers and police community support officers cut since 2010</b>							
	Milestone	Petition of 3000 signatures handed in	Dec-14						
<b>CGS13</b>	<b>Council Plan commitment</b>	<b>Double the number of estates receiving green energy from the South East London Combined Heat and Power</b>							
	Measure	Number of estates receiving green energy from SELCHP				Doubled		Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
<b>CGS14</b>	<b>Council Plan commitment</b>	<b>Double capital investment into roads</b>							
	Measure	Capital investment into roads (£m)	7	9.5	9.5	9.9		Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport

<b>CGS15</b>	<b>Council Plan Commitment</b>	<b>Invest in our libraries and keep them open, including Dulwich and Kingswood House</b>						
	Milestone	Delivery of Canada Water public art project		Completed			Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Delivery of Peckham Library essential building works		Works to commence Q2			Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	RFID for new Camberwell Library	Completion March 2015				Steve Platts, Director of regeneration	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Refurbishment of Blue Anchor Library					Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Delivery of Newington temporary library	Opened September 2014				Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Livesey Museum building works	Works completed				Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	<b>Q2 2014/15 commentary</b>	<p>Blue Anchor Library refurbished in April 2014 to modernise premises and introduce self service technology.</p> <p>The Newington Temporary Library opened on 30 September at the Artworks Elephant site on Elephant Road.</p> <p>This new library gives Walworth residents access to the library service whilst the redevelopment of the 151 Walworth Road site is completed.</p> <p>We are providing additional opening hours in place at John Harvard and Camberwell Libraries to offer choice of study space and stock.</p>						
<b>CGS16</b>	<b>Council Plan commitment</b>	<b>Campaign for Seeley drive police base in the south of the borough</b>						
	Milestone	Police base maintained	By 2014/15				Jonathon Toy, Head of Community Safety & Enforcement	Cllr Michael Situ, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
	<b>Portfolio commitment</b>	<b>Graffiti removal</b>						
	Measure	Percentage of graffiti cleared within 24 hours of report	97.5%				Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
	<b>Portfolio commitment</b>	<b>Cemeteries: burial space</b>						
	Measure	Number of burial spaces created	350	1220	1000	1000	Des Waters, Head of Public Realm	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering

	<b>Portfolio commitment</b>	<b>Tonnes of carbon from operational estate</b>						
	Measure	Tonnes of carbon from operational estate	32,000 Tonnes	31,000 Tonnes	30,120 Tonnes		Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
	<b>Portfolio commitment</b>	<b>Street cleanliness: satisfaction</b>						
	Measure	Average level of satisfaction with service and monitored by the Council Tracker (Residents) surveys	81%				Ian Smith, Head of Environmental Services	Cllr Darren Merrill, Cabinet Member for Environment, Recycling, Community Safety and Volunteering
	<b>Portfolio commitment</b>	<b>Improve satisfaction with road condition</b>						
	Measure	National Highways Trust annual satisfaction survey	50%	52%	54%	56%	Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio commitment</b>	<b>Improve satisfaction with facilities for cyclists</b>						
	Measure	Satisfaction with cycle routes and facilities (KB13 National Highways Trust annual satisfaction survey)					Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio commitment</b>	<b>Satisfaction with parking services</b>						
	Measure	Satisfaction with parking services ( Tracker Sept 2014)					Des Waters, Head of Public Realm	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio commitment</b>	<b>Increasing cycling to school</b>						
	Measure	Percentage of children cycling to school					Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio commitment</b>	<b>Satisfaction with parks and open spaces</b>						
	Measure	Satisfaction with parks and open spaces		93%			Des Waters, Head of Public Realm	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
	<b>Portfolio commitment</b>	<b>Satisfaction with local sports and leisure facilities</b>						



	Measure	Satisfaction with local sports and leisure facilities	84%				Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
--	---------	---	-----	--	--	--	--	---

Council Plan 2014/15 - 2017/18

Performance schedule: Revitalised neighbourhoods

Cabinet members: Cllr Fiona Colley, Cllr Dora Dixon-Fyle, Cllr Barrie Hargrove, Cllr Peter John, Cllr Mark Williams and Cllr Ian Wingfield

Lead strategic directors: Deborah Collins, Eleanor Kelly and Gerri Scott

	Measure/ Milestone	Description	2014/15 target	2015/16 target	2016/17 target	2017/18 target	Lead officer	Lead Cabinet Member
RN1	<b>Council Plan commitment</b>	<b>Revitalise our neighbourhoods to make them places where we can all be proud to live and work</b>						Cllr Mark Williams
		<b>Delivery of the Aylesbury Regeneration Project</b>						
	Milestone	Submit planning application	To Submit by Q3 approval Q4				Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Vacant Possession of 1b/c	Tenants by Q4	Leaseholders Q3			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Start on Site 1b/c		Q3			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Complete site 7		Q3			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Revised service level agreement with Creation	Q4				Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
RN2	<b>Council Plan commitment</b>	<b>Transform the Elephant and Castle with a new leisure centre, affordable homes and a shopping centre</b>						
	Milestone	Planning consent granted for Phase 2	Planning consent Q3	start on site Q2			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Demolition of the Heygate Estate	Demolition Q3	Site transfer to Lend Lease Q1			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Trafalgar Place	Partial Completion Q4	Partial completion Q2			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Redevelopment of E&C shopping centre	Pre application process commences Q1	Application submitted/ consent granted Q4			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Construction of the Castle leisure centre	Under construction	Completion Q1			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Constuction of new affordable homes in opportunity area	Stead street 85 affordale homes on site. Trafalgar phased handovers for occupation	Phased handovers for occupation	completion		Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Park improvement programme	St Marys Churchyard phase 1 and Pullens Gardens start on site.	St Mary's Phase 1 and Pullens complete. St Mary's phase 2, Dickens Square and Balfour St as part of the Green links project all on site.	Dickens Sq and St Mary's phase 2 complete on site		Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport

	Measure	Number of affordable homes consented in Opportunity Area					Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Transformation of Northern roundabout	Scheme design agreed Q3	Start on site Q3	Scheme complete Q3		Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>RN3</b>	<b>Council Plan commitment</b>	<b>Introduce a new diversity standard to make sure that people from every community get their voices included when decisions are made</b>						
	Milestone	Introduce a new diversity standard to make sure that people from every community get their voices included when decisions are made		Mar-16			Stephen Douglass, head of community engagement	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment and Business, Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
<b>RN4</b>	<b>Council Plan commitment</b>	<b>Open a new civic centre in Walworth</b>						
	Milestone	Phase 3 stabilisation works	Listed building consent Q3 Works commence Q4	Listed building consent, works complete Q2			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Appoint design team	Select architect Q4	Submit listed building consent and secure approval Q4. Commence selection of contractor.	Start on site	Completion and open to public	Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>RN6</b>	<b>Council Plan commitment</b>	<b>Invest in Camberwell including a new library</b>						
	Milestone	Camberwell Library Construction	Practical completion Q4				Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Preferred street design agreed and publicised	Published Q4			Start on Site	Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Construction commenced on two pocket spaces projects	Start on Site on Datchlor Q4	Start on site Artichoke Q2			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Planning application for Camberwell Green submitted.	Q3	Start on site Q2			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Delivery of Affordable homes at Camberwell Fields	Q4				Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Planning application for Elmington Phase 3 submitted	Q3				Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>RN8</b>	<b>Council Plan commitment</b>	<b>Secure the long term future of Greendale in East Dulwich</b>						
	Milestone	Consultation, planning and funding completed	By 2014/15				Steve Platts, Director of regeneration	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
<b>RN9</b>	<b>Council Plan commitment</b>	<b>Start work on the regeneration of the Old Kent Road</b>						

	Milestone	Old kent Road Action Area	Compile Business Atlas	Develop Issues and Options	Submission to Secretary of State	Adoptioon	Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Reviitalise shops at northern end	High Street Fund bid	-	-	-	Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Develop case for Bakerloo Line Extension	-	-	-	-	Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>RN10</b>	<b>Council Plan commitment</b>	<b>Invest in Peckham Town Centre to support arts and business</b>						
	Milestone	Wooddene starts on site	Enabling works commence Q4	Main works contract Q2		Completion	Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Gateway to Peckham planning application submitted	Co-design complete Q3	Sumitted Q2	Start on site Q2	Completion	Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Townscape Heritage Initiative	-	-	-	-	Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Completion of plaza landscaping as part of Queens Road Peckham station improvements	Complete Q2	-	-	-	Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>RN11</b>	<b>Council Plan commitment</b>	<b>Deliver a free cash point in Nunhead</b>						
	Milestone	Deliver Cash Point		Complete Q2			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Deliver new community centre		Complete Q1			Steve Platts, Director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
<b>RN12</b>	<b>Council Plan commitment</b>	<b>A bigger and better playground in Peckham Rye park</b>						
	Milestone	Project scope agreed	By 2014/15	-	-	-	Steve Platts, Director of regeneration	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
	Milestone	Design agreed and funding secured		By 2015/16			Steve Platts, Director of regeneration	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
	Milestone	Work procurrred and completed			By 2016/17		Steve Platts, Director of regeneration	Cllr Barrie Hargrove, Cabinet Member for Public Health, Parks and Leisure
<b>RN13</b>	<b>Council Plan commitment</b>	<b>Open new pedestrian crossings outside Borough Station and between Trinity Street and Great Suffolk Street</b>						

	Milestone	Lobby TfL	-	Deliver Trinity Street and lobby TfL for Borough Station crossing	-	-	Simon Bevan, Director of Planning	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio commitment</b>	<b>New Library at Camberwell</b>						
	Milestone	Complete construction	By 2014/15				Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	Milestone	Open new library		May 2015			Adrian Whittle, Head of Culture, Libraries, Learning and Leisure	Cllr Dora Dixon-Fyle, Cabinet Member for Adult Care, Arts and Culture
	<b>Portfolio commitment</b>	<b>Delivery of the Canada Water Project</b>						
	Milestone	Redevelopment of Canada Water shopping centre/Harmsworth Quays	Cabinet approval for CW priorities	Phase 1 application submitted	Detailed design	Scheme commences	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	New Leisure Centre	Identify site	Planning Application	Detailed design	Scheme commences	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Commercial Structure	Cabinet approval for CW priorities	Terms Approved by Cabinet			Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	New council homes	Cabinet approval for CW priorities	Planning Application	Detailed design	Scheme commences	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	<b>Portfolio commitment</b>	<b>Delivery of London Bridge/Blackfriars</b>						
	Milestone	Blackfriars Boulevard project	On programme	On programme	Consultation	Construction	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Sumner Street plaza (adjacent to Tate Modern)	On programme	On programme	Options development	Detailed design	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Prices Street landscaping (adjacent to Bankside Hilton)	On programme	On programme	Detailed design	Construction	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport
	Milestone	Marlborough Sports Garden	On programme	On programme	Consultation	Detailed design	Stephen Platts, director of regeneration	Cllr Mark Williams, Cabinet Member for Regeneration, Planning and Transport

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Old Vic Endowment Trust	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Peter John, Leader of the Council	

### **FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL**

When the Southwark Youth Fund was created in 2011 one of its clear objectives was to provide young people in our borough with opportunities to enhance their CV – to give them unique experiences which marked them out from their peers and which would give them some small advantage in the competitive employment and higher education market in London.

By making a contribution to the Old Vic's Endowment Trust we will be achieving just that – making a link with one of the world's leading theatres and offering the opportunity to Southwark schoolchildren to benefit from the experience of working in and understanding business and the theatre. This is an incredible opportunity for Southwark and Southwark's schools which also helps to secure the next phase of the Old Vic's life in SE1.

As a council we will continue to look for future opportunities for the Youth Fund to enhance the potential of children and young people, and to demonstrate that we truly believe in their capacity to be the beneficiaries of all that our borough and London has to offer.

### **RECOMMENDATIONS**

1. That cabinet agrees to release £500,000 as a one-off contribution from the youth fund reserve to donate to the Old Vic Endowment Trust. This will be for the purposes of the long term promotion of education and employment through culture and the arts for young people in Southwark.
2. That cabinet delegate authority to the chief executive to sign off a memorandum of understanding that enters the council into agreement with the Old Vic Theatre Trust setting out the benefits to be accrued from the donation and process for monitoring and review.

### **BACKGROUND INFORMATION**

3. The council is committed to achieving a fairer future for all as set out in the council Plan 2014-18. The council plan sets out six priority themes for delivery of the fairer future vision including providing the best start in life for all our young people and supporting a strong local economy. Moreover, the council plan has a specific commitment to guarantee education, employment or training for every school leaver and for driving up standards across our schools.

4. Supporting young people to get the best start in life through culture and the arts is an important aspect in the delivery of these and related council plan commitments.
5. In 2011, the council established a three year youth fund for the purposes of improving educational and employment outcomes for young people, including those most vulnerable and with particular needs, across the borough. In 2013, as part of agreement of the general fund budget for 2013/14, council assembly agreed to a commitment to provide resources for the youth fund for a further three years to 2016/17.
6. Since inception the youth fund has so far helped 80 young people into employment, 211 young people have obtained a work placement and 38 young people have obtained a scholarship. Over 3,800 young people, who would have otherwise struggled with costs as a result of having lost the education maintenance allowance (EMA), have been financially supported. 23 people have started up their own enterprise as a result of grants and advice from the council.
7. In 2013, Southwark agreed a Cultural Strategy to 2018. In agreeing the strategy it was noted that the cultural sector provides 7% of Southwark's population with employment and is also the registered trade of 10% of the borough's VAT and PAYE registered businesses. This is in addition to the additional spending generated in Southwark by the millions of people who visit attractions and events in the borough each year.
8. At their meeting on 27 January 2015 the cabinet received a report on the progress on delivery of the cultural strategy, noting the breadth of support the council gives to the cultural sector in Southwark and delivery against the action plan associated with the strategy. This included supporting some 54,243 young people through the arts grants programme and work to ensure local people can access employment in the cultural sector.
9. The report also noted that the borough is home to one of the country's most dynamic cultural landscapes which include institutions, organisations and individuals that have local, national and international impact. The Old Vic is one such strategic partner that contributes to the diverse cultural offer across Southwark and London.
10. The Old Vic Endowment Trust ('the Endowment Trust') was established as an independent registered charity in 2011. Funds donated for the Endowment will contribute to building a £20 million fund to ensure the long-term viability of The Old Vic and the sustainability of its education programmes with local schools and the wider community.

#### **KEY ISSUES FOR CONSIDERATION**

11. This report proposes to release £500,000 as a one off contribution from the youth fund reserve to donate to the Old Vic Endowment Trust. This is for the purposes of the long term promotion of education and employment through culture and the arts for young people in Southwark.
12. The Arts Council have granted £5 million to The Old Vic Theatre Trust 2000 (the Theatre Trust) by way of a 'Catalyst Grant'. The £5 million grant is subject to the Old Vic raising £15 million by July 2015 into the Endowment Trust by way of matched funding (i.e. therefore on a ratio of 3:1). By releasing £500,000 now

Southwark Council will be making a contribution to the £15 million currently being raised by the Old Vic in this regard.

13. Donations will have an 80/20 split. For the council, this means £400,000 will support the Endowment Trust, guaranteeing the sustainability of the Old Vic's education programming and work on the stage in the longer term.
14. The remaining £100,000 will be allocated to "Stage Business", which is an innovative education programme whereby the Old Vic works with local schools to improve the confidence of young people (and so raise their employment prospects) through culture and the arts. Stage Business nationally aims to reach up to 10,400 young people aged 11 to 18 across the UK over a two year period to 2017, equipping them with practical skills and improving their confidence as they enter the jobs market – whether that be in the theatre industry or elsewhere.

### **Intended outputs and outcomes**

15. As a donor the council can initially select up to five schools to directly benefit from the Stage Business programme in the two years to 2016/17. The process for selection is to be determined and will be agreed through the memorandum of understanding between the council and the Old Vic Theatre. The process will be governed by an assessment of how best to target help to young people to improve their employment prospects and continue in education, training or other such activity thereby achieving maximum value for money for the donation. This will include a relevant assessment of equalities impacts.
16. Stage Business will offer young people the opportunity to explore the business side of the theatre industry. Beneficiaries will learn practical, transferable skills in presentation, communication and leadership and have access to an online programme of learning. Schools involved will also have access to digital content via a Stage Business web portal. The portal will contain interactive lectures for teachers plus educational packs containing links and material on theatre production for use in the classroom.
17. Local schools involved will gain national profile through their involvement in the programme and be able to connect to other schools across the UK through the Old Vic Partner Schools Network. Further details on the specifics of the Stage Business programme are set out in background papers.
18. The activities associated with the Stage Business and the Old Vic Endowment Trust will be set out in a memorandum of understanding between the council and the Old Vic. The activities will directly support the guarantee of education, employment or training for every school leaver and indirectly contribute to the council's priority of supporting some 5,000 more local people into work by 2018.
19. Specific local outputs will be agreed in partnership between the council, the Old Vic and the local schools/education providers involved in delivery. Outputs are likely to include hard and soft indicators of pupil and student well-being such as improved confidence and new transferable skills developed, measured through surveys and other such examinations of impact through the programme.
20. The council will, through the memorandum of understanding, seek to expand activity to a wider range of schools and educational settings in the future. This will mean that the council receives a long term social value investment from the



£500,000 donation that addresses current gaps in the skills of young people and also ensures quality educational, cultural and arts projects over the long term.

### **Value for money**

21. Through this donation, the council is maximising the use of its limited resources in order to achieve longer term benefits to the communities of Southwark, particularly young people including those most vulnerable. This is demonstrable in a number of ways. The Stage Business activity will contribute to addressing the gaps in the employability skills of young people in the short to medium term and contribute to giving them the best start in life through direct participation in the arts and wider cultural industry. By improving a young person's confidence through learning and participation, their employment prospects will be enhanced, ensuring they are better placed to access local sustainable employment and so contribute back to the economy of the borough and London.
22. In the longer term, by linking donations to the Endowment Trust, the council will help to guarantee the sustainability of future programmes that link cultural participation with education and employment outcomes. This in turn will support future generation of learners and residents across Southwark. By providing direct support to a major cultural institution, the council will seek to ensure that schools and the wider community benefit from the work of the Old Vic. It will also ensure that local groups and organisations are better connected to activities and other such cultural education / employment programmes offered by the Old Vic into the future. This therefore ensures that the council maximizes the value of the donation and delivers on its fairer future promise to achieve value for money.

### **Monitoring, review and evaluation**

23. Any project supported from youth fund resources is subject to regular monitoring and review including formal reporting on performance to cabinet via the annual performance report and financial reporting via the general fund revenue monitoring report.
24. An officer project group has been established under the responsibility of the Director of Education involving relevant lead project officers. Through this, each project is monitored with regards resources spent and performance achieved. This group in turn forms part of a cross-council strategic board that monitors implementation of the council's economic well-being strategy and related council plan commitments. The activities associated with the Stage Business programme will be reported through these processes.
25. The Old Vic, as strategic partner, is committed to undertaking an external evaluation of the programme. This will include impact on the well-being among the students, on their confidence and how participating in Stage Business has informed other subjects on their curriculum.

### **Policy implications**

26. The donation to the Old Vic Endowment Trust is directly in line with the council Plan 2014-18 priorities of providing the best start in life for all our young people and supporting a strong local economy. More specifically the donation meets the objectives of the youth fund by supporting activities and initiatives to improve the educational and employment outcomes for young people, including those most

vulnerable and with particular needs, across the borough.

27. The activities associated with the donation will also support the themes of the Cultural Strategy 2013-18, in particular promoting creativity, quality and innovation and building sustainability and resilience in the local cultural sector.
28. The Children and Young People's Plan 2013-16 sets out a vision that every child, young person and family in Southwark thrives and is empowered to lead a safe and healthy life. Initiatives such as Stage Business provide a direct opportunity for young people, including those most vulnerable, to participate in the arts and improve their education and employment prospects. Moreover, the donation will promote improved links between the Old Vic and local schools providing further opportunities for children and families to participate in culture and the arts.

### **Resource implications**

29. This report proposes to release £500,000 as a one off contribution from the youth fund reserve to donate to the Old Vic Endowment Trust. This contribution will be met from within existing available youth fund programme resources.
30. The Old Vic will require £20 million to provide for the Endowment for this scheme. Contributions received by The Old Vic and evidence of anticipated contributions expected should be shared with the council to provide confidence regards achieving the total £20 million funds required. A reasonable level of confidence should be achieved prior to release of funds.
31. Subject to agreement of this report, £500,000 will be released from the youth fund reserve in 2014/15 and transferred to the Old Vic Theatre Trust. Donations to the Endowment Trust have to pass through the Theatre Trust bank account in order to qualify for The Arts Council matched funding. This is a one off payment and no additional funding is being sought as a result of agreement of this report.
32. In the event that the Old Vic is unable to reach the target of funding required or in the event that this scheme is unable to be implemented, clear guidance will be set out through the memorandum of understanding as to how the council's donation is refunded or otherwise redirected.

### **Community impact statement**

33. The public sector equality duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities.
34. This report has noted the intended outcomes resulting from the proposal to donate £500k to the Old Vic Endowment Trust and the linked Stage Business education programme. Such outcomes are intended to support the elimination of discrimination and advance equality of opportunity. This will be achieved by giving young people in the borough, including some of the most vulnerable, the opportunity to improve their educational outcomes and employment prospects through innovative schemes such as the Stage Business programme.
35. Further, cabinet are asked to consider the important community leadership role

that the council has in supporting organisations and institutions like the Old Vic in their aims to foster improved community relations between different groups through the medium of culture and the arts. By providing a financial contribution to the Endowment Trust, the council is helping to ensure the longevity of such cultural and arts activity over the longer term and so with it promote community cohesion and development across Southwark.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Education**

36. The Stage Business programme – and the work of the Old Vic through its broader community engagement work – is an important initiative designed to improve the confidence and resilience of young people in the borough. It will help to improve their educational outcomes and employment prospects for the future. This is directly in line with youth fund objectives.
37. The council would expect that the Old Vic establishes a strong, fair and transparent relationship not only with the schools directly benefiting from the programme but also with the wider school community across the borough. This will ensure that the council receives maximum value for the donation by establishing a connection with schools. This may lead to opportunities such as targeted theatre visits, work placements, apprenticeships and other such activity and so guarantee longer term benefits for future generations of learners, children and families in the borough.

### **Strategic Director of Finance and Corporate Services FC14/044**

38. The strategic director of finance and corporate services notes the recommendations in this report for a one-off contribution from the youth fund reserve of £500,000 to donate to the Old Vic Endowment Trust. This contribution will be met from within existing available youth fund programme resources.

### **Director of Legal Services**

39. The Localism Act 2011 gives councils a general power of competence whereby they have power to do anything that individuals generally may do. This power can be used even if legislation already exist that allow a local authority to do the same thing. However the general power of competence does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement or other limitation. The Director of Legal Services is not aware of any pre-commencement or other limitation.
40. The director of legal services notes the comment of the director of education on how the authority will achieve maximum value for the grant.
41. The director of legal services notes in paragraph 18 there will be a memorandum of understanding between the council and the Old Vic setting out specific outputs. This will ensure the activities will directly support the guarantee of education, employment or training for every school leaver and indirectly contribute to the council's priority of supporting some 5,000 more local people into work by 2018.
42. 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 good relations between people who share protected characteristics and those who do not.
43. The director of legal services believes this grant will advance equality of opportunity and help foster good relations between people who share protected characteristics and those who do not.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
The Old Vic: Stage Business documentation	160 Tooley Street London SE1 2QH	Stephen Gaskell, <a href="mailto:stephen.gaskell@southwark.gov.uk">stephen.gaskell@southwark.gov.uk</a>  020 7525 7293
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4867&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4867&amp;Ver=4</a>		

## APPENDICES

No.	Title
None	

## AUDIT TRAIL

<b>Lead Officers</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Stephen Gaskell, Head of Strategy and Partnerships	
<b>Version</b>	Final	
<b>Dated</b>	29 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Strategic Director of Finance & Corporate Services	Yes	Yes
Director of Legal Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to constitutional team</b>		29 January 2015

<b>Item No.</b> 11.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Quarter 3 Capital Monitoring for 2014/15 and Capital Programme Refresh for 2014/15-2023/24	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Strategy and Performance	

## **FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, STRATEGY AND PERFORMANCE**

This quarter’s capital monitor provides, as usual, an update and progress report on the delivery of our £2 billion 10 year capital programme. Within the report you will find an update from each department covering their projects.

This quarter we are also making a number of variations to the programme and I’d like to highlight two of these.

The largest value variation is to approve £54m of expenditure to deliver phase 1b of our direct delivery council house building programme which will deliver 191 new council homes. This expenditure will be funded by a combination of s106 affordable housing funding, GLA grant and right to buy receipts.

Another important change is to approve an additional £15.8m for the primary expansion programme bringing the total value of this programme to £106.5m reflecting the additional expansions now planned. This programme is delivering new and expanded schools with high quality facilities providing 2,631 additional primary places across the borough by September 2016.

## **RECOMMENDATIONS**

That cabinet:

1. Notes the general fund capital programme for the period 2014/15 to 2023/24 as at Quarter 3 2014/15, as detailed in Appendix A and D.
2. Notes the housing investment programme for the period 2014/15 to 2021/22 as at Quarter 3 2014/15, as detailed in Appendix B.
3. Approve the variation to the housing investment programme of £63.1m including £54m for Housing Direct Delivery Programme, details of which are reflected in the departmental narratives and Appendix C.
4. Approve the variation to the general fund capital programme of £75.9m, including £44.4m for children’s services and £21m for the acquisition of properties in order to progress regeneration projects. Details are reflected in the departmental narratives and Appendix C.

5. Approve the virements and variations (including those mentioned in recommendations 3 & 4) to the general fund and housing investment capital programme as detailed in Appendix C.
6. Approve the re-profiling of the budgets in line with projected expenditure for 2014/15 and future years for both the general fund and housing investment programmes as detailed in Appendix A, B and D and note the resources available for the capital programme based on latest information available at Quarter 3 2014/15.
7. Notes the use of New Home Bonus (NHB) in funding the capital programme as previously agreed by cabinet on 21 June 2011 has now been committed to the revenue budgets as per the Policy and Resources Strategy 2015/16 to 2017/18 Revenue Budget report of 27 January 2015 and this resource will not be available in the following years to fund capital expenditure.

## **BACKGROUND INFORMATION**

8. The scale of the capital programme being managed within the council is immense and with a total forecast spend of over £2 billion the capital programme represents a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and or do business in the borough.
9. The quarter 2 2014/15 capital monitor report indicated that expenditure of £22.5m had been incurred on the general fund capital programme against a budget of £83.1m. This represented a spend of 27.1% to budget as at quarter 2 and a favourable variance of £12.9m was projected against the budget for the year at that point.
10. The quarter 2 2014/15 capital monitor report also reflected a spend of £50.9m on the Housing Investment Capital programme against a budget of £213.2m which represented a spend 23.8% against the budget for the year.
11. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Historically the capital programme has been over programmed in year to compensate for these variations, whilst retaining a balanced programme overall.
12. The capital programme is subject to on-going review by service managers and the quarter 2 2014/15 capital monitor report to cabinet approved budgets to be re-profiled in line with the projections for 2014/15 and future years. The report also noted that a further detailed re-profiling of budgets will be undertaken at quarter 3 2014/15 based on latest information.
13. This report sets out the latest re-profiled budget and forecast outturn position for 2014/15 for the General Fund and the Housing Investment Programme (HIP).

## **KEY ISSUES FOR CONSIDERATION**

### **General Fund Capital Spend**

14. The quarter 3 capital monitor report indicates that expenditure of £41.3m

incurred at quarter 3 against a re-profiled budget of £82m for 2014/15 showing a spend of 50.3% to budget on the general fund capital programme. The summary position and the programme details by departments are reflected in Appendices A and D respectively.

### **Housing Investment Programme Spend**

15. The total re-profiled budgets on the Housing Investment Programme for 2014/15 is £176.9m and the expenditure incurred at quarter 3 is £90.7m, indicating a spend of 51.2% to budget. The majority of the expenditure on the Housing Investment Programme relates to the numerous works on the Warm, Dry and Safe programmes which is forecast to spend £90m in 2014/15. Details of the schemes and budgets within the Housing Investment Programme are reflected in Appendix B.

### **Resource implications**

16. The council's capital resources are comprised of the following:
- capital receipts from disposal of property
  - grants
  - external contributions
  - section 106 contributions
  - housing major repair reserve
  - contributions from revenue
  - contribution from reserves
  - internal borrowing
  - external borrowing.
17. The capital programme is influenced by resource timing and availability. Over the life of the programme, all commitments must be met from anticipated resources. The final funding requirement will be based on the final actual expenditure, and will seek to maximise the use of grants and other funding sources, prior to the use of capital receipts. Regular monitoring and formal reporting regulates the programme and mitigates cash flow and funding risks and officers undertake regular reviews as part of the process for preparing quarterly monitors to assess income to date, forecasts and changes.
18. Each department forecasts its programme as accurately as possible to minimise the need for re-profiling. Where this does occur, the requirement is flagged as early as possible and budgets re-profiled in line with anticipated spend. Given the general complexity of capital projects, it is common to see some variation in the profile of the actual programme against the forecast. The impact of this is mitigated through regular formal monitoring, departmental reviews and access to a resource base wide enough to cope with change.
19. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources, to identify new resources or to make changes to the use of resources at an organisational level as projects complete or new projects appear.

### **Section 106 and Community Infrastructure Levy**

20. The 2014/15 quarter 1 report to cabinet explained Section 106 (S106) agreements, otherwise known as planning obligations, and the Community Infrastructure Levy (CIL) as two of the sources for funding the capital programme.
21. A draft charging schedule was published in April 2013 for the CIL, followed by consultation. The council is working towards April 2015 adoption date for its own CIL. The capital programme will be subject to future refresh and pending finalisation of the charging schedule for CIL this may be used to support appropriate schemes.

### **New Homes Bonus**

22. The 2014/15 quarter 1 report explained the use of New Home Bonus (NHB) in funding the council's capital programme. The cabinet decision of 21 June 2011 agreed that all NHB not committed to the revenue budget should be allocated to corporate resources to fund future capital expenditure.
23. However, the council's budget setting process for 2014/15 and the recent Policy and Resources Strategy 2015/16 to 2017/18 Revenue Budget report of 27 January 2015 committed the full NHB amounts to revenue and this resource will not be available in the following years to fund capital expenditure. The resulting impact on the capital programme will be reflected in the capital monitoring reports.

### **Contributions from Earmarked Reserves**

24. The quarter 1 report explained the use of the three reserves which have relevance for funding the capital programme and these are outlined below:
  - modernisation reserve supports one-off expenditure or multi-year projects designed to modernise and further improve the operational efficiency of Southwark's service provision.
  - the regeneration and development reserve funds one-off expenditure and multi-year projects delivering regeneration and development across the borough. Relevant projects include the Aylesbury Estate Regeneration, Canada Water, and Elephant & Castle Regeneration.
  - compliance and planned preventative maintenance reserve which may be used to support activities upgrading the wider council estate in line with legislative and/or preventative maintenance requirements.

### **Capital Receipts**

25. The council operates a ten-year disposals programme and the planned disposals generate capital receipts which the council can use as a funding source to finance capital expenditure.
26. The disposals programme is subject to ongoing review by officers to mitigate the risk of funding unavailability due to timings or amounts received in year. The capital receipts forecasts together with other sources of funding will be monitored



on a regular basis to ensure adequate funding for the capital programme. In the event that in-year funding generated by disposals is insufficient to meet the level of expenditure, alternative short term sources of funding may need to be accessed or projects deferred or re-profiled. Short term sources of funding include use of earmarked reserves and/or accelerating the disposals programme.

### **Capital Grants**

27. The council uses of a range of grants to fund capital expenditure and the grants tend to be programme or project specific with each grant having some form of conditions.
28. Grants may be provided as a sole funding source, or as one of several funding sources depending on project requirements. In each case, funding conditions are met to demonstrate that grants have been applied for the purposes given and audit trails are maintained.

### **Resourcing to Quarter 3 2014/15**

29. As at quarter 3 2014/15, capital receipts of £37m and £25m had been received from the general fund and housing receipts respectively for the financial year 2014/15.
30. At the end of quarter 3 2014/15, £43.8m other income had been received including £7.8m of education related grants and £25.7m secured through S106 agreements.
31. The above resources will be monitored and applied as appropriate to schemes in 2014/15.

### **Programme position at Quarter 3 2014/15**

32. Attached at Appendix A is a summary of the general fund programme position as at quarter 3 of 2014/15. This shows a total expenditure budget of £585.6m budgeted over the programme from 2014/15 to 2023/24.
33. Attached at Appendix B is a summary of the housing investment programme position as at quarter 3 of 2014/15. This shows a total expenditure budget of £1,538.4m over the programme from 2014/15 to 2021/22.
34. Appendix C shows the budget virements and variations arising in quarter 3 of 2014/15 for approval by cabinet.
35. Appendix D shows a more detailed view of the general fund programme on individual projects or groups of projects over the period 2014/15 to 2023/24.
36. This programme position will continue to be monitored and reviewed over the remainder of the financial year and the final outturn position will be reported to cabinet.

### **Departmental Updates**

37. The sections below provide commentary on the budget position by departments

for 2014/15.

## **GENERAL FUND (APPENDIX A)**

### **Children's and Adult Services**

38. In summary, the capital programme across Children's and Adults' Services in quarter 2 was £109.9m, with an annual 2014/15 revised budget of £17.4m. Budget variations of £44.4m are requested at quarter 3 for formal approval by cabinet. The variations are mainly due to the £15.8m expected shortfall on the council's primary expansion programme; £12.6m secured funding and £16m expected funding. Budget variations arising from secured funding are mainly from DfE basic need grant for school places of £5.7m and £6m for 2015/16 and 2016/17 respectively. Also further funding of £16m expected of £5m DfE maintenance grants, £5m free school grants and £6m S106 contributions. The revised budgets for the Children's and Adults' services total capital programme including the above budget variation of £44.4m is now £154.3m. The expenditure incurred this year to date is £11.2m against an in-year forecast of £17.7m.
39. Additional school places and increased scope for works as agreed by cabinet in July 2014 along with detailed site plans and construction inflation has resulted in a programme shortfall of £15.8m mentioned above. As mentioned above, the council is expecting £16m in the next 2 years towards the overall expenditure and is currently exploring all funding options towards the overall costs of the programme. The council is currently negotiating a contribution from the Education Funding Agency (EFA) for additional primary places at The Belham free school, and from academies for expansion at other non-maintained schools. DfE maintenance grant for 2015/16 onwards has not been announced and the £16m includes an allowance at the lower end of expectations. CIL/s106 is available now, subject to planning committee approval. Future CIL/s106 receipts will reduce the need for the use of corporate resources and will be kept under review.

### **Children's Services**

40. The revised capital programme budget for the period 2014/15 to 2023/24 is now £134.4m with a budget of £17.1m for 2014/15.
41. The changes to the estimated programme from July 2013 include the cabinet approved changes in July 2014 additional primary school expansions to meet the projected continued need for additional places. Following a review of school place demand and detailed scheme development, the Gloucester expansion scheme has been cancelled and the expansion of Phoenix School from 2FE to 4FE added to the programme. Further improvements are envisaged for Gloucester in 2016/17, following a development of the site and this will be subject to a separate process and further consultation. The original cost estimates were drawn up from the condition and capacity surveys undertaken throughout the council's school estate in 2012. The current designs between RIBA stage B/C and stage D designs are site specific incorporating educational design advice and stakeholder consultation.
42. There has been a detailed process of scheme development, with a rigorous approach to budget management, whilst at the same time ensuring that the objectives of the schemes are met. These are to both add school places to meet

basic need and to take the opportunity to address deficiencies in accommodation, especially where these improvements will benefit the environment for teaching and learning. All the primary expansion schemes are in the procurement phase and are subject to detailed scheme development. The contractors are expected to produce schemes to the agreed budgets.

43. The expenditure at quarter 3 is £11.1m. The main areas of expenditure are for the September 2014 temporary expansions, rebuild of Southwark Park Primary and permanent expansion at Bessemer Grange and Dulwich Wood, various maintenance projects.

#### Adults' Services

44. The revised capital programme for 2014/15 to 2023/24 is £19.9m with a budget of £600k for 2014/15.
45. To date £100k has been incurred and the forecast for the year is £600k. The main areas of capital investment during this financial year include major refurbishment of Alma Grove, Bowley Close and Grosvenor Terrace properties.

#### Southwark Schools for the Future

46. The revised programme is £43.3m, following the budget realignment process across the services. The revised annual budget for 2014/15 is £5.0m and the forecast expenditure of the programme delivery for 2014/15 is £5.0m.
47. Expenditure of £4.1m has been incurred at quarter 3 and these include expenditure on the St Michael's and All Angels/Highshore (SMAAH) new school and the University Engineering Academy South Bank (UEASB). In 2014/15, the main areas of change are SMAAH with a lease payment for Highshore expected in 2015/16 and Southwark Inclusive Learning Service (SILS) KS3/4 now reprogrammed for 2015/16. The refurbishment of the new UEASB opened in September 2014.

#### Finance and Corporate Services

48. The capital programme of this department focuses on two key areas: information technology infrastructure projects and premises improvements to council buildings.
49. The department has a revised capital programme of £63.2m as at quarter 3 2014/15. The revised budget for 2014/15 is £8.5m with expenditure of £6.5m recorded at the end of quarter 3.
50. The council is currently delivering a number of projects to modernise the provision of IT services. Resources to fund this investment have been consolidated into a single IT investment scheme, drawn from previously approved resources set aside for IT planned maintenance, core enabling and infrastructure. In addition to consolidating and re-profiling these resources, the extent of the investment required has been reviewed and it is recognised that additional investment of £5m is required to the programme, averaging £500k per annum up to 2023/24. This budget variation is reflected in Appendix C for cabinet approval and the re-profiled budgets for the years is shown in Appendix D.

51. The project to implement Corelogic which is an electronic social care system replacing CareFirst commenced in 2014/15 and spend is expected to be just under £1m at £977k.
52. The capital programme for corporate facilities management (CFM) includes an annual £2.75m budget for planned preventative maintenance together with a £10.25m total budget to address future facilities management capital requirements. These budgets reflect the anticipated cost of completing a comprehensive planned preventative maintenance and compliance programme for the assets and fabric of the operational estate. The forecast spend on planned preventative maintenance for 2014/15 is £700k. While this is significantly less than the initial profiled budget, this reflects the nature of the expenditure and the fact the plan will develop as decisions are taken on the estate in line with the accommodation and asset management strategies to preserve both its utility and asset value over a period of at least ten years. To support this process, a programme of new asset and condition data for the operational estate is near completion which will inform a fully developed 1 to 3 year programme starting in 2015/16 and provide an indicative programme for the remaining years. Therefore it is expected that the current budget profile will be updated as this more detailed programme is developed.
53. The council has largely completed its programme of work to its front line council buildings to ensure that they meet the requirements of the Disability Discrimination Act. This monitor seeks approval that the remaining resource for this programme be redirected within CFM to the property works programme, to support the on going completion of related remedial works and associated capital works as they arise across the operational estate and this is reflected in Appendix C for cabinet approval.
54. In March 2013, the Walworth Road Town Hall was substantially damaged by fire and since that time, work has been undertaken to secure, protect and prepare this historic listed building for the longer term aim of reinstatement and delivery of a new facility. Initially, costs for this stage were estimated at £2.7m and reported in the 2013/14 capital outturn report of which £1.7m was incurred in 2013/14. The total costs to complete this work are currently estimated at £4.1m, an increase of £1.4m. Budget variation of £800k was agreed at quarter 2 and the latest review of projected costs indicates an additional budget variation of £600k which is reflected in Appendix C for cabinet approval. While plans are developed for the longer term design and re-instatement of the building, the council is able to continue with certain works on site during this initial phase that will be incorporated into the design and reinstatement. The latest spend forecast for 2014/15 and 2015/16 is £1.4m and £1m respectively and budgets have been re-profiled in line with these projections.
55. The overall expenditure forecast for the department has been updated based on the latest information and this report requests budgets to be re-profiled into future years in line with projected spend.

## Environment & Leisure

### Summary

56. The total value of the departmental capital programme for the period 2014/15 to 2023/24 is £148.2m. The Departmental Capital Review Board continues to scrutinise the forecasts of all projects and their profiling at end of each quarter to check their robustness and arrive at a more realistic estimate of expenditure for the year based on latest trend of spend. As a result, the projected spend for the year is estimated to be around £24m for 2014/15 and the budget has been re-profiled to reflect this position. However, the department seeks approval for capital bids of £1.5m and £1.1m for Southwark Park Development and Castle Leisure Centre respectively to be funded from corporate resources and these are detailed below within the departmental narratives. The revised budget including the above requested budget variation is now £150.8m.
57. The progress of major schemes and details of the bids are outlined below.

### Public Realm – Council funded projects

58. The non principal road programme is on target to spend its full allocation for the year of £5.4m. However, the spend forecast for 2014/15 for Cleaner Greener Safer (CGS) projects has been revised downwards by £645k to £1.5m to reflect that expenditure on some LIP funded projects will not be delivered in the current year mainly due to staff turnover. There have also been fewer than expected claims made by 3rd parties for CGS grants. Any project underspends will be reallocated as part of 2015/16 programme.
59. The principal road lighting programme for 2014/15 of £549k is now nearing completion with over 400 lanterns replaced with energy efficient LEDs. Energy savings are in excess of 65% of previous load.
60. The new Cycling Strategy is on track to be adopted in March 2015. Therefore most of the expenditure on cycling infrastructure fund will not be incurred until 2015/16.
61. The implementation of the cemetery strategy continues to create further burial spaces and make associated infrastructure improvements. The cemetery burial strategy spend forecast has been reduced from £1.1m to £464k as a result of longer than planned community engagement on the new burial areas. The consultations will be completed by March 2015 and works start in 2015/16. The works will also include refurbishment of the cemetery lodges and replacement of cremators.
62. The spend in 2014/15 for the Parks Infrastructure & Investment Programme and the Burgess Park Revitalisation Project are largely on track, with the delivery of a new BBQ area and first phase of the consultation of the refreshed master plan for the park completed. Work is on going to re-profile the spend for Burgess Park across the lifetime of the programme based on latest estimates.
63. Southwark Park – Plans have been developed with the Friends to deliver the community aspirations for the central area of Southwark Park and will be ready for consultation in the 4th quarter. The purpose of this development will be to

bring an underused area of land back into the park and to create fit for purpose facilities in the centre of the park. The cost of work is currently estimated at £2m and it is proposed to fund £500k of this from the existing Parks 'Infrastructure and Investment' funding stream and a capital bid is submitted for the remaining £1.5m as part of the refresh of the capital programme.

64. In other parks urgent health and safety works relating to structures and lighting have been completed and as a result, the forecast spend is higher than budget and this is being managed through re-profiling.
65. The refurbishment of South Dock Marina toilets and showers was completed during this quarter. It is proposed that the £12k additional costs incurred for the disposal of the original toilet block be covered by other South Dock Marina capital budgets. Appendix C reflects this request for a virement.

#### Public Realm – Externally funded projects

66. Pothole Repair Fund – The council was successful in securing £260k from the Pothole Fund created by the central government to repair damage to the local road network. In accordance with the government criteria, the funding has been allocated to the resurfacing of twelve roads within the Borough. The programmed works complement the capital funded Non Principal Road resurfacing programme and will be completed by March 2015.
67. The Dulwich and Herne Hill Flood Alleviation Scheme will be completed in February 2015. It aims to protect over 200 properties from surface water flooding and another 80 from sewer flooding. It is a partnership scheme led by Southwark Council in collaboration with Thames Water Utilities Ltd (TWUL) and supported by the Environment Agency (EA). The scheme's capital cost is £3.2m with the EA contributing £1.2m while TWUL is contributing £2m. In addition EA will provide £300k to the council as a commuted sum, which will be set aside for the future maintenance of the infrastructure.

#### Culture, Libraries, Learning & Leisure

68. Legacy Investment Fund Phase 2 – Out of the £1.5m allocation, funding for the following projects was approved by the cabinet member for Public Health, Parks and Leisure in November 2014:

	£000
Southwark Sports Ground (SSG)	150
Homestall Road Sports Ground	650
Peckham Rye changing rooms	250
<b>Sub total - Projects within the department</b>	<b>1,050</b>
St Paul's Sports ground	100
Herne Hill Velodrome	250

Active Spectators	50
<b>Total allocated</b>	<b>1,450</b>

69. Appendix C of this report requests approval to vire £1,050k of the Fund's budget to reflect this allocation. £50k of the legacy fund is as yet unallocated and has been identified as contingency with the possibility of allocating to projects at a later date.
70. The £500k refurbishment of Peckham Library will commence in 2015/16 and will include works to the lifts and roof.
71. Work to bring Southwark Athletics Centre back into use has commenced following selection of a contractor in October 2014. The budgets have been re-profiled to reflect the phased implementation of the project.
72. A phased approach is being taken to investing £2.3m in Peckham Pulse. A new boiler and new air conditioning systems for the gym were installed in June 2014. Phase two will include works on the spa suite, café and reception areas, all of which need upgrading or replacing, and these will be delivered in 2015/16.
73. The Castle Leisure Centre external structure and fabric are almost complete and the contractor is now concentrating on internal fabrics and finishes. A growth bid of £1.1m is submitted as part of capital refresh to fund the fit out of the centre. This will cover the cost of purchasing new fitness and other equipment.
74. Seven Islands pool pipe and filter valves replacement works will be completed by end of March 2015 along with other smaller works with a total cost of £300k. Phase two of the capital investment (£1.7m) will take place in 2015/16 and will include disabled access to the upper floor. Project management for these works are currently being arranged.
75. Investment in self service technology is a key component of the libraries modernisation programme and installation of such equipment is essential in supporting the savings agreed in the libraries review. RFID (Radio Frequency Identification) has been implemented at Blue Anchor Library. Equipment for RFID for the new Camberwell library has been purchased in December. The temporary library at Elephant and Castle opened in September 2014 complete with RFID.
76. The Thomas Calton Centre refurbishment of £550k has been delayed due to planning application issues. The project team has now been assembled and work will commence during winter 2014/15. The work is to address longstanding issues to the roof and fabric of the building.

#### Community Safety & Enforcement

77. The Housing CCTV refresh programme covered CCTV systems on 19 housing estates that fell within the priority crime areas identified by crime analysis data prepared in August 2012. The installations have been completed and the unit has undertaken a formal programme of Testing and Certification effectively bringing this phase to a close. The programme was delivered on budget.

## Housing Renewal

78. The area renewal programme is now reaching its end with the only outstanding project being the home security initiative which is now underway. The Brayards Road Improvement Zone group repair scheme is in progress and will focus on works to a maximum of 81 street properties of mixed tenures. The project consultants have been appointed and the repair works element of the project went out to tender with contractors with a closing date in January 2015. The works are expected to start on site in March 2015 with completion in middle of 2015/16 (works are expected to last 20 weeks). The funding is from an amalgamation of residual renewal area budgets. Therefore, a virement is requested to move the residual budgets to a code specifically set up for Brayards. Appendix C sets out this virement and also uses this opportunity to amalgamate all grants and loans into one scheme.

## Environmental Services

79. In respect of the Integrated Waste Solutions Programme, there remains a provision of £2m. £1.5m of this is a contingency fund, needed in case TfL request road infrastructure improvement works due to an increase in traffic resulting from the new waste facility just off Old Kent Road (Red Route). They have this ability as part of the planning conditions placed on the development. As it is now over two years since the facility became operational, the demand is unlikely to materialise but TfL has until end of 2019 to call upon Southwark to carry out improvement works depending when the road survey is carried out. This provision has been re-profiled and moved to 2016/17 to reflect the earliest year if any expenditure will take place.
80. The remaining £500k budget is earmarked for development of the Devonshire Road site (part of the Waste Facility development), to build a permanent home for Fleet services and a new, fit-for-purpose salt store for winter maintenance, releasing Latona Road for housing development. This is expected to take place during 2015/16.
81. The installation of a photovoltaic array on the roof of the Old Kent Road integrated waste facility is in progress and is expected to be completed by February 2015. The array is expected to produce a projected 659,000 kWh per year, initially generating £87k per year for the Council through Government subsidies and recharging Veolia for the electricity they use. This will rise to £161k later in the lifetime of the array. It will also contribute projected carbon savings of 346 tCO<sub>2</sub> per annum.
82. From the 2014/15 carbon reduction investment allocation, a programme is currently underway to identify and complete pipework insulation improvements at various sites across the operational estate. The projected cost for this programme is £40k to £50k. The remainder of the allocation will be used to maximise the potential of the Old Kent Road PV array by expanding the number of solar panels being installed.

## Chief Executive's Department

83. The capital budget for the department over the period 2014/15 to 2023/24 is £170.4m of which £63m relates to the S106 and Community Infrastructure levy



(CIL) budgets to deliver strategic transport improvements projects in Elephant and Castle as part of the wider regeneration of the area. Budget variation of £21m and £1.025m are also included in this report for cabinet approval and the details are provided below.

#### Regeneration projects

84. The council maintains an extensive property portfolio for service delivery and investment purposes, and as priorities change the portfolio needs to respond accordingly. Direct delivery of new housing is a good example of a changing approach to service delivery. Opportunities arise from time to time to acquire properties to enhance the existing portfolio. An example of such a situation is when an adjoining property in the council's ownership comes to the market and merging the two properties creates a more valuable asset than the separate ownerships. Budget variation of £1m was agreed by cabinet at quarter 2 2014/15 but a budget of £4m for 2014/15 and an annual budget provision of £2m for following years up to 2023/24 is required in order to progress the regeneration projects into future years. Therefore a budget variation of £21m is included in Appendix C for approval by cabinet.

#### Nunhead Community Centre

85. The original budget for Nunhead Community Centre was agreed in 2010 and the project has evolved over the three years in reaction to local community input and aspirations for the community centre and linking the remaining site B opposite, to provide direct delivery council housing. Over this period there has been significant build cost inflation caused by an increase in construction and a shortage of skills and materials. The increase in build costs however should be considered in the context of rising house prices and consequently land values. The remainder of the site was successfully sold in December 2014 for more than the budgeted costs and the receipts will also include contributions towards S106 and Mayoral CIL funds. The sale is due immediately following completion of the community centre.

#### Strategic Transport Improvements

86. The council is committed to the strategic transport improvements projects in the Elephant and Castle to unlock and support the regeneration of the area including the provision of over 4,000 new homes and new fit for purpose underground station. The provision of improved public transport and public realm is an integral part of the regeneration of the area and is an objective that the council has supported for many years.

#### Departmental Summary and Updates on Programmes

87. In 2014/15, the department is currently forecasting an expenditure of £24.6m, a downward movement from quarter 2 forecast. The reduction in forecast follows a rigorous and robust review of planned expenditure in line with recent changes in project delivery plans. This review is on-going to ensure forecast is as accurate, robust and close to outturn position as possible.
88. Performance in 2014/15 has seen expenditure of £6.5m incurred at the end of quarter 3. Work is continuing on the delivery of key regeneration projects such as Revitalize Camberwell, Gateway to Peckham, the construction of new

Nunhead Community Centre and The Castle Centre (formerly Elephant & Castle Leisure Centre) amongst other projects

89. The council's investment in Camberwell is well underway with the construction of a new Library and Plaza. The new building is water tight, with all external windows in place and green roof completed. The heating is installed and other internal works such as electrical installations are progressing. Works to the Plaza started in December and includes resurfacing, soft landscaping and an improved lighting scheme. The new Camberwell Library is scheduled to open to the public in spring 2015.
90. The next project to be delivered within the Revitalise5 is the improvements to Camberwell Green. It is expected that the scheme will achieve permission early in the year and work is expected to start in summer 2015.
91. The Planning Projects team is working to progress a range of projects across the borough and is making arrangements with various council departments for project delivery across a range of S106 and capital bid programmes.
92. The team has completed assessments for the Love Shopping capital programme (former ILRE) for a number of key shopping areas and high streets on the boundaries of the council's regeneration areas. A report is currently being prepared to make recommendations as to which areas should be prioritised for investment during 2015/16.
93. Planning Projects led on behalf of the council a bid to the Mayors High Street Fund worth £740k which will pull together and complement existing council programmes for Walworth Road, Shop Front Programmes, East Street and also commence a public realm strategy for Old Kent Road opportunity area. A response is expected from the GLA in the coming months.
94. The team has completed a number of projects on site in the previous quarter including Winchester Palace Gardens; Queens Road shop front works and Quentin House environmental works. A number of projects are being progressed with a view to going on site in the coming months. These include Fair Street Sunken Garden, Brayards Road Improvements, Queens Road environmental improvements and support for both Abbey Street Centre and the Dockland Settlement.
95. The delivery of the TfL funded transport programme (LIP) and related projects is behind schedule, with a number of schemes still at the design and consultation stage. This is primarily due to pressure on resources in the Public Realm team resulting from an increased workload, in particular as a result of additional projects associated with the Mayor's Vision for Cycling. A review of the LIP programme has been carried out to identify delivery risks and, as far as possible, these will be mitigated by compressing the delivery programme and amending project scope as necessary.
96. The Camberwell Town Centre streets project, largely funded by TfL under Major Schemes programme, is progressing. This project is still at feasibility stage following TfL's decision to require a revised traffic model before approving the scheme. The new modelling work will take place in quarter 4 with detailed design to follow in 2015/16. Meanwhile the first of the Pocket Spaces projects around the town centre will be implemented at Datchelor Place, starting towards the end

of quarter 4 with completion in quarter 1 of 2015/16.

97. The Chief Executive's department continues to deliver various projects aimed at improving road safety, encouraging greener and sustainable modes of transport in the borough as well as supporting commercial viability of local shopping areas. An update on these will be provided in subsequent monitoring reports to cabinet.

### **Housing General Fund**

98. The total budget for the Housing General Fund for the period 2014/15 to 2015/16 is £3.4m and the latest spend for 2014/15 is £1.9m.
99. Springtide Close traveller site is the last of Southwark's four managed traveller sites to be refurbished with the help of the CLG's 2004 Gypsy and Traveller site grant funding. The final phase of the scheme is on site and is due to be complete in the next couple of months. This scheme was slightly delayed by issues on the site which are now resolved.
100. Ilderton Road travellers' site is awaiting the outcome of lengthy negotiations between Southwark Legal Services and Network Rail over responsibility for the repairs required to make the embankment wall safe. It is likely that responsibility will be shared, certainly in terms of costs. This has serious health and safety implications and budgets have been retained for the expected expenditure.
101. There is an Affordable Housing Fund agreement with Guinness Partnership for the development at the Elephant known as Stead Street. The funding of this particular scheme is part of a long-term commitment in the Elephant & Castle area and 84 units on the scheme will be affordable housing units of which 18 will be directly financed by Southwark's Affordable Housing Fund (AHF) and will be available at social rent, with Southwark having 100% nomination rights to the initial lets. The £2.6m from the Affordable Housing Fund is financed from developers' contributions from other developments and the donor schemes are located in the Borough, Bankside and Walworth Community Council area. The scheme has been delayed but has now started on site, with practical completion now expected (in terms of the affordable housing units and release of the second tranche of S.106 funding) in May 2016. This is later than initially anticipated in the AFH funding agreement Guinness signed with Southwark.

### **Housing Investment Programme (APPENDIX B)**

#### Budget Summary and 2014/15 Forecast

102. The total budget of the Housing Investment Programme for the period 2014/15 to 2023/24 has increased by £63.1M to a revised value of £1,538.4m.
103. The increase in budgets is mainly due to the capital expenditure agreed by the Housing Investment Board and works at Elephant and Castle area. Other budget increases, amongst others, include the grant awarded by the GLA towards the works carried out at Willow Walk as part of the council's Direct Delivery Housing schemes and expenditure approved by Planning Committee towards the Hidden Homes programme at Tapley, Nickleby & Dombey House.
104. Details of all budget variation and virements are reflected in appendix C for approval by cabinet.

105. The total projected spend for 2014/15 is £176.9m and budgets have been re-profiled for 2014/15 and future years in line with these projections.
106. The section below provides a detailed commentary on the major areas of activity across the various capital projects within the Housing Investment Programme.

HRA: Warm Dry and Safe (WDS)

107. An increased spend target of £90m has been set for 2014/15. As with previous years, spend in quarter 3 is steady and is expected to continue to accelerate through the year to meet the spend target. Spend to quarter 3 is over £53m. Accurate long term forecasting has proved challenging as the extent of works required to meet the WDS standard is generally higher than the provision originally made in the programme. Total WDS spend across the years for the programme is over £237m at quarter 3 against a current budget of £383m.
108. The 2 year programme is now complete. A total original provision of £76m was made for the two year programme, carry over schemes and the original Fire Risk Assessment (FRA) works within the original WDS budget. The final outturn expected to be around £83m for delivering these schemes (though additional FRA works have been undertaken).
109. All the WDS 2012 major works schemes are completed or on site. The agreed costs for the schemes are higher than estimated in the stock condition survey and the WDS contingency fund has been used to meet the budget shortfall. £41.4m has so far been committed against an original WDS allocation of £14.5m for these schemes.
110. Eight of the WDS 2013 major works schemes are committed. The remaining schemes to be committed are Tustin (due to the works required), Aylesbury Phase 2 (following phase 1), a package of street properties and Acorn (following regeneration works). £30.1m has so far been committed against an original WDS allocation of £14.0m for the committed schemes.
111. Some WDS 2014 major works schemes works were brought forward using the Decent Homes Backlog funding. Currently £59.8m has been committed against an original overall WDS allocation of £37.6m for all the WDS 2014. The remaining WDS 2014 major works schemes are expected to be committed in 2014/15 or early 2015/16 along with WDS 2015 programme. There are a few exceptions such as D'Eynsford where external works will be delayed pending heating works.
112. The trend of schemes requiring more resources than the stock condition survey estimate has continued, meaning that in quarter 4, all the WDS budget will be effectively committed with further resources required to complete the remaining programme.
113. Following the council plan to deliver a kitchens and bathroom programme, resources will need to be assessed following the Savills report later in quarter 4.
114. There are a number of potential funding streams that can contribute to or reduce the commitment for extra resources for this programme including 'risk pots' in committed projects not being utilised, under spends on projects and

programmed works being assessed as not requiring works following detailed surveys. Following a bid to the GLA for Decent Homes Backlog Funding in 2015/16, the GLA has awarded Southwark £53m funding subject to council delivering the programme and meeting the terms of the bid.

115. A capital bid to complete the remaining WDS programme is expected to be submitted in quarter 1 of 2015/16 for approval.
116. Both the Four Squares and Hawkstone WDS/HINE schemes have started on site, with the internals completing at Four Squares. The main Abbeyfield scheme (Maydew) is now due to start on site in 2015/16. The HINE allocation for Four Squares was increased to £28.7m following structural issues and the scope of works required to complete the scheme.
117. All the remaining WDS district heating schemes programmed up to 2013/14 are now on site. The majority of programmed 2015/16 WDS district heating schemes are being brought forward to start in 2014/15. The on-going individual and plant boiler programmes require an estimated £5.2m of additional resources to the end of 2015/16 due to the investment required due to the age of the boiler systems. This will form part of a capital bid in quarter 1 of 2015/16 for approval.
118. All high rise blocks with a substantial risk from the fire risk assessments have been completed as part of the FRA Programme. All the higher moderate risk high rise blocks are also complete except for works being completed to coincide the WDS programme. £2.3m has been allocated to complete substantial medium rise FRA works being completed in 2014/15 alongside planned WDS works. Sidmouth has also been added to the programme.
119. At the start of 2014/15 the decency level stood at 56.88%. The decency level at the end of quarter 3 was 60.45%.

#### Aylesbury PPM

120. Spend in quarter 3 is £2.4m with a further £0.2m spend is expected on the Aylesbury PPM budget in 2014/15.

#### East Dulwich Estate regeneration Programme

121. Drying Room Conversions - This consists of the conversion of 18 drying rooms in two phases for private sale. Phase 1 was completed in January with all 9 units created now sold. Phase 2 commenced in Feb 2014 and completed in August 2014 and 4 of the units are on the market. There is also an opportunity for convert a further 7 drying rooms. Feasibility studies for these are underway and further funding will be sought in quarter 4.
122. Badminton House - Refurbishment of an 11 unit block with a drying room conversion making a total of 12 units of which 3 will be for private sale and the remaining 9 for social rent. Works started in July 2014 and are due to complete in June 2015.
123. Environmental Works – The environmental works programme has been separated from the health and safety works that are currently underway on the estate. However, the health and safety works have taken up a much larger proportion of the budget than initially anticipated, so officers are working with

residents to scale back the environmental proposals but more funding may be required. A planning condition for the scheme was that officers undertake a parking survey to confirm the parking requirement on the estate. This survey has been completed and a report sent to planning to discharge the condition.

Elmington Estate Regeneration comprises of the following elements:

124. The refurbishment work Drayton House, Brisbane Street, Proctor House, Flatman House and Langland House have been completed.
125. The rehousing of tenants to achieve vacant possession for new build is still on track for Phase 3 with 3 tenants and 18 leaseholders remaining. The referencing exercise for the CPO is underway and it is expected that the order will be enforced by Summer 2015 if there are no objections.
126. Landscaping works are currently underway on the Benhill Road Nature Garden and is due to complete in February 2015.

Wooddene Regeneration Project

127. Diversion of pipework running across the Wooddene site was completed in December 2014.
128. Re-provision of a heat and hot water plant within the Wooddene energy centre to serve the Acorn Estate: Consultants have been appointed and contractor procurement is underway. Start on site is expected in July 2015 and works should complete by June 2016.

Elephant and Castle Regeneration project

129. Works are required for the demolition of the Castle Day centre and the construction of a new building on the site for the Crossways United Reformed Church. The existing Crossways Church is located on the Heygate estate which is to be developed by Lend Lease. Relocation of the church is therefore necessary in order to provide vacant possession of the Heygate estate and to ensure the council meets its contractual obligation under the terms of the Regeneration Agreement. The budget for this project was originally identified within the costs set aside for Heygate acquisitions and the budget variation shown in Appendix C for cabinet approval reflects the latest re-profiled costs for these works.
130. The council is expecting a payment of £16.5m from Lend Lease in the next few weeks for the reimbursement of costs incurred on the demolition of the Heygate estate. Furthermore, the council is also expecting additional receipts of approximately £50m from Lend Lease in the next few years for the Heygate site as part of the regeneration agreement, of which £5.6m becomes payable by the end of January 2015. These expected receipts have been incorporated within the Housing Investment Programme.

Direct Delivery Programme

131. Hidden Homes Refurbishment. 3 of the 11 Hidden Homes units on site last quarter were completed in October and are now occupied by tenants. The remaining eight situated on the Dickens Estate and Lindley Estate are on

schedule to complete before March 2015. This element of the Direct Delivery Programme is being funded through a mix of S106 funding of approximately £700k which has been approved at Planning Committee and GLA Building the Pipeline grant of £227,960.

132. New Build – Phase 1 of the Direct Delivery programme comprising of 9 sites is currently in various stages of development. It is split into 2 major areas of work “Phase 1A – Willow Walk” and “Phase 1B – Other Works”.
133. Phase 1A Willow Walk which will deliver 21 general needs housing and a 54 short stay accommodation unit, started on site in February 2014 with a scheduled completion date in early 2015. A budget increase of £1.2m is included in Appendix C for approval relating to the temporary accommodation element of the works which is being funded from the GLA grant “Building the Pipeline”.
134. Phase 1B – On 26 November 2014 the Housing Investment Board approved £54m to forward fund phase 1B of the Direct Delivery programme and this is reflected in Appendix C for cabinet approval. It is expected that these works are to be funded from a mixture of resources that includes GLA grant (Building the Pipeline), S106 affordable housing funding, housing receipts and the reserved part of the Right To Buy (RTB) receipts set aside for new build.
135. Main construction works of phase 1B are scheduled to start at Long Lane, Masterman House, Clifton Estate, Gatebeck and Southdown on the East Dulwich Estate, Cator Street and Nunhead Green site B before March 2015. Initial works will start on the remaining site at Sumner Road in the new financial year.

#### Summary Position

136. The provisional estimated cost of phase 1A and 1B is £71m. To date a claim of approximately £1m has been submitted against the GLA grant of “Building the Pipeline” for payment. Further claims will be submitted once the additional schemes outlined above have started on site.

#### **Risks on Council’s Development and Refurbishment Projects**

137. The current capital programmes across all departments relating to development and refurbishment projects are subject to an emerging risk. This relates to the significant overheating of the construction market, particularly in London, in terms of main contractor services, subcontractor capacity and supply of materials. This is impacting directly on both time and cost for projects currently underway. While this is largely out of the councils control the impact on cost and time of current market conditions needs to be given full consideration in both the feasibility and development stages of emerging projects.

#### **Resource Re-profiling**

138. The budgets across the capital programme were re-profiled at quarter 2 2014/15 based on the information available at that time. However, due to the size of the capital programme and the number of projects involved, it is inevitable that unforeseen delays can occur leading to some variation against planned expenditure. The capital programme has been subject to on-going review by service managers and the budgets have been re-profiled at quarter 3 based on

the latest information available on procurement and contract management issues. The current re-profiled budgets will be used to identify the variances on programme budgets against the 2014/15 outturn position.

### **Community impact statement**

139. This report describes the current capital position on the council's capital programme. The projected expenditure reflects plans designed to have a beneficial impact on local people and communities, which will be considered at the time the services and programmes are agreed. It is important that resources are used efficiently and effectively to support the council's policies and objectives.
140. Each project within the capital programme will be considered with regard to its impact on age; disability; faith/religion; gender; race; ethnicity; sexual orientation; gender reassignment; marriage and civil partnership; pregnancy and maternity.
141. The council's capital programme is designed to deliver projects of value to local people.

### **Resource implications**

142. This report forms part of the council's budget framework and outlines the current position on the capital programme.
143. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be subject to separate reports.

### **Legal implications**

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

### **Financial implications**

145. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at quarter 3 of 2014/15. The report also presents an updated position on the refreshed capital programme over the period 2014/15 to 2023/24 on the predicted resources and expenditure across this period.

### **Consultation**

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



## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

### Director of Legal Services

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

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Quarter 1 Capital Monitoring for 2014/15 and Capital Programme Refresh for 2014/15-2023/24	Southwark Council Finance and corporate services 160 Tooley Street London SE1 2QH	Jay Nair, Senior Finance Manager, Finance and Corporate Services
Quarter 2 Capital Monitoring for 2014/15 and Capital Programme Refresh for 2014/15-2023/24		
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=4862&amp;Ver=4">http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=4862&amp;Ver=4</a>		
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=4864&amp;Ver=4">http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=4864&amp;Ver=4</a>		

## APPENDICES

No.	Title
Appendix A	General fund summary monitoring position
Appendix B	Housing investment programme summary monitoring position
Appendix C	Budget virements and variations at quarter 3 2014/15
Appendix D	General fund programme detail

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Finance, Strategy and Performance	
<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report Author</b>	Jay Nair, Senior Finance Manager, Finance and Corporate Services	
<b>Version</b>	Final	
<b>Dated</b>	30 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director for Finance and Corporate Services.	N/a	N/a
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	30 January 2015	

General Fund Capital Monitoring Summary Position Qtr 3 2014/15

APPENDIX A

Department	2014/15				2015/16			2016/17+			Total Programme 2014/15-23/24		
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Total Budget @ 01/04/2014	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adult Services	17,726	11,157	17,726	0	64,034	64,034	0	72,545	72,545	0	154,305	154,305	0
Southwark Schools for the Future	5,017	4,053	5,017	0	4,490	4,490	0	33,838	33,838	0	43,345	43,345	0
Finance and Corporate Services	8,576	6,479	8,455	(121)	12,939	12,939	0	41,662	41,662	0	63,177	63,056	(121)
Environment	23,794	11,228	23,794	0	37,331	37,331	0	89,766	89,766	0	150,891	150,891	0
Housing General Fund	2,260	1,956	2,260	0	1,167	1,167	0	0	0	0	3,427	3,427	0
Chief Executive	24,801	6,451	24,801	0	40,108	40,108	0	105,578	105,578	0	170,487	170,487	0
<b>TOTAL EXPENDITURE</b>	<b>82,174</b>	<b>41,324</b>	<b>82,053</b>	<b>(121)</b>	<b>160,069</b>	<b>160,069</b>	<b>0</b>	<b>343,389</b>	<b>343,389</b>	<b>0</b>	<b>585,632</b>	<b>585,511</b>	<b>(121)</b>
<b>FINANCED BY:</b>													
Corporate Resource Pool	43,094	9,200	46,812	3,718	88,168	71,536	(16,632)	248,812	162,903	(85,909)	380,074	281,251	(98,823)
Reserves	2,699	694	2,699	0	4,574	4,574	0	3,032	3,032	0	10,305	10,305	0
Revenue	1,400	907	1,400	0	1,050	1,050	0	0	0	0	2,450	2,450	0
Capital Grants	25,751	14,087	25,751	0	51,123	51,123	0	31,112	31,112	0	107,986	107,986	0
Section 106 Funds	8,042	2,282	8,042	0	15,038	15,038	0	60,053	60,053	0	83,133	83,133	0
External Contributions	1,188	1,172	1,188	0	116	116	0	380	380	0	1,684	1,684	0
<b>TOTAL RESOURCES</b>	<b>82,174</b>	<b>28,342</b>	<b>85,892</b>	<b>3,718</b>	<b>160,069</b>	<b>143,437</b>	<b>(16,632)</b>	<b>343,389</b>	<b>257,480</b>	<b>(85,909)</b>	<b>585,632</b>	<b>486,809</b>	<b>(98,823)</b>
<b>Forecast variation (under)/over</b>	<b>0</b>	<b>12,982</b>	<b>(3,839)</b>	<b>(3,839)</b>	<b>0</b>	<b>16,632</b>	<b>16,632</b>	<b>0</b>	<b>85,909</b>	<b>85,909</b>	<b>0</b>	<b>98,702</b>	<b>98,702</b>

134

Project description	2014/15				2015/16		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
WDS carry-over schemes	7	0	7	0	0	0	0
WDS 2-year programme	1,582	1,564	1,582	0	4,018	4,018	0
WDS 2012 major works	17,847	9,027	17,847	0	3,856	3,856	0
WDS 2013 major works	11,254	4,003	11,254	0	23,733	23,733	0
WDS 2014 major works	33,915	20,601	33,915	0	23,233	23,233	0
WDS 2015 major works	2,600	1,865	2,600	0	25,400	25,400	0
FRA works	2,192	632	2,192	0	1,193	1,193	0
Additional FRA Works	2,087	0	2,087	0	2,300	2,300	0
M&E electrical	790	100	790	0	967	967	0
M&E heating	9,886	4,927	9,886	0	4,767	4,767	0
M&E lifts	2,339	2,083	2,339	0	773	773	0
WDS voids works	4,147	3,897	4,147	0	4,000	4,000	0
WDS Leathermarket JMB	746	176	746	0	1,100	1,100	0
WDS Unallocated Budget	1,409	225	1,409	0	2,108	2,108	0
Housing Stock - New Programme	0	0	0	0	0	0	0
HINE WDS works	4,456	4,263	4,456	0	10,413	10,413	0
HINE additional works	10,054	6,941	10,054	0	34,349	34,349	0
Aylesbury Estate PPM works	3,730	2,358	3,730	0	1,149	1,149	0
Aylesbury Estate regeneration	3,200	2,971	3,200	0	12,648	12,648	0
Bermondsey Spa refurbishment	673	73	673	0	75	75	0
East Dulwich Estate	5,514	1,732	5,514	0	805	805	0
Elmington Estate	914	860	914	0	2,637	2,637	0
Heygate Estate	8,661	6,630	8,661	0	5,017	5,017	0
Hidden Homes	472	0	472	0	83	83	0
Hostels new build	10,182	7,825	10,182	0	2,614	2,614	0
Local authority new build	274	41	274	0	40	40	0
Misc regen, acquisitions and home loss	642	194	642	0	150	150	0
Direct Delivery - New Council Homes	14,661	2,080	14,661	0	46,843	46,843	0
Adaptations	2,171	1,315	2,171	0	2,079	2,079	0
Affordable housing through commuted sums	704	215	704	0	0	0	0
Cash incentive & Home owner buy back scheme	490	140	490	0	573	573	0
Digital switchover	242	29	242	0	0	0	0
Disposals costs	864	141	864	0	500	500	0
Energy	0	0	0	0	200	200	0
Installation of Sprinkler & Smoke detectors	5,517	148	5,517	0	9,767	9,767	0
Lakanal House	1,026	0	1,026	0	10,467	10,467	0
Fire damage reinstatement	1,056	475	1,056	0	200	200	0
Group repairs	0	0	0	0	272	272	0
Hostels accommodation	384	365	384	0	0	0	0
Leasehold / freehold acquisitions	1,205	304	1,205	0	300	300	0
Major voids	1,256	301	1,256	0	1,381	1,381	0
Office accommodation	0	0	0	0	250	250	0
Scheme management costs	380	0	0	0	2,751	2,751	0
Security	380	0	380	0	303	303	0
Sheltered accommodation	198	79	198	0	502	502	0
T&RA halls	3,597	2,149	3,597	0	3,636	3,636	0
Heating Energy Efficiency Measures	3,601	10	3,601	0	6,150	6,150	0
	<b>176,925</b>	<b>90,739</b>	<b>176,925</b>	<b>0</b>	<b>253,602</b>	<b>253,602</b>	<b>0</b>
<b>FINANCED BY:</b>							
Corporate Resource Pool	70,186	70,186	70,186	0	0	0	0
Housing receipts (incl reserved part of RTBs)	27,396	9,714	27,396	0	32,160	32,160	0
Depreciation charge (MRA)	46,800	0	46,800	0	46,400	46,400	0
Major Repairs Reserve (MRR)	2,800	2,800	2,800	0	2,800	2,800	0
Revenue Contribution	21,800	0	21,800	0	18,700	18,700	0
New Homes Bonus	1,500	1,500	1,500	0	938	938	0
Grants (DH backlog funding)	32,100	0	32,100	0	0	0	0
Section 106 Funds & Grants	10,742	554	10,742	0	805	805	0
External Contributions	14,500	0	14,500	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>227,824</b>	<b>84,754</b>	<b>227,824</b>	<b>0</b>	<b>101,803</b>	<b>101,803</b>	<b>0</b>
<b>Forecast variation (under)/over</b>	<b>(50,899)</b>		<b>(50,899)</b>	<b>0</b>	<b>151,799</b>	<b>151,799</b>	<b>0</b>

Project description	2016/17 - Future Years			Total Programme 2014/15 - Future Years		
	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000
WDS carry-over schemes	0	0	0	7	7	0
WDS 2-year programme	0	0	0	5,600	5,600	0
WDS 2012 major works	0	0	0	21,703	21,703	0
WDS 2013 major works	84	84	0	35,071	35,071	0
WDS 2014 major works	459	459	0	57,607	57,607	0
WDS 2015 major works	0	0	0	28,000	28,000	0
FRA works	0	0	0	3,385	3,385	0
Additional FRA Works	0	0	0	4,387	4,387	0
M&E electrical	0	0	0	1,757	1,757	0
M&E heating	0	0	0	14,653	14,653	0
M&E lifts	0	0	0	3,112	3,112	0
WDS voids works	0	0	0	8,147	8,147	0
WDS Leathermarket JMB	0	0	0	1,846	1,846	0
WDS Unallocated Budget	0	0	0	3,517	3,517	0
Housing Stock - New Programme	985,089	985,089	0	985,089	985,089	0
HINE WDS works	0	0	0	14,869	14,869	0
HINE additional works	2,976	2,976	0	47,379	47,379	0
Aylesbury Estate PPM works	0	0	0	4,879	4,879	0
Aylesbury Estate regeneration	53,749	53,749	0	69,597	69,597	0
Bermondsey Spa refurbishment	122	122	0	870	870	0
East Dulwich Estate	0	0	0	6,319	6,319	0
Elmington Estate	323	323	0	3,874	3,874	0
Heygate Estate	1,000	1,000	0	14,678	14,678	0
Hidden Homes	0	0	0	555	555	0
Hostels new build	1,000	1,000	0	13,796	13,796	0
Local authority new build	0	0	0	314	314	0
Misc regen, acquisitions and home loss	0	0	0	792	792	0
Direct Delivery - New Council Homes	17,091	17,091	0	78,595	78,595	0
Adaptations	12,000	12,000	0	16,250	16,250	0
Affordable housing through commuted sums	0	0	0	704	704	0
Cash incentive & Home owner buy back scheme	0	0	0	1,063	1,063	0
Digital switchover	0	0	0	242	242	0
Disposals costs	0	0	0	1,364	1,364	0
Energy	200	200	0	400	400	0
Installation of Sprinkler & Smoke detectors	26,868	26,868	0	42,152	42,152	0
Lakanal House	5,450	5,450	0	16,943	16,943	0
Fire damage reinstatement	0	0	0	1,256	1,256	0
Group repairs	0	0	0	272	272	0
Hostels accommodation	0	0	0	384	384	0
Leasehold / freehold acquisitions	0	0	0	1,505	1,505	0
Major voids	0	0	0	2,637	2,637	0
Office accommodation	0	0	0	250	250	0
Scheme management costs	0	0	0	2,751	2,751	0
Security	0	0	0	683	683	0
Sheltered accommodation	0	0	0	700	700	0
T&RA halls	1,500	1,500	0	8,733	8,733	0
Heating Energy Efficiency Measures	0	0	0	9,751	9,751	0
	<b>1,107,911</b>	<b>1,107,911</b>	<b>0</b>	<b>1,538,438</b>	<b>1,538,438</b>	<b>0</b>

<b>FINANCED BY:</b>						
Corporate Resource Pool	0	0	0	70,186	70,186	0
Housing receipts (incl reserved part of RTBs)	158,500	158,500	0	218,056	218,056	0
Depreciation charge (MRA)	278,400	278,400	0	371,600	371,600	0
Major Repairs Reserve (MRR)	5,600	5,600	0	11,200	11,200	0
Revenue Contribution	103,200	103,200	0	143,700	143,700	0
New Homes Bonus	1,100	1,100	0	3,538	3,538	0
Grants (DH backlog funding)	0	0	0	32,100	32,100	0
Section 106 Funds & Grants	0	0	0	11,547	11,547	0
External Contributions	0	0	0	14,500	14,500	0
<b>TOTAL RESOURCES</b>	<b>546,800</b>	<b>546,800</b>	<b>0</b>	<b>876,427</b>	<b>876,427</b>	<b>0</b>
<b>Forecast variation (under)/over</b>	<b>561,111</b>	<b>561,111</b>	<b>0</b>	<b>662,011</b>	<b>662,011</b>	<b>0</b>

GENERAL FUND AND HOUSING INVESTMENT CAPITAL PROGRAMME QTR 3 2014/15									APPENDIX C
BUDGET VARIATIONS, VIREMENTS AND NEW CAPITAL BIDS FOR APPROVAL									
	Children & Adult Services	Southwark Schools for the Future	Finance and Corporate Services	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£	£	£	£	£	£	£	£	£
<b>CURRENT PROGRAMME AS AT QTR 2 2014/15</b>	<b>109,895,593</b>	<b>43,344,874</b>	<b>57,577,501</b>	<b>145,460,716</b>	<b>3,426,508</b>	<b>148,974,046</b>	<b>508,679,238</b>	<b>1,475,310,357</b>	<b>1,983,989,595</b>
<b>Quarter 3 - Virements to be approved</b>									
Work to Council Buildings DDA			(1,524,042)				(1,524,042)		(1,524,042)
Property Works Programme			1,524,042				1,524,042		1,524,042
Allocation of Legacy Investment Budgets				(1,050,000)			(1,050,000)		(1,050,000)
-Homestall Road				650,000			650,000		650,000
-SSG disability				150,000			150,000		150,000
-Parks Infrastructure & Investment Programme				250,000			250,000		250,000
South Dock Marina new showers & lavatories				12,098			12,098		12,098
SDM Essential H & S Project				(12,098)			(12,098)		(12,098)
Brayards Improvement Zone				1,646,600			1,646,600		1,646,600
-Bellenden - Environmental				(3,188)			(3,188)		(3,188)
-Bellenden Traffic Works				(107,556)			(107,556)		(107,556)
-Astbury & Colls St - Improvem				(12,552)			(12,552)		(12,552)
-Low Carbon Zone (LCZ) Group Re				(867,536)			(867,536)		(867,536)
- EP&N Eco				(225,000)			(225,000)		(225,000)
- EP&N Estates				(300,000)			(300,000)		(300,000)
- EP&N Minor Schemes				(130,768)			(130,768)		(130,768)
Southwark moving on grant				(19,719)			(19,719)		(19,719)
Home Repair Grant				19,719			19,719		19,719
-LHB Empty Homes Grant				(78,577)			(78,577)		(78,577)
-Home Repair Loan				(283,249)			(283,249)		(283,249)
Housing Renewal Loans & Grant Scheme				361,826			361,826		361,826
Major voids								(26,000)	(26,000)
Direct Delivery - New Council Homes								26,000	26,000
Direct Delivery - Willow Walk (consolidation of budgets)								9,798,885	9,798,885
-Willow Walk - Hostels New Build								(4,535,887)	(4,535,887)
-Willow Walk - General								(5,262,998)	(5,262,998)
Walworth Academy		3,634					3,634		3,634
Tuke Special School		568					568		568
St Michael's PFI		(26,391)					(26,391)		(26,391)
SMAA		554,148					554,148		554,148
STAC PFI St Thomas the Apostle college		(27,881)					(27,881)		(27,881)
New School Aylesbury		(351)					(351)		(351)
Bredinghurst (budget loaded on KS3)		(9,771)					(9,771)		(9,771)
Unallocated Projects		(493,956)					(493,956)		(493,956)
<b>Total virements to be approved at Qtr 3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Quarter 3 - Variations and new bids to be approved</b>									
<b>Funded Budget Variations</b>									
Dulwich and Herne Hill Flood Alleviation (Thames Water Utilities)				3,205,000.00			3,205,000		3,205,000
Parking Design Projects (S106)				5,000.00			5,000		5,000

GENERAL FUND AND HOUSING INVESTMENT CAPITAL PROGRAMME QTR 3 2014/15									APPENDIX C
BUDGET VARIATIONS, VIREMENTS AND NEW CAPITAL BIDS FOR APPROVAL									
	Children & Adult Services	Southwark Schools for the Future	Finance and Corporate Services	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
Pocket Parks (Southampton Row) Flood Prevention (Env Agency)				30,000.00			30,000		30,000
Pocket Parks (Comber Grove) Flood Prevention (Env Agency)				30,000.00			30,000		30,000
LHB Loans Scheme				(39,491)			(39,491)		(39,491)
Camberwell Town Centre (S106)						(359,518)	(359,518)		(359,518)
Enabling Works						(152,953)	(152,953)		(152,953)
Tapley, Nickleby & Dombey Hse (S106)								311,364	311,364
Door Entry 13/14 Nelson and Tabard (revenue funded)								84,603	84,603
Heversham House Urgent Asphalt Repairs (revenue funded)								246,932	246,932
Door Entry -Astley, Amigo, Brodie & Burton Hse (revenue funded)								136,530	136,530
Willow Walk - Direct Delivery (GLA Grant) & misc								1,204,362	1,204,362
Schools contribution	50,707						50,707		50,707
Adult PSS Capital Allocations	875,000						875,000		875,000
DoH Autism capital grant	18,500						18,500		18,500
DFE Basic Needs 2015/16	5,703,777						5,703,777		5,703,777
DFE Basic Needs 2016/17	5,988,966						5,988,966		5,988,966
Various Schemes (grant, S106 and external contribution funded)	15,966,696						15,966,696		15,966,696
EP&N Queens Road				(400,037)			(400,037)		(400,037)
<b>New Capital Bids - To be funded from Corporate Resource Pool</b>									
IT investment schemes			5,000,000				5,000,000		5,000,000
Walworth Road Fire			600,000				600,000		600,000
Southwark Park Development				1,500,000			1,500,000		1,500,000
The Castle Leisure Centre (purchase of fitness equipment)				1,100,000			1,100,000		1,100,000
Acquisition of Property for Regeneration Projects						21,000,000	21,000,000		21,000,000
Direct Delivery - New Council Homes (agreed by HIB)								54,081,345	54,081,345
Good Neighbours House (agreed by HIB)								1,477,575	1,477,575
E&C Regeneration Costs								5,584,000	5,584,000
Primary Expansion Programme	15,804,698						15,804,698		15,804,698
New Nunhead Community Centre						1,025,000	1,025,000		1,025,000
<b>Total variations and new bids to be approved at Qtr 3</b>	<b>44,408,344</b>	<b>0</b>	<b>5,600,000</b>	<b>5,430,472</b>	<b>0</b>	<b>21,512,529</b>	<b>76,951,345</b>	<b>63,126,711</b>	<b>140,078,056</b>
<b>TOTAL PROGRAMME BUDGET VIREMENTS &amp; VARIATIONS AT QUARTER 3 2014/15</b>	<b>44,408,344</b>	<b>0</b>	<b>5,600,000</b>	<b>5,430,472</b>	<b>0</b>	<b>21,512,529</b>	<b>76,951,345</b>	<b>63,126,711</b>	<b>140,078,056</b>
<b>REVISED BUDGETS</b>	<b>154,303,937</b>	<b>43,344,874</b>	<b>63,177,501</b>	<b>150,891,188</b>	<b>3,426,508</b>	<b>170,486,575</b>	<b>585,630,583</b>	<b>1,538,437,068</b>	<b>2,124,067,651</b>
<b>VIREMENTS &amp; VARIATIONS REQUESTED TO BE APPROVED</b>									
<b>FINANCED BY:</b>									
Capital Receipt	15,804,698		5,000,000	2,128,601		22,025,000	44,958,299	61,148,282	106,106,581
Major Repairs Allowance							0		0
Reserves							0		0
Revenue			600,000				600,000	468,065	1,068,065
Capital Grant	22,586,243			3,336,362		(152,953)	25,769,652	1,199,000	26,968,652
Section 106 Funds	5,586,696			5,000		(359,518)	5,232,178	311,364	5,543,542

GENERAL FUND AND HOUSING INVESTMENT CAPITAL PROGRAMME QTR 3 2014/15								APPENDIX C	
BUDGET VARIATIONS, VIREMENTS AND NEW CAPITAL BIDS FOR APPROVAL									
	Children & Adult Services	Southwark Schools for the Future	Finance and Corporate Services	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
External Contribution	430,707			(39,491)			391,216		391,216
<b>TOTAL RESOURCES</b>	<b>44,408,344</b>	<b>0</b>	<b>5,600,000</b>	<b>5,430,472</b>	<b>0</b>	<b>21,512,529</b>	<b>76,951,345</b>	<b>63,126,711</b>	<b>140,078,056</b>



2014/15 QTR 3 CAPITAL MONITOR									APPENDIX D
Capital Programme 2014/15 - 2023/24									
Description of Programme / Project	2014/15	2014/15	2014/15	2015/16+	2015/16+	2015/16+	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment</b>									
Kingswood House refurb	0	0	0	250,000	250,000	0	250,000	250,000	0
works	36,381	36,381	0	0	0	0	36,381	36,381	0
Refurbishment	150,000	150,000	0	1,839,800	1,839,800	0	1,989,800	1,989,800	0
Other OLF Projects	1,073,345	1,073,345	0	3,169,696	3,169,696	0	4,243,041	4,243,041	0
RFID	299,000	299,000	0	124,000	124,000	0	423,000	423,000	0
Grove Vale Library	0	0	0	160,000	160,000	0	160,000	160,000	0
Canada Water Public Art	5,000	5,000	0	67,000	67,000	0	72,000	72,000	0
Thomas Calton Centre refurbishment	455,000	455,000	0	95,794	95,794	0	550,794	550,794	0
Peckham Pulse Option 1 & 2	600,000	600,000	0	1,356,090	1,356,090	0	1,956,090	1,956,090	0
Leisure centres Lifecycle maintenance	150,210	150,210	0	1,378,966	1,378,966	0	1,529,176	1,529,176	0
Livesey Museum	74,496	74,496	0	0	0	0	74,496	74,496	0
Further implementation of RFID in libraries	100,000	100,000	0	0	0	0	100,000	100,000	0
Refurbishment at Peckham Library	0	0	0	550,000	550,000	0	550,000	550,000	0
Temporary library at Elephant & Castle	1,200,000	1,200,000	0	0	0	0	1,200,000	1,200,000	0
premises	0	0	0	75,000	75,000	0	75,000	75,000	0
Olympic Legacy Phase 2	0	0	0	450,000	450,000	0	450,000	450,000	0
Modernisation of Adult Learning Services at Thomas Calton Centre - ICT works	150,000	150,000	0	0	0	0	150,000	150,000	0
Community Safety	61,105	61,105	0	0	0	0	61,105	61,105	0
SDM Essential H&S requirement	115,700	115,700	0	6,000	6,000	0	121,700	121,700	0
Parking contract upfront capital costs	20,991	20,991	0	0	0	0	20,991	20,991	0
SDM Essential H&S requirement	169,380	169,380	0	1,050,000	1,050,000	0	1,219,380	1,219,380	0
Walworth Road	0	0	0	38,442	38,442	0	38,442	38,442	0
Programme	5,472,529	5,472,529	0	38,953,218	38,953,218	0	44,425,747	44,425,747	0
Principal Road Programme	0	0	0	3,000,000	3,000,000	0	3,000,000	3,000,000	0
Flood Prevention ( Highways drainage gully replacement) Programme	245,000	245,000	0	2,265,000	2,265,000	0	2,510,000	2,510,000	0
Pothole Repair Fund	260,011	260,011	0	0	0	0	260,011	260,011	0
Realm	25,000	25,000	0	875,000	875,000	0	900,000	900,000	0
Herne Hill Flood Prevention	3,205,000	3,205,000	0	0	0	0	3,205,000	3,205,000	0
Replacement	549,337	549,337	0	4,500,000	4,500,000	0	5,049,337	5,049,337	0
Other Park Projects	572,302	572,302	0	56,758	56,758	0	629,060	629,060	0
GMH Park accommodation refurbishment	33,534	33,534	0	79,576	79,576	0	113,110	113,110	0
Newington Ward Park Improvements	12,279	12,279	0	434,050	434,050	0	446,329	446,329	0
Cemetery Burial Strategy	464,301	464,301	0	4,754,079	4,754,079	0	5,218,380	5,218,380	0
Burgess Park Revitalisation Project	453,679	453,679	0	6,000,000	6,000,000	0	6,453,679	6,453,679	0
Additional Replacement Tree Planting	100,000	100,000	0	500,000	500,000	0	600,000	600,000	0
Programme	1,040,000	1,040,000	0	9,210,000	9,210,000	0	10,250,000	10,250,000	0
Green Dale Fields Project	42,688	42,688	0	0	0	0	42,688	42,688	0
Other public realm projects funded by S106	100,675	100,675	0	414,533	414,533	0	515,208	515,208	0
Parking Design Projects	50,000	50,000	0	43,565	43,565	0	93,565	93,565	0

2014/15 QTR 3 CAPITAL MONITOR								APPENDIX D	
Capital Programme 2014/15 - 2023/24									
Description of Programme / Project	2014/15	2014/15	2014/15	2015/16+	2015/16+	2015/16+	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Southbank Accessibility Improvements	0	0	0	205,118	205,118	0	205,118	205,118	0
Connect 2	712	712	0	0	0	0	712	712	0
20mph Zone	138,000	138,000	0	1,062,000	1,062,000	0	1,200,000	1,200,000	0
Cycling Infrastructure Fund	50,000	50,000	0	1,950,000	1,950,000	0	2,000,000	2,000,000	0
Cleaner Greener Safer Programme	1,493,800	1,493,800	0	19,284,326	19,284,326	0	20,778,126	20,778,126	0
Integrated Waste Solutions Programme	50,000	50,000	0	1,908,919	1,908,919	0	1,958,919	1,958,919	0
Southwark Heat Network	7,242	7,242	0	0	0	0	7,242	7,242	0
Energy efficiency - operational estate	50,000	50,000	0	2,450,000	2,450,000	0	2,500,000	2,500,000	0
Solar Photovoltaic arrays	598,500	598,500	0	13,000	13,000	0	611,500	611,500	0
Brayards Improvement Zone	850,080	850,080	0	796,520	796,520	0	1,646,600	1,646,600	0
Housing Renewal	3,268,856	3,268,856	0	15,130,605	15,130,605	0	18,399,461	18,399,461	0
Southwark Park Development	0	0	0	1,500,000	1,500,000	0	1,500,000	1,500,000	0
The Castle Leisure Centre (purchase of fitness equipments)	0	0	0	1,100,000	1,100,000	0	1,100,000	1,100,000	0
<b>Environment</b>	<b>23,794,133</b>	<b>23,794,133</b>	<b>0</b>	<b>127,097,055</b>	<b>127,097,055</b>	<b>0</b>	<b>150,891,188</b>	<b>150,891,188</b>	<b>0</b>
<b>Finance and Corporate Services</b>									
Information Services	2,125	2,125	0	1,202,321	1,202,321	0	1,204,446	1,204,446	0
Essential upgrade of Carefirst system	980,000	976,605	(3,395)	1,820,000	1,820,000	0	2,800,000	2,796,605	(3,395)
IT Investment Schemes	5,434,477	5,316,292	(118,185)	11,246,115	11,246,115	(0)	16,680,592	16,562,407	(118,185)
Property Works Programme	0	0	0	2,142,463	2,142,463	0	2,142,463	2,142,463	0
PPM & Compliance Programme	0	0	0	10,250,000	10,250,000	0	10,250,000	10,250,000	0
Planned Preventative Maintenance	700,000	700,000	0	26,800,000	26,800,000	0	27,500,000	27,500,000	0
Walworth Road Fire	1,400,000	1,400,000	0	1,000,000	1,000,000	0	2,400,000	2,400,000	0
Municipal Agency Bond	60,000	60,000	0	140,000	140,000	0	200,000	200,000	0
<b>Finance and Corporate Services Total</b>	<b>8,576,602</b>	<b>8,455,022</b>	<b>(121,580)</b>	<b>54,600,899</b>	<b>54,600,899</b>	<b>(0)</b>	<b>63,177,501</b>	<b>63,055,921</b>	<b>(121,580)</b>
<b>Chief Executive</b>									
Public Realm & Open Space Improvements	611,608	611,608	0	3,238,567	3,238,567	0	3,850,175	3,850,175	0
Improvement	69,983	69,983	0	86,946	86,946	0	156,929	156,929	0
Bermondsey Streetscape Improvement	10,000	10,000	0	1,285,506	1,285,506	0	1,295,506	1,295,506	0
Improving Local Retail Enviroments	110,414	110,414	0	182,984	182,984	0	293,398	293,398	0
Tourism Infrastructure	15,991	15,991	0	279,410	279,410	0	295,401	295,401	0
Housing/Area Renewal	217,568	217,568	0	1,171,122	1,171,122	0	1,388,690	1,388,690	0
Hatfields Streetscape Improvements	120,006	120,006	0	95,520	95,520	0	215,526	215,526	0
ILRE Phase 2	0	0	0	2,000,000	2,000,000	0	2,000,000	2,000,000	0
Jigsaw)	0	0	0	2,850,000	2,850,000	0	2,850,000	2,850,000	0
Improvements	4,387,465	4,387,465	0	3,060,583	3,060,583	0	7,448,048	7,448,048	0
Major Schemes	27,478	27,478	0	271,871	271,871	0	299,349	299,349	0
Improvements	25,378	25,378	0	571,109	571,109	0	596,487	596,487	0
Elephant & Castle Open Spaces	481,650	481,650	0	5,478,350	5,478,350	0	5,960,000	5,960,000	0
Walworth Town Hall	0	0	0	20,000,000	20,000,000	0	20,000,000	20,000,000	0

## 2014/15 QTR 3 CAPITAL MONITOR

## APPENDIX D

Capital Programme 2014/15 - 2023/24									
Description of Programme / Project	2014/15	2014/15	2014/15	2015/16+	2015/16+	2015/16+	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Peckham	44,553	44,553	0	12,778,806	12,778,806	0	12,823,359	12,823,359	0
Revitalise Camberwell	0	0	0	3,126,000	3,126,000	0	3,126,000	3,126,000	0
Camberwell Library	2,592,425	2,592,425	0	0	0	0	2,592,425	2,592,425	0
Canada Water Library	177,735	177,735	0	166,700	166,700	0	344,435	344,435	0
Construction of Community Centre	715,673	715,673	0	827,316	827,316	0	1,542,989	1,542,989	0
Revitalise Peckham Rye	0	0	0	1,895,777	1,895,777	0	1,895,777	1,895,777	0
Mint Street Adventure	0	0	0	2,000,000	2,000,000	0	2,000,000	2,000,000	0
Centre	6,464,589	6,464,589	0	2,452,379	2,452,379	0	8,916,968	8,916,968	0
Voluntary Sector Strategy	0	0	0	1,031,472	1,031,472	0	1,031,472	1,031,472	0
Pullens Yard Improvements	0	0	0	452,000	452,000	0	452,000	452,000	0
Void Shops & Council Owned Parade	0	0	0	2,000,000	2,000,000	0	2,000,000	2,000,000	0
Refurbishment of Office Accomodation	5,478	5,478	0	0	0	0	5,478	5,478	0
Lease of New Office Accomodation	0	0	0	200,000	200,000	0	200,000	200,000	0
Assets	0	0	0	1,623,909	1,623,909	0	1,623,909	1,623,909	0
Acquisition of New Office Accomodation	282,254	282,254	0	0	0	0	282,254	282,254	0
Elephant & Castle Regeneration	4,440,000	4,440,000	0	58,560,000	58,560,000	0	63,000,000	63,000,000	0
Project	4,000,000	4,000,000	0	18,000,000	18,000,000	0	22,000,000	22,000,000	0
<b>Chief Executive Total</b>	<b>24,800,248</b>	<b>24,800,248</b>	<b>0</b>	<b>145,686,327</b>	<b>145,686,327</b>	<b>0</b>	<b>170,486,575</b>	<b>170,486,575</b>	<b>0</b>
<b>Childrens and Adults Services</b>									
Children's Centres	138,000	138,000	0	15,000	15,000	0	153,000	153,000	0
Other grants allocation	0	0	0	1,041,566	1,041,566	0	1,041,566	1,041,566	0
3 Primaries	3,408,926	3,408,926	0	1,562,519	1,562,519	0	4,971,445	4,971,445	0
Primary Temporary Expansion	1,195,919	1,195,919	0	0	0	0	1,195,919	1,195,919	0
Carbon Reduction in Schools	426,263	426,263	0	500,000	500,000	0	926,263	926,263	0
Other Primary Projects	134,158	134,158	0	0	0	0	134,158	134,158	0
Meals	67,000	67,000	0	85,108	85,108	0	152,108	152,108	0
Maintenance Grants	414,688	414,688	0	80,000	80,000	0	494,688	494,688	0
Bessemer Grange	2,064,000	2,064,000	0	694,482	694,482	0	2,758,482	2,758,482	0
Dulwich Wood (Langbourne)	1,649,000	1,649,000	0	1,209,300	1,209,300	0	2,858,300	2,858,300	0
Lyndhurst major expansion & refurbishment	1,487,000	1,487,000	0	1,665,317	1,665,317	0	3,152,317	3,152,317	0
Youth Service Projects	300,000	300,000	0	41,712	41,712	0	341,712	341,712	0
Troubled Families	5,000	5,000	0	232,520	232,520	0	237,520	237,520	0
Maintenance programmes for Schools	2,500,000	2,500,000	0	7,000,000	7,000,000	0	9,500,000	9,500,000	0
Permanent Expansion	3,300,000	3,300,000	0	90,194,204	90,194,204	0	93,494,204	93,494,204	0
Risk-council retained risk	0	0	0	2,937,000	2,937,000	0	2,937,000	2,937,000	0
Risk- listed building planning consent	0	0	0	2,000,000	2,000,000	0	2,000,000	2,000,000	0
Allowance - RIBA b/c designs	0	0	0	4,423,000	4,423,000	0	4,423,000	4,423,000	0
Contingency - inflation	0	0	0	3,640,000	3,640,000	0	3,640,000	3,640,000	0
Southwark Resource Centre	38,000	38,000	0	220,916	220,916	0	258,916	258,916	0
Adult PSS Capital Allocations	0	0	0	2,355,759	2,355,759	0	2,355,759	2,355,759	0

2014/15 QTR 3 CAPITAL MONITOR								APPENDIX D	
Capital Programme 2014/15 - 2023/24									
Description of Programme / Project	2014/15	2014/15	2014/15	2015/16+	2015/16+	2015/16+	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24	Total Programme 2014/15 - 2023/24
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult PSS Orient Street	129,700	129,700	0	1,220,300	1,220,300	0	1,350,000	1,350,000	0
Adult PSS Fred Francis	60,000	60,000	0	0	0	0	60,000	60,000	0
Adult PSS Southwark Park Road	83,450	83,450	0	0	0	0	83,450	83,450	0
Transformation of LD care - Brandon Trust	306,880	306,880	0	958,750	958,750	0	1,265,630	1,265,630	0
Centre of Excellence	0	0	0	2,500,000	2,500,000	0	2,500,000	2,500,000	0
DoH Autism capital grant	18,500	18,500	0	0	0	0	18,500	18,500	0
Autism learning provision	0	0	0	12,000,000	12,000,000	0	12,000,000	12,000,000	0
<b>Children's Services Total</b>	<b>17,726,484</b>	<b>17,726,484</b>	<b>0</b>	<b>136,577,453</b>	<b>136,577,453</b>	<b>0</b>	<b>154,303,937</b>	<b>154,303,937</b>	<b>0</b>
<b>Southwark Schools for the Future</b>									
Walworth Academy	103,634	103,634	0	0	0	0	103,634	103,634	0
Tuke Special School	568	568	0	0	0	0	568	568	0
St Michael's PFI	9,553	9,553	0	0	0	0	9,553	9,553	0
SMAA	2,340,469	2,340,469	0	0	0	0	2,340,469	2,340,469	0
Contingency & Retention payments	93,627	93,627	0	6,606,044	6,606,044	0	6,699,671	6,699,671	0
New School Aylesbury	878,230	878,230	0	0	0	0	878,230	878,230	0
Notre Dame (VA)	429,642	429,642	0	0	0	0	429,642	429,642	0
KS3/ KS4 SILS	20,142	20,142	0	4,415,536	4,415,536	0	4,435,678	4,435,678	0
ICT	1,141,243	1,141,243	0	1,199,483	1,199,483	0	2,340,726	2,340,726	0
Rotherhithe deferred	0	0	0	19,621,799	19,621,799	0	19,621,799	19,621,799	0
Phase 3 rescope	0	0	0	6,484,904	6,484,904	0	6,484,904	6,484,904	0
<b>Southwark Schools for the Future Total</b>	<b>5,017,108</b>	<b>5,017,108</b>	<b>0</b>	<b>38,327,766</b>	<b>38,327,766</b>	<b>0</b>	<b>43,344,874</b>	<b>43,344,874</b>	<b>0</b>
<b>Housing General Fund</b>									
Springtide Close travellers site	400,000	400,000	0	126,508	126,508	0	526,508	526,508	0
Ilderton travellers site wall	300,000	300,000	0	0	0	0	300,000	300,000	0
Wadding Street and Stead Street	1,560,000	1,560,000	0	1,040,000	1,040,000	0	2,600,000	2,600,000	0
<b>Housing General Fund Total</b>	<b>2,260,000</b>	<b>2,260,000</b>	<b>0</b>	<b>1,166,508</b>	<b>1,166,508</b>	<b>0</b>	<b>3,426,508</b>	<b>3,426,508</b>	<b>0</b>
<b>Capital Programme 2014/15 - 2023/24</b>									
<b>Total General Fund Programme</b>									
	2014/15	2014/15	2014/15	2015/16+	2015/16+	2015/16+	Total Programme	Total Programme	Total Programme
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Expenditure</b>	<b>82,174,575</b>	<b>82,052,995</b>	<b>(121,579)</b>	<b>503,456,008</b>	<b>503,456,007</b>	<b>(0)</b>	<b>585,630,582</b>	<b>585,511,003</b>	<b>(121,580)</b>
<b>Total Resources</b>	<b>81,976,891</b>	<b>85,892,690</b>	<b>3,915,799</b>	<b>503,653,692</b>	<b>400,916,802</b>	<b>(102,736,890)</b>	<b>585,630,582</b>	<b>486,809,492</b>	<b>(98,821,090)</b>
<b>Forecast variation (under)/over</b>	<b>197,684</b>	<b>(3,839,695)</b>	<b>(4,037,378)</b>	<b>0</b>	<b>102,539,205</b>	<b>102,736,890</b>	<b>0</b>	<b>98,701,511</b>	<b>98,699,511</b>

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Revenue Monitoring Report for Quarter 3, 2014/15, including Treasury Management	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Strategy and Performance	

## **FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, STRATEGY AND PERFORMANCE**

Last year council assembly agreed a balanced budget for this financial year which required the council to deliver almost £30m of savings in our annual revenue spending. As a cabinet it is our role to monitor the implementation of this agreed budget - this report covers the first three quarters of the financial year and provides forecasts of the expected spend for the year.

I'm pleased to report that as at the end of December we are on track overall to deliver those savings and stay within our budget across both the General Fund and the Housing Revenue Account. However, within that overall picture there are sizeable variations and risks which we must continue to monitor and manage. One of the most significant budget pressures is due to growing levels of homelessness and subsequent cost of providing temporary accommodation. Since the last quarter further action has been taken within the council to increase the supply of temporary accommodations and to reduce the time taken to reach permanent resolution of homelessness cases. However I am concerned that unlike last year the government has not allocated Southwark further Discretionary Housing Payment grant to help people struggling to pay their rent and at risk of homelessness.

There is good news on the income side of our finances where we currently estimate that we will benefit from £3.9m of additional council tax, although this is offset by an estimated deficit of £1m on business rates where our in-year collection is in surplus, but we must make provisions for a significant backlog of NNDR appeals awaiting determination by the Valuation Office Agency. The combined collection fund surplus of £2.9m has been built into funding available for the 2015/16 budget.

## **RECOMMENDATIONS**

1. That the cabinet notes:
  - the general fund outturn forecast for 2014/15 and forecast net movement in reserves by department;
  - the housing revenue account's (HRA) forecast outturn for 2014/15 and resulting forecast movement in reserves;
  - the treasury management activity for the first three quarters of 2014/15.
2. That the cabinet notes the forecast performance for the collection of council tax.
3. That the cabinet notes the forecast performance for the collection of business rates and the risks associated with the Business Rate Retention Scheme.

4. That cabinet approves the general fund budget movements that exceed £250,000, as shown in Appendix A.
5. That the cabinet notes the budget pressures of approximately £300k arising from demands on Discretionary Housing Payments (DHP) that exceed DWP funding allocations.

## BACKGROUND INFORMATION

6. The purpose of this report is to provide a forecast for the end of the financial year 2014/15, using predictions based on the experience to date and knowledge as at the end of quarter three (December 2014). Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.
7. The council agreed a balanced general fund budget of £308.2m on 26 February 2014 based on a nil council tax increase, and £6.2m use of reserves, giving a budget of £314.4m. This budget was set in the context of further significant overall cuts in government funding.
8. The council also approved budget decisions including reductions of some £25.9m within the general fund for 2014/15. Performance on achieving these savings is closely monitored and significant variances will be included in departmental narratives.
9. For the Housing Revenue Account, cabinet set tenants' rents and service charges on 28 January 2014. The budget included a £3.9m savings target for 2014/15.

## KEY ISSUES FOR CONSIDERATION

### Current forecast position: General fund

10. Table 1 below shows the current forecast outturn position for quarter three (as at 31 December 2014) by department. These estimates are based on nine months' experience and action by all strategic directors will continue to ensure that they deliver services within budget. Progress for each department is shown in paragraphs 15 to 41 below.

**Table 1: General fund forecast outturn position for 2014/15 as at Q3**

General fund	Original budget	Budget movements	Revised budget	Forecast Spend in year	Reserve movements	Total use of resources	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and adults services	203,079	(6,960)	196,119	199,509	(3,145)	196,364	245
Environment and leisure	72,063	(1,235)	70,828	71,611	(1,753)	69,858	(970)
Housing and community services (inc DHP)	36,519	1,536	38,055	40,325	(145)	40,180	2,125
Chief executive's department	18,396	(2,273)	16,123	16,234	(691)	15,543	(580)
Finance and corporate services	38,342	(2,516)	35,826	35,058	0	35,058	(768)
Support cost recharges	(57,956)	11,448	(46,508)	(46,508)	0	(46,508)	0

General fund	Original budget	Budget movements	Revised budget	Forecast Spend in year	Reserve movements	Total use of resources	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contingency	4,000	0	4,000	4,000	0	4,000	0
<b>Total general fund services</b>	<b>314,443</b>	<b>0</b>	<b>314,443</b>	<b>320,229</b>	<b>(5,734)</b>	<b>314,495</b>	<b>52</b>

**Note:** Explanations of this quarter's budget movements are provided in Appendix A.

11. The forecast includes estimates of one off re-organisation and redundancy costs that the council expects to incur as it continues to put into action plans necessary to deliver the ongoing savings identified within the budget.
12. As shown in Table 1, within services there is a forecast adverse variance of £52k based on the information available at the end of December. This takes account of expected net movements from reserves of £5.734m in relation to services.
13. Table 1 reflects budget movements to the end of quarter three. Appendix A details the quarter three movements for cabinet to approve or note as appropriate. Earlier budget movements were included in the quarter 1 and quarter 2 reports.

**Table 2: General Fund Q1, Q2, and Q3 forecast outturn positions for 2014/15**

General fund	Quarter 1 Variance	Quarter 2 Variance	Quarter 3 Variance	Movement from Q2	Paragraph ref
	£'000	£'000	£'000	£'000	
Children's and adults services	0	0	245	245	15 to 26
Environment and leisure	0	(550)	(970)	(420)	27 to 28
Housing and community services	848	1,807	2,825	318	29 to 32
Chief executive's department	0	(303)	(580)	(277)	33 to 37
Finance and corporate services	(976)	(367)	(768)	(401)	38 to 40
Support cost recharges	0	0	0	0	n/a
Contingency	0	0	0	0	44 to 45
<b>Total general fund services</b>	<b>(128)</b>	<b>587</b>	<b>52</b>	<b>(535)</b>	

14. Table 2 shows that the forecast has moved from a predicted overspend at Q2 to a forecast positive variance as at Q3. The total movement in the forecast is £835k. Explanations of changes in variance are contained in the paragraphs below.

#### **Children's and adults services**

15. The total budget for Children's and Adults Services is £196.1m, including £4.1m for Non Recourse to Public Funds costs. The forecast out-turn, were NRPF excluded, would be a positive variance of £634k. This is after the reserve draw down of £3.145m in respect of one off transformation costs.

16. The main variances are favourable for adult services, excluding NRPF, of £663k and Education £121k.
17. Adverse variances include £150k for Strategy, Commissioning and Business Improvement, and the No Recourse service is forecasting a £879k overspend.
18. The departmental position inclusive of NRPF is a £245k overspend

### **Children's Services**

19. Children's Social Care budget forecast out-turn position is a balanced budget after adjustments for reserves and excluding NRPF clients. The main pressure area historically has been Looked after Children placements, both residential and agency fostering. The costs here no longer appear to be rising. It is anticipated that further gains will be derived from the transformation of children social care and continued management action which will reduce the overall costs and therefore reduce future budget pressures
20. Education Services is projecting a favourable variance of £130k. Additional income from the standards service is higher than expected. Cost pressures arising in Special Educational Needs arising from the implementation of the Children's and Families Act are being offset by a significant one-off Dedicated School Grant contribution towards these costs and some DfE grant.
21. Strategy, Commissioning and Business Improvement are currently forecasting an adverse variance of £150k arising from the extension of the council plan free fruit provision to all primary aged children from September 2014.

### **No Recourse to Public Funds (NRPF)**

22. The current departmental budget for NRPF is £4.1m including the planned use of £1.8m from reserves. Despite this, an adverse variance of £879k is forecast, based on around 320 families currently being supported. The rate of increase has been mitigated by the management action implemented with more rigorous checks undertaken of new cases and existing ones being reassessed by officers including internal audit. As the NRPF budget includes the use of £1.8m of reserves, there is a potential 2015/16 spending pressure, unless more rigorous assessment and review processes are introduced.

### **Adults' Services**

23. Adults Services forecast a budget favourable budget variance of £663k. This is due to contingencies arising from NHS transfers which are currently uncommitted as pressures are being managed through a series of modernisation initiatives. There are budget pressures in Learning Disability placements and Older People homecare costs. These are mitigated by underspends in Physical Disabilities Nursing. Adults' Services budgets are funding the part year impact of the implementation of the Ethical Care Charter associated with the re-tendering of the council's two main Home Care Contracts.



### **Dedicated Schools Grant**

24. The ring-fenced DSG budget is £193m, and the majority of this is delegated to schools. The remaining centrally held DSG is forecast to have a favourable variance of £2.5m, arising mainly on budgets for funding of high needs arrangements in schools and other providers.
25. A further favourable, but one year only, variance continues to be projected in regards to two year old place and trajectory funding as the eligibility for free 15 hours education for two years olds is extended from September 2014. This funding will be based on actual participation from April 2015. The Schools Forum have agreed to ring-fence this funding to be used in future years to continue to increase capacity and support the programme for two year old children.

### **Savings**

26. The Children's and Adults' savings targets are £4.4m and £6.9m for 2014/15. Children savings are currently forecast to be on track for delivery. Adults' savings are being forecast to slip by £2.1m due mainly to delays in starting Learning Disability and Older people redesign work. Work is continuing to obtain data from service teams to review and verify relevant activity.

### **Environment and leisure**

27. The department is currently forecasting an overall favourable variance of £970k for 2014/15, as a result of £800k surplus identified in the ring fenced parking account and £170k better than budgeted net income in public realm services. It is anticipated that the parking surplus can be transferred to the reserves account to support highways related works and any exceptional work to be carried out during severe weather conditions. Although there are a number of pressures in the department, these are being closely monitored and management actions will be taken to contain them within the existing budgets.
28. The department has already implemented most of the savings proposed for this financial year. Divisions will continue to seek improvements in business/operational processes in order to achieve cost reductions. These changes will be monitored to ensure service delivery meets expectations.

### **Housing and community services (H&CS)**

29. The quarter 3 forecast shows an adverse variance of £2.1m, before the planned drawdown of earmarked reserves to cover exceptional items.
30. The provision of temporary accommodation continues to present a significant budget risk for the council. Whilst Southwark is recognised as a leader in homeless prevention, it is simultaneously facing the challenge of increasing demand and restrictions on the supply-side, necessitating the use of more expensive bed and breakfast accommodation. Private sector leased accommodation is no longer financially viable for providers and the availability of estate voids, which has historically helped to ameliorate the impact, is reduced.
31. The council continues to pursue options to manage demand and up-scale supply as part of its budget planning for 2015/16 and beyond, but this is likely to

remain an enduring pressure over the medium-term. For 2014/15, the risk was anticipated with reserves being earmarked as contingency against the budget pressure and this will continue to be recognised going forward.

32. Bringing the customer service centre (CSC) back in-house has delivered budget reductions of £3.3m over the period 2013/14-2014/15. It has provided the opportunity to transform customer access and service delivery across the council but requires investment to modernise legacy systems and processes in order to reap the full financial benefit over the longer-term. The forecast comprises higher operating costs, with additional resources required in the short-term to address exceptionally high call volumes in recent months, together with infrastructure upgrades and transition costs that are not deemed to be a 'business as usual' cost and will be met from earmarked reserves (at around £450k). The underlying position on CSC remains broadly positive and moving forward, further cost savings have been assumed to be deliverable as services are re-configured/rationalised and the drive towards more cost effective transaction routes and customer access channels continues.

#### **Chief executive's department**

33. The chief executive's department is reporting a forecast outturn of £15.3m against an overall budget of £16.1m at quarter three, a full year favourable variance of £191k. The variance is mainly due to overachievement of income in Planning Division areas especially due to increased fees from planning applications.
34. This departmental budget takes into account the 2014/15 base budget savings of £1.4m for the department which have been incorporated into the budgets and are projected as fully achievable.
35. The department has earmarked reserves to fund some of the on-going schemes or programmes especially within the modernisation agenda in the department. As at the end of quarter three, the Children's Services training units within Organisational Development is expecting to draw between £389k and £412k from earmarked reserves to fund on-going schemes. There may be other drawdown from earmarked reserves as the forecasts are refined over the coming last months. Following these drawdowns the forecast outturn will be a favourable variance of at least £580k.
36. As described in the Q2 monitor, there are some on-going staffing restructures at various stages of consultation, the impact of which is currently not fully quantifiable but will be reported in the final out-turn monitor once the consultations are completed.
37. The revenue budgets continue to be closely monitored during the year to identify areas of potential savings and also address any emerging additional budget pressures.

#### **Finance and corporate services**

38. The finance and corporate services net revenue budget is £35.8m delivering corporate IT services, facilities management, revenues and benefits in addition to finance and legal services. The current expectation is that the department will succeed in meeting this target as a favourable variance of £768k is forecast

at quarter three. This is predominately due to the reduced cost of external audit fees.

39. The forecast is dependent on each of the divisions contributing to the delivery of £2m efficiency savings which are to be achieved through transformational reviews of each service area concentrating particularly on contract efficiencies, realignment of services, employee self serve and use of technology. At quarter three the expectation is that these savings will be delivered.
40. The council approved contingency budget is held within this department and, as in previous years, if it is not required to meet unplanned expenditure or loss of income it will be set aside in reserves to meet the future costs associated with the continued modernisation of council services. Any additional government funding that it was not possible to identify during the budget setting process will also be set aside in earmarked reserves.

### **Public health**

41. Public Health includes support for individuals with drug and alcohol addictions, sexual health services, school nursing, health checks and a team that provide specialist public health advice and support. In 2013/14 there was a significant budget pressure resulting from increased numbers of residents accessing sexual health services; this has continued to grow in 2014/15 with forecast spend for sexual health services of £1.5m more than the previous year. This overspend is mitigated through the use of the Public Health contingency which is now fully committed to offset this pressure, resulting in an overall balanced budget.

### **Strike Action 10 July 2014**

42. As a result of the strike action which took place on 10 July 2014, a total of £71.5k was held back from those employees who took strike action, which is calculated to be £53.6k for the general fund and £17.9k for the HRA.
43. As this was an unplanned saving in year, cabinet are asked to provide guidance as to the most beneficial way to use this windfall for the benefit of the residents of Southwark.

### **Contingency**

44. The 2014/15 budget includes £4m for contingency, held to meet unforeseen costs that may arise during the year within departments that strategic directors are unable to contain. At quarter three no significant pressures have been identified that will require a call against this contingency. However if it remains unused, it will be transferred to reserves and used to support the 2015/16 budget.
45. One of the most significant financial risks the council faces is homelessness and the upward cost pressure of temporary accommodation provision, particularly bed and breakfast. Southwark is recognised as a leader in homelessness prevention, but it is simultaneously facing challenges through rising demand and a reduction in the availability of accommodation. Hostels and estate voids in the HRA provide more financially neutral forms of temporary accommodation and these are utilised wherever possible to ameliorate the impact on the general fund. Additionally, measures are being taken to better

manage demand, up-scale supply and discharge our statutory responsibilities through the private sector and registered providers.

### Discretionary Housing Payment (DHP)

46. Previous quarterly monitors have identified the council's contributions to DHP for those individuals who have been impacted by changes in the welfare regulations in the social rented housing sector. DHP are made on the basis of grant allocated to the council by the Department for Work and Pensions (DWP). In 2013/14 this grant was approximately £2.2m. This followed a number of supplementary grant allocations made following applications by the council. The grant for 2014/15 is £1.2m, therefore substantially less than in 2013/14. This grant is allocated to individuals on the basis of set criteria designed by the council to ameliorate the hardship and encourage people to take steps to address their position.
47. Current forecasts suggest that a total budget pressure of around £300k exists for 2014/15. In the event of supplementary funding from DWP not being forthcoming, this pressure will need to be addressed by other council resources to be identified from both the general fund and HRA.
48. In the meantime, the council continues to make representations to DWP to address this shortfall.

### Capital

49. For accounting and control purposes, where it is proposed that reserves are released to meet capital expenditure, they are at first released into revenue and a direct contribution from revenue is then made to capital. When this occurs cabinet will be asked to approve or note these contributions in Appendix A. At quarter three no proposals have been made.

### Housing revenue account (HRA)

50. Overall the HRA is predicting to move £416k more to reserves at the end of the year than budget. The forecast is given in more detail in Table 3. The quarter 3 forecast contains a number of known and anticipated budget movements giving rise to a net increase in the expected reserve contribution. However, the outturn forecast should be viewed with a degree of caution given the size, complexity and demand-led nature of the service.

**Table 3: HRA forecast outturn position for 2014/15 as at Quarter Three**

Housing Revenue Account	Full Year Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
Operations	(173,051)	(173,295)	(244)
Maintenance & Compliance	48,536	50,648	2,112
Major Works	2,150	2,303	152
Specialist Housing Services	(24,849)	(25,839)	(991)
Strategic & Corporate Services	126,073	124,768	(1,305)
Customer Experience	1,965	1,964	(1)
Community Engagement	2,097	2,005	(92)
Regeneration Initiatives	601	553	(47)

Housing Revenue Account	Full Year Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
Direct Revenue Funding of Capital	15,002	15,002	0
Appropriations to /(from) Reserves	1,475	1,891	416
<b>Total HRA</b>	<b>0</b>	<b>0</b>	<b>0</b>

51. Robust contract management continues to deliver greater value for money to mitigate landlord cost pressures and £27.6m of efficiency savings have been delivered over the medium-term to meet these pressures and augment investment in the stock. The adoption of a higher voids standard is to be welcomed and has contributed to an increase in resident satisfaction but requires greater investment upfront and impacts on void turnaround times and the lettable rent debit. A limited programme of kitchens and bathrooms, together with operational and volume driven pressures within Southwark Building Services (SBS) contribute to a combined variation of £2.1m. This is subject to continuous review but presents minimal risk and will be contained within HRA resources overall.
52. Operations division is reporting an underlying positive variance of £200k comprising a range of budget movements across the operational estate, some of which flow through as efficiency savings for 2015/16. However, it excludes exceptional costs arising in the estate cleaning and grounds maintenance contract, resulting from changes in employee terms and conditions, including London Living Wage and pensions auto-enrolment. This will be contained in the current year, but base budgets will be uplifted to absorb the impact of these changes for 2015/16.
53. Under self-financing, income has assumed paramount importance for the sustainability of the HRA and delivery of landlord services to residents, particularly tenant rents and service charges. Mainstream residential rent debit continues to track fractionally higher than budget. In terms of rent collection, performance is 98.66% at week 39, which is below the budget target (100%), but above expectations, and shows resilience despite the generally weak economic conditions and impact of recent welfare reforms. Income performance has to some extent been mitigated through the use of Discretionary Housing Payments funding from the Department of Work and Pensions, which provides temporary financial assistance to tenants (both council and private) affected by welfare reforms.
54. Collection shows an improvement compared to the same point over previous years. Risks remain given the impending impact of the wider welfare reforms and uncertainty over government funding for discretionary housing payments beyond the current year, which could be detrimental to collection and arrears. Notwithstanding this, the HRA maintains adequate provisions to meet potential shortfalls of this nature in the event.
55. Homeowner service charges represent the second largest income stream to the HRA and are fully recoverable under the terms of their lease in order to prevent cross-subsidy from tenants. The value of rechargeable capital works is intrinsically linked to the housing investment programme, but is not linear. The scale of investment and delivery of the WDS, FRA and other programmes has accelerated rapidly in recent years, which was reflected in higher billing in

2013/14, and will be repeated in the current year. The forecast is currently shown as neutral, but will be revised once the billing run has been finalised. Collection currently stands at £27.1m (including service charge loans), which would suggest a full-year figure of around £36.1m against a target of £30m.

56. Besides home ownership, the Specialist Housing Services division comprises a diverse range of functions including, tenant management (TMO), the commercial and garage portfolios and sheltered housing and temporary accommodation. Hostels and estate voids are used wherever possible, as a cost neutral means (within the HRA) of mitigating the significant budget pressure in the general fund from temporary accommodation.
57. The strategic and corporate services activity accounts for over half of the gross HRA and comprises key budgets pertaining to departmental/corporate overheads, financing, depreciation, arrears write-offs/provisions and major regeneration projects. The revenue impact of regeneration projects falls outside the mainstream operational budgets due to their exceptional nature. It also contains the district heating account which is ring-fenced within the HRA and any surpluses/deficits are applied to the heating reserve, which ameliorates potential increases in heating charges. A lower requirement to provide for bad debts (as rent income performance exceeds expectations), together with contingencies and lower financing costs following the early redemption of debt, provides sufficient resources to meet the additional investment in maintenance and compliance.
58. The ring-fenced nature of the HRA requires that deficits or surpluses are carried forward between years. Earmarked reserves of £23.5m were brought forward, following the application of funds during 2013/14 to meet exceptional expenditure items (primarily the repayment of housing debt). In line with the medium-term resource strategy (MTRS), the level of reserves will be kept under review and maintained at an appropriate level to mitigate future risks, fulfil future commitments already made and enable the transformation and modernisation of services going forward. An estimated £1.9m will be contributed in the current year, based on the current outturn forecast.

## **Reserves**

59. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to fund.
  - 'invest to save' opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings
  - investment in regeneration and development where spend may be subject to unpredictable market and other factors.
  - exceptional items/pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme.
60. As the year progresses, departments will naturally be better placed to more accurately forecast their outturn position. Any unfavourable variances will be offset by favourable ones at departmental level before the need to call on reserves.
61. Where a department identifies a need for additional funding there is a robust process for seeking support from reserves. The department must demonstrate

that they are unable to contain the identified additional pressure within their existing budget, or provide evidence of prior agreement that the expenditure will be met from reserves.

62. A total of £5.345m has been drawn down from reserves to date during 2014/15, as follows

<b>Department</b>	<b>Reason for movement</b>	<b>Amount £'000</b>	<b>Dept total £'000</b>
Chief Executives	Funding of colleague engagement strategy campaign from HR transformation reserve.	50	
Chief Executives	Funding of annual fireworks display from regeneration and development reserve.	62	
Chief Executives	Drawdown from the South East London Housing Partnership (SELHP) reserve to fund redundancies arising from the ending of Southwark's hosting of the SELHP on 31 March 2014.	48	
Chief Executives	Purchase of 60 – 62 Hopton Street, drawdown of reserve set up in 2013/14	142	
Chief Executives	Departmental total		302
Children's and Adults	Release of funds from DSG reserve Under the new school funding arrangements, this funding has been allocated to schools by a one-off increase to their 2014/15 lump sum allocation	1,305	
Children's and Adults	Transfer from social care demand pressures reserve to support 2014/15 budgets	1,840	
Children's and Adults	Departmental total		3,145
Environment and Leisure	Funding of additional night time cleaning and bulky waste pilot from regeneration and development reserve.	145	
Environment and Leisure	Technical release of reserve related to the smoothing of costs over the life cycle of the waste PFI project	1,608	
Environment and Leisure	Departmental total		1,753
Housing and Community Services	Release of community council unused budget from 2014/15.	11	
Housing and	Release of cleaner greener safer	134	

Department	Reason for movement	Amount £'000	Dept total £'000
Community Services	unused budget from 2014/15.		
Housing and Community Services	Departmental total		145
<b>Total</b>			<b>5,345</b>

63. Additional planned contributions to and from reserves, and included in departmental outturn figures in this monitor are as follows

Department	Reason for movement	£'000
Chief Executives	To fund ongoing schemes in children's services training	389
<b>Total use of reserves</b>		<b>5,734</b>

64. This gives a total net movement from reserves in 2014/15 of £5.734m.
65. Cabinet will be asked to approve this funding support where the amount is £250k or above, all of the above are included within Appendix A.
66. The budget approved by council for 2014/15 included a planned release of reserve of £6.2m. This call on reserves provided some flexibility in terms of budget setting and the savings that the council identified in the Policy and Resources Strategy 2014-17. It is currently assumed that this call on reserves will have to be made in full.

#### **Business rates retention scheme**

67. As reported previously the localisation of business rates represented a change to the funding regime for local authorities for 2013/14 and beyond. Under this new funding regime actual retained business rates income will be dependent on the assessed rateable values, effect of appeals and collection rates within the borough.
68. As with any change of this significance there has been uncertainty over the operation of the 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.
69. The business rates retention scheme includes a safety net at 7.5% to protect local authorities from significant reductions in collectable rates. This means that shortfalls from 0.1% to 7.5% will not be protected and will have to be borne by the council.



### **Collection fund**

70. The collection fund covers both council tax and business rate collection.

### **Council Tax**

71. Council tax cash collection continues to perform well when compared to the same period last year. Although, the council's policy on discounts and exemptions has increased the amount of council tax to be collected, the council still expects to meet its collection target for the year. The service is actively pursuing non payers of council tax and is working proactively to assist customers in genuine need of support.
72. The council tax account is estimated to make a surplus of £5.184m, and the council's share is £3.904m. This is mainly because the council tax collectable has increased compared to the estimate when the council tax was set in January, and at the same time the collection performance has been maintained at a level above the previous year. Therefore, income due has increased whilst reducing the cost for bad debt provision.

### **Business rates**

73. The collection rate for business rates is being tracked closely. Previous years' collection and trends are modelled together with intelligence on changes to the net collectable amount through new builds and deletions. Socio economic factors are considered taking into account national issues such as businesses hit by the recession.
74. The council continues to meet with the valuation office agency on a regular basis to understand their approach to managing appeals, although limited information is forthcoming and delays are commonplace.
75. There are many factors that can affect the levels of collection and the council has sought specialist advice to help determine likely volumes of income from retained business rates. The complexities of projecting the year end position and future years budgetary income have been highlighted by the advisors who continue to work with us to determine reasonable estimates.
76. Part of the Financial Risk Reserve has been set aside to help protect the council from the risks inherent in the new funding system and especially risks underlying business rate retention.
77. It is not uncommon, that when a new property is valued by the valuation office, the owners appeal against the valuation. This is then referred back to the valuation office for review. While the review is being undertaken, the owner pays business rates based on the original valuation. If the appeal is upheld, the valuation will be reduced, and bills / business rates income will be adjusted accordingly, back to the date of appeal.
78. Before 2013/14 the government held the responsibility for business rate appeals. The government managed the impact of these appeals by limiting the amount of NNDR redistributed to local authorities.
79. At the time of local authorities taking responsibility for business rates, they also inherited pre 2013/14 appeals, for Southwark this amounts to some £31.4m

(Southwark's 30% share being £9.4m), some of which dates back as far as 2005. No resources were given by the government to meet the reduced income if these appeals are upheld by the valuation office. The only concession given by the government was that local authorities would be able to spread the cost of these appeals over five years.

80. The affect of the appeals has an effect on the collection fund. At quarter three, the NNDR account is estimated to make an "in year" surplus of £5.184m, of which Southwark's share is £3.904m. This becomes a deficit of £3.338m in total, of which Southwark's share is £1.001m, after accounting for the impact of NNDR appeals and its backlog.
81. The increase in the in year surplus and reduction in the overall deficit position is because the value of the outstanding appeals has reduced, and as result less provision is required.
82. Southwark's share of the total surplus of £2.902m was included in the 2015/16 budget proposals in the report to 27 January Cabinet.

### **Business Rate Supplement**

83. Along with other London boroughs, the council collects a business rate supplement (BRS) of 2p in the £ on non domestic properties with a rateable value over £55,000, which is to help pay for the Crossrail project. The BRS is collected on behalf of the GLA, for whom the council acts as a collecting agent. Because of this, the income collected and the associated costs of collection have no impact on the council's finances.

### **Treasury Management**

84. The council holds its cash in money market instruments diversified across major banks and building societies and in bonds and bills issued by the UK government or supranational entities (such as the European Investment Bank and the International Bank for Reconstruction and Development (the "World Bank"). The investment priorities are capital preservation and liquidity and the investments themselves are managed by an in-house operation and two investment firms: Aberdeen Asset Managers and AllianceBernstein. Over the nine months to December the sum invested averaged £216m and as at 31 December 2014 stood at £166m. The balance with each counterparty and the maturity profile are set out in the tables below. Investments are liquidated as needed to meet spending.

INVESTMENT COUNTERPARTY AND RATINGS - 31 DEC 2014									
EXPOSURE £m	FUND				Ratings				
	Aberdeen	Alliance Bernstein	In-House	£m	Long	Short	Sup- port	Sovereign	Sovereign Rating
<b>COUNTERPARTY</b>									
NORDEA BANK FINLAND	6.50	-	-	6.50	AA-	F1+	1	FINLAND	AAA
CREDIT AGRIC CIB	3.50	-	-	3.50	A	F1	1	FRANCE	AA
CREDIT INDUST ET COMRCL	3.50	-	-	3.50	A+	F1	1	FRANCE	AA
SOCGEN	-	1.20	-	1.20	A	F1	1	FRANCE	AA
BANQUE NATIONAL DE PARIS	3.50	2.00	5.00	10.50	A+	F1	1	FRANCE	AA
DEUTSCHE BANK	-	2.00	-	2.00	A+	F1+	1	GERMANY	AAA
GOLDMAN SACHS MMF	-	-	10.90	10.90	Money	AAA	0	GLOBAL	Money Fund
BLACKROCK MMF	-	-	8.30	8.30	Money	AAA	0	GLOBAL	Money Fund
RABOBANK	1.10	2.00	-	3.10	AA-	F1+	1	NETHERLANDS	AAA
ING BANK	3.50	2.00	-	5.50	A+	F1+	1	NETHERLANDS	AAA
ABN AMRO BANK	-	1.00	-	1.00	A+	F1+	1	NETHERLANDS	AAA
EUROPEAN INV BANK	7.00	3.10	-	10.10	AAA	F1+	0	SUPRANATIONAL	AAA
INT BANK RECONST DEVT	-	4.80	-	4.80	AAA	F1+	0	SUPRANATIONAL	AAA
SVENSKA	3.30	-	15.00	18.30	AA-	F1+	1	SWEDEN	AAA
SKANDINAVISKA	-	2.00	-	2.00	A+	F1	1	SWEDEN	AAA
CREDIT SUISSE	3.50	1.00	-	4.50	A	F1	1	SWITZERLAND	AAA
UBS	3.50	2.00	15.00	20.50	A	F1	1	SWITZERLAND	AAA
NATIONWIDE BSOC	3.30	2.00	-	5.30	A	F1	1	UK	AA+
SANTANDER UK	1.50	-	-	1.50	A	F1	1	UK	AA+
UK TREASURY	-	23.80	-	23.80	AA+	F1+	0	UK	AA+
BARCLAYS BANK	-	2.00	-	2.00	A	F1	1	UK	AA+
LLOYDS BANK	3.50	-	10.10	13.60	A	F1	1	UK	AA+
BNY MELLON	0.20	0.10	-	0.30	AA-	F1+	1	US	AAA
BANK OF AMERICA	3.5	-	-	3.50	A	F1	1	US	AAA
<b>Total £m</b>	<b>50.90</b>	<b>51.00</b>	<b>64.30</b>	<b>166.20</b>					

Fitch Ratings or equivalent

INVESTMENT MATURITY PROFILE AND LONG TERM RATING - 31 DEC 2014				
Yr Band	A	AA	AAA	Grand Total
Up to 1 Yr	60%	27%	2%	89%
1-2 Yrs			5%	5%
2-5 Yrs		4%	2%	6%
<b>Grand Total £m</b>	<b>60%</b>	<b>31%</b>	<b>9%</b>	<b>100%</b>

Rating	Definition
AAA	Highest credit quality
AA+/AA/AA-	Very high credit quality
A+/A/A-	High credit quality
F1+/F1	Highest short term credit quality; strongest capacity for timely payment (+donates exceptionally strong credit feature)
1	Extremely high probability of support, if it were needed
Ratings issued by Fitch or equivalent (The UK government and its treasury bonds are rated AA+ by Fitch, Aa1 by Moody's and AAA by Standard & Poor's)	

85. The part year return on investments in the nine months to December 2014 was 0.57%, reflecting the prudent strategy and the central bank liquidity still in place to support financial markets and growth following the 2007 financial crisis. Base rates have remained unchanged at 0.50% since 2009 and no rise is expected until the second half of 2015.
86. To ensure that the investment strategy remains up to date under current financial conditions, KPMG's investment advisory unit were asked to carry out an independent review. Their findings confirm that the council's current investment strategy remains prudent and fit for purpose. They suggest a number of updates to raise diversification, liquidity and potential returns at the margin and recognise that the scope to safely target higher returns under

current historically low credit spreads and low yields across various durations is limited. An updated strategy will be presented to council assembly for approval in February 2015.

87. The balance outstanding on loans taken from the Public Works Loans Board (PWLB), the local authority lending arm of the government, to fund past capital spend at the end of December 2014 stands at £470m (£99m General Fund and £371m HRA). £5.7m General Fund loans fall for repayment in 2014/15, of which £5.0m was paid off by December 2014. No HRA loans fall due until 2018.

### Community impact statement

88. This report monitors expenditure on council services, compared to the planned budget agreed in February 2014. Although this report has been judged to have nil or a very small impact on local people and communities, the projected expenditure it is reporting reflects plans designed to have an impact on local people and communities. Community impact was considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2014/15 to 2016/17: cabinet 27/01/14	160 Tooley Street PO Box 64529 London SE1P 5LX	John Braggins 020 7525 7489
Link: <a href="http://moderngov.southwark.gov.uk/documents/s43572/Report%20Policy%20and%20Resources%20Strategy%20201415%20to%20201617%20-%20Provisional%20Settlement.pdf">http://moderngov.southwark.gov.uk/documents/s43572/Report%20Policy%20and%20Resources%20Strategy%20201415%20to%20201617%20-%20Provisional%20Settlement.pdf</a>		
Revenue monitoring report for Quarter 1, 2014/15, including Treasury Management	160 Tooley Street PO Box 64529 London SE1P 5LX	John Braggins 020 7525 7489
Link: <a href="http://moderngov.southwark.gov.uk/documents/s48481/Report%20Revenue%20Monitoring%20Report%20for%20Quarter%201%20201415%20including%20Treasury%20Management.pdf">http://moderngov.southwark.gov.uk/documents/s48481/Report%20Revenue%20Monitoring%20Report%20for%20Quarter%201%20201415%20including%20Treasury%20Management.pdf</a>		
Revenue monitoring report for Quarter 2, 2014/15, including Treasury Management	160 Tooley Street PO Box 64529 London SE1P 5LX	John Braggins 020 7525 7489
Link: <a href="http://moderngov.southwark.gov.uk/documents/s49971/Report%20Q2%20Revenue%20Monitoring.pdf">http://moderngov.southwark.gov.uk/documents/s49971/Report%20Q2%20Revenue%20Monitoring.pdf</a>		

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	Budget movements to be approved, £250k and above and movements to be noted.

**AUDIT TRAIL**

<b>Cabinet member</b>	Councillor Fiona Colley, Finance, Strategy and Performance	
<b>Lead officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report author</b>	Jennifer Seeley, Deputy Finance Director	
<b>Version</b>	Final	
<b>Dated</b>	30 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	N/a	N/a
Cabinet Member	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	30 January 2015	

## Budget movements

## APPENDIX A

## Interdepartmental movements to be approved for Quarter 3-

Department from	Amount £	Department to	Amount £	Reason
Various	(12,178,265)	Support costs	12,178,265	Adjustment to support cost recharges (SCR) budgets to reflect 2015/15 estimated charges

## Movements in reserves to be approved for Quarter 3-

Department from	Amount £	Department to	Amount £	Reason
Appropriations	(1,305,000)	Children's and Adult Services	1,305,000	Release of funds from DSG reserve Under the new school funding arrangements, this funding has been allocated to schools by a one-off increase to their 2014/15 lump sum allocation

## Interdepartmental movements to be noted for Quarter 3-

Department from	Amount £	Department to	Amount £	Reason
Children's and Adult Services	(5,000)	Chief Executive	5,000	Transfer of budget for data protection training
Children's and Adult Services	(20,000)	Housing and Corporate Services	20,000	Transfer of complaints budget to customer resolution team

## Budget movements

### Movements in reserves to be noted for Quarter 3-

Department from	Amount £	Department to	Amount £	Reason
Appropriations	(142,500)	Chief Executive	142,500	Purchase of 60 – 62 Hopton Street, drawdown of reserve set up in 2013/14
Appropriations	(10,573)	Housing and Community Services	10,573	Release of community council unused budget from 2014/15.
Appropriations	(134,490)	Housing and Community Services	134,490	Release of cleaner greener safer unused budget from 2014/15.
Appropriations	(61,700)	Chief Executive	61,700	Funding of annual fireworks display from regeneration and development reserve.
Appropriations	(47,067)	Chief Executive	47,067	Drawdown from the South East London Housing Partnership (SELHP) reserve to fund redundancies arising from the ending of Southwark's hosting of the SELHP on 31 March 2014

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Lakanal Inquiry – Progress with Coroners recommendations	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Housing	

### **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR HOUSING**

The horrific fire at Lakanal in 2009 and the deaths of Dayana Francisquini, Thais Francisquini, Felipe Francisquini, Helen Udoaka, Michelle Udoaka and Catherine Hickman were a tragedy that we must ensure can never again be repeated.

In March 2013, the Coroner's inquest into the tragedy returned narrative verdicts and the Coroner wrote to the council on 28 March 2013 setting out recommendations to improve the safety of its high rise residential buildings. The council responded to these and cabinet considered a report on future steps in December 2013.

This report provides detail on the progress being made to enact the Coroner's recommendations. It also proposes the installation of LD2 combined smoke and heat detection equipment in council leasehold properties at the council's cost to provide further safety to both those leasehold properties and their neighbours.

### **RECOMMENDATIONS**

1. That cabinet notes the contents of this report.
2. That cabinet approves the installation of LD2 type automatic battery powered smoke/heat detection to the leasehold homes in the blocks to which the coroner's recommendations refer (see paragraph 13) in the estimated sum of £1,263,000.
3. That cabinet notes the method for approval for the installation of LD2 type automatic battery powered smoke/heat detection to the leasehold homes in blocks across the borough as set out in paragraph 22.

### **BACKGROUND INFORMATION**

4. The Lakanal fire on 3 July 2009 in which six people died was a dreadful tragedy. In response to the fire the council quickly made a number of improvements to its management of fire safety, including:
  - the creation and establishment of the in-house fire safety team;
  - the immediate undertaking of the programme of Fire Risk Assessments (FRAs) to all blocks of five storey and above, completed by April 2010;
  - the prioritisation of FRA works carried out, with £48m spent/committed to date;



- the professionalisation of the FRA responsibility, with the in house fire safety team having responsibility for blocks of four storey and below and new FRAs completed in March 2013;
- achieving full compliance with the Regulatory Reform (Fire Safety) Order 2005 (the legislation which governs the need for fire risk assessment) by having suitable and sufficient FRAs in place for all blocks where required;
- the forging and maintenance of a strong relationship with the London Fire Brigade (LFB) operationally and strategically, initially with the co-signed Memorandum of Understanding;
- clear advice, information and guidance given to residents including use of secondary means of escapes, the removal of grilles and gates, the need for clear walkways, stairs and common areas, the disposal of refuse;
- working toward a strategy for enforcing fire regulations in leasehold properties sub-let as Houses in Multiple Occupation (HMOs).

### **KEY ISSUES FOR CONSIDERATION**

5. The creation and establishment of the in-house fire safety team has proved to be very successful, and it has grown over the last few years, mostly as a result of taking over the Fire Risk Assessments (FRA) process for blocks of four storeys and below, and more recently in order to meet the requirements borne out of the Lakanal Coroners recommendations.
6. The fire safety team leads the way across the country, and is quite unique insofar as most other housing providers still use consultancy firms, at great cost, to provide the FRA service. This is slowly changing and the creation of in-house fire safety teams is starting to gather pace.
7. To date the fire safety team has achieved recognition from the London Fire and Emergency Planning Authority (LFEPA) for its work and strategies in relation to sheltered housing units, hostels and converted street properties, along with its production and distribution of residents fire safety information packs. Other achievements, which go over and above what most other housing providers have done, include the provision of information provided to assessors in advance of the FRA, specific block and dwelling information to residents, and the support of specialist functions across the department.
8. The Coroner's inquest into the tragedy commenced on 14 January 2013 and narrative verdicts were returned by the jury on 28 March 2013.
9. Pursuant to Rule 43 of the Coroners Rules (as amended), the Coroner wrote to the London Borough of Southwark on 28 March 2013.
10. The Rule 43 letter recognised steps the council had already taken since the tragedy, however it also made a number of recommendations applying to the councils high rise residential buildings.
11. Rule 43A of the Coroner's Rules required that the council respond to the coroner within 56 days starting from the day the report was sent to the chief executive of the council.
12. The council responded on 23 May 2013 with details of action that had been taken and which would be taken.

13. In its response the council firstly defined high rise buildings as being those above 30m, equating to those of 10 storey and above, and advised that it would also apply the coroner's recommendations to known lower storey but complex blocks, i.e. those with more than one means of escape, along with the council's sheltered housing schemes and temporary accommodation units.
14. The council's response to the last and most significant recommendation that "the authority considered the question of retro fitting of sprinklers in high rise residential buildings", advised that the council would undertake a full feasibility study which would conclude within 6 months.
15. Following receipt and consideration of the feasibility study in November 2013, the officer report to Cabinet on 10 December 2013 explained in detail the considerations given to this issue and Cabinet approved the following measures:
  - The installation of sprinkler systems in all existing sheltered housing schemes by September 2016, and any built in the future
  - The installation of sprinkler systems in all existing temporary accommodation hostels by September 2016, and any built in the future
  - The installation of LD2 type automatic battery powered smoke/heat detection to all the council homes forming part of this study by March 2015.
  - 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.
  - Instructed the Strategic Director of Housing and Community Services to explore ways in which leaseholders could be provided with similar early detection and warning, considering the likely funding, management and other issues.
  - Instructed the Strategic Director of Housing and Community Services to work with the Southwark SAIL (safe and independent living) project in order to consider alternative fire safety solutions for vulnerable residents.

## **Progress**

16. Attached as Appendix 1 is an update which shows the progress made against all of the Coroners recommendations.
17. Although the seventeenth recommendation, that the council considers the question of retrofitting sprinklers in its high rise residential buildings, has been completed and was the subject of the report to Cabinet on 10 December 2013, attached at Appendix 2 is an update showing progress made on the installation of sprinklers at SHU's and temporary accommodation units, while Appendix 3 shows progress made on the installation of LD2 type smoke/heat detection at the blocks referred to in paragraph 13.
18. Exploration and consideration has been given to how leaseholders could be provided with similar early detection and warning.
19. Counsel advice was received which considered it legitimate to fund the provision of alarms to leaseholders from the Housing Revenue Account in circumstances where their provision is in a scheme of preventative measures, designed to minimise the spread of fire and smoke, and assists with the protection of the building and the residents of other units in the building.

20. However, there is no obligation on leaseholders to have the detection installed, and in order to maximise the installations, and thus increase residents safety, it was agreed that the system be offered free of charge, with the ongoing maintenance becoming the leaseholders responsibility. It should be noted that the council cannot force the leaseholders to maintain the detection, and over time there is a potential for the dwelling systems to become less effective due to lack of ongoing maintenance.
21. So that maximum efficiencies could be gained, the offer and installation of detection to leaseholders commenced in August 2014 using the delivery vehicle already installing the systems to tenanted dwellings approved in the report to Cabinet on 10 December 2013. The completions are included in the figures set out in Appendix 3.
22. Approval for LD2 type smoke/heat detector installations to the remaining leasehold dwellings in blocks across the borough in the estimated sum of £8,407,000 will be sought on a project by project basis through the appropriate constitutional processes.
23. In terms of working with the Southwark SAIL project, the in-house fire safety team has worked closely with colleagues in the SAIL team and Children's and Adult's Services, and is now part of the referral process. To date 19 referrals have been made to the fire safety team.
24. With regard Lakanal itself, much progress has been made in terms of its refurbishment and return to use. It is proposed to refurbish the dwellings to the Decent Homes Standard, plus undertake fire safety works, replace both lifts and undertake works to the internal district heating system within the block. This scheme addresses the main concerns of the fire damaged block, as well as the development of the undercroft space and thereby improving the ground floor and landscape areas in front of the block.
25. It is also proposed to relocate two of the existing commercial/community tenants in the shop units adjacent to Lakanal House into the newly developed undercroft area, thereby creating a site for a new build housing block with a mixture of private sale, shared ownership and council rented units.
26. The scheme aims to create capital value through the creation of units for sale, which will subsidise the cost of the works, and also create a fund to deliver local environmental improvements to the estate.
27. There have been many consultation events including two exhibitions held in January and July 2014, with residents and representatives of the Sceaux Gardens T&RA and this was followed by an estate wide exhibition/consultation event in September 2014 to discuss the option appraisals and agree the following:
  - a) It has been proposed that 7 dwellings located at the top floor of Lakanal House will be refurbished to a private sales specification.
  - b) It is also proposed that there will be three alternative tenure flats in the proposed new-build block to enable younger residents from the estate to move onto the property ladder.
  - c) That there will also be a net gain of nine council rented properties over the total development, due to the buyback of leasehold flats after the fire in Lakanal House.

- d) Sceaux Gardens T&RA requested that the South London Gallery and the theatre group who had a long standing track record of works with residents be provided with alternative spaces once the shop redevelopment is underway. Adequate space has been identified in the undercroft of Lakanal House for their combined needs.

### Policy implications

28. Not applicable.

### Community impact statement

29. The Coroner's recommendations impact on residents across the council's housing stock across the borough.

### Cost implications

30. Estimated and actual costs of the various works are set out in the table below. Staffing costs have not been included.

	Capital Tenanted Stock £	Capital Leasehold Stock £	Total Estimated Cost £
Installation of sprinkler systems in all existing sheltered housing	3,318,000	0	3,318,000 (e)
Installation of sprinkler system in all existing temporary accommodation hostels	1,645,000	0	1,645,000 (e)
Installation of LD2 type smoke/heat system to all general needs blocks forming part of the recommendations	3,588,000	1,263,000	4,851,000 (e)
Installation of LD2 type smoke/heat system to council homes across borough (as part of future investment programme)	23,931,000	8,407,000	32,338,000 (e)
Block plans	362,000	0	362,000 (a)
Signage (inc. Premises Information Plates)	103,000	0	103,000 (a)
<b>Total cost of recommendation shown in this report</b>	<b>32,947,000</b>	<b>9,670,000</b>	<b>42,617,000</b>

- (a) = actual  
(e) = estimated

### Financial implications

31. The total estimated cost of this programme is £42,617,000 (as shown above). Funding for these works comprise £465,000 from the HRA for the block plans and

signage and a capital allocation of £42,152,000. The capital works forms part of the Housing Investment Programme.

32. The approved budgets are included in the councils Housing Investment Programme as shown below:

Smoke/heat detection & sprinklers (H-3326-2522)	= £32,482,000
LD2 type alarms in leasehold dwellings (H-3326-2554)	= £9,670,000
Total Capital Allocation	= £42,152,000

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Specialist Housing Services**

33. Hostels, supported hostels and sheltered housing units fall under the remit of the Head of Specialist Housing Services. Funding for the retro-fitting of sprinklers for all hostels, supported hostels and sheltered housing units has been obtained and works are currently underway. The retro-fit to all units is due to be completed by the end of the financial year 2016/17.
34. The Head of Specialist Housing Services previously given advice on the installation of smoke and heat detectors to leasehold properties, and this is reflected in paragraphs 19 and 20 of this report.

### **Director of Legal Services**

35. The report summarises, and provides an update to, the actions taken following the council's response to the coroners report required under the Coroners rules in force at the time.
36. So far as is relevant to this report, the council has responsibilities towards its leaseholders, tenants and visitors to council premises under the Fire Safety Order and the Occupiers Liability Act.

### **The Fire Safety Order**

37. The Regulatory Reform (Fire Safety) Order 2005 (the "Order") imposes a number of duties on the council to protect persons on the council's premises and those in the immediate vicinity who are at risk from fire (referred to in the Order as "relevant persons"), in so far as the requirements are within the council's control.
38. The duties imposed by the Order include duties to:
- Take such general fire precautions as are reasonably required to ensure that the premises are safe;
  - Carry out a suitable risk assessment to identify the appropriate fire precautions to take at each premises, and keep such assessments up to date;
  - Make arrangements for the planning, control, and review of preventive and protective measures, including appointing competent persons to manage this;
  - Provide appropriate fire fighting equipment and implement appropriate measures for fire-fighting;

- Comply with requirements in the Order for emergency routes and exits including indication by signage;
  - Establish procedures to be followed in the event of serious and imminent danger; and
  - Keep premises and fire-fighting equipment in good repair and working order to safeguard relevant persons.
39. It is an offence to fail to comply with these duties where that failure places one or more relevant person at risk of death or serious injury in case of fire.

### **Occupiers Liability Act 1957**

40. Section 2 of the Act stipulates that the council as "occupier" of tenanted and leased properties owes the "common duty of care" to "visitors", which will include tenants and leaseholders as well as other people permitted to be on the premises. The common duty of care is a duty to "take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there".
41. The actual steps required from the council to discharge the duty will depend on the degree of control which the council has over the premises, among other things. For example the council has much wider rights to enter and make alterations to tenanted properties than it does in relation to leasehold properties, so that the standard of care required in connection with leasehold flats will be lower. Resource implications will also be a relevant factor.

### **Housing Revenue Account / General Fund**

42. Section 74 of the Local Government and Housing Act 1989 (the "Act") sets out the local housing authority's obligation to establish and maintain an account of sums falling to be credit or debited with respect to its general housing stock, and related matters. This account is known as the Housing Revenue Account ("HRA").
43. Section 74(3) of the Act provides that this does not apply to "land, houses or other buildings disposed of by the authority". This will include houses and flats disposed of by the local authority by way of sale of the freehold or by a grant of a long lease. Therefore it will not apply to homes conveyed under the "Right to Buy" programme.
44. Part II of Schedule 4 of the Act sets out the types of expenditure which may be debited to the HRA. So far as is relevant to this report, the relevant item is item 1: "the expenditure of the authority for the year in respect of the repair, maintenance, supervision and management of houses and other property within the [HRA]".
45. As regards the cost of installation of sprinklers and smoke/heat detectors in sheltered housing schemes, temporary accommodation hostels, and homes let by the council to secure tenants, this expenditure clearly falls within the HRA.
46. As regards leaseholders, expenditure that benefits the interiors of their homes are generally excluded from the HRA by virtue of section 74(3) of the Act. However as indicated in paragraph 19 of the report, Legal advice has been

received that as the installation of each LD2 system is part of a scheme of preventative measures to each block of flats (or house, split into flats) which is designed to reduce the risks of fire and smoke damage to that block or house, the cost of supplying smoke detectors may properly be accounted for as a Housing Revenue Account ("HRA") debit.

47. The report correctly states, however, that there is currently no obligation on leaseholders to have the system installed.

#### **Strategic Director of Finance and Corporate Resources**

48. This report is updating cabinet on the progress made on the Coroner recommendations, following the fire at Lakanal.
49. The strategic director of finance and corporate services notes the financial implications included in the report.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Coroners Rule 43 letter (See paragraphs 4 and 5)	160 Tooley Street London SE1 2QH	Tony Hunter, Tel: 020 7525 1756
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4253&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4253&amp;Ver=4</a>		
Report to Cabinet 16 April 2013	160 Tooley Street London SE1 2QH	Tony Hunter Tel: 020 7525 1756
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4253&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4253&amp;Ver=4</a>		
Report to Cabinet 14 May 2013	160 Tooley Street, London SE1 2QH	Tony Hunter Tel: 020 7525 1756
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4254&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4254&amp;Ver=4</a>		
Council response to Coroner – Letter of 23 May 2013 (See paragraph 7)	160 Tooley Street London SE1 2QH	Tony Hunter Tel: 020 7525 1756
<b>Link</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4553&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4553&amp;Ver=4</a>		
Report to Cabinet 10 December 2013 (See paragraphs 10 and 12)	160 Tooley Street, London SE1 2QH	Tony Hunter
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4553&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4553&amp;Ver=4</a>		

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Progress update on Coroners recommendations/council actions
Appendix 2	Progress update on installation of sprinklers
Appendix 3	Progress update on installation of smoke/heat alarms at the blocks subject to Coroners recommendations

**AUDIT TRAIL**

<b>Cabinet Member</b>	Richard Livingstone, Housing	
<b>Lead Officer</b>	Gerri Scott, Strategic Director of Housing and Community Services	
<b>Report Author</b>	Tony Hunter, Compliance Operations Manager	
<b>Version</b>	Final	
<b>Dated</b>	29 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		29 January 2015



## Lakanal Coroner action plan

No.	Coroners Recommendation	Action	Timescale for Completion
	<b>Information and guidance to occupiers of flats and maisonettes in high rise buildings</b>	<i>Apply to 10 &gt;storey, lower but complex blocks, SHUs and hostels</i>	
1	<b>Demonstrate to those who are about to enter into occupation of a flat or maisonette the fire safety features of their dwelling and of the building generally; this should include walking residents through relevant features such as escape balconies and demonstrating how to open fire exit doors and where these lead.</b>	<i>FST to assess blocks and prepare information/guidance packs on an area by area basis and provide to lettings team.  The lettings team will incorporate this information into the 'welcome pack' and will go through the guidance and walk through the relevant features with new tenants at the point of sign up. Tenants will be asked to sign to confirm they have had and understood the advice. The signed sheet will be stored on Info@Work to ensure we have a record.</i>	Oct-14. Completed  Completed and ongoing
2	<b>Give residents clear guidance as to how to react if there is a fire in the building, namely to explain whether they should attempt to get out of their flat or maisonette and leave the building, or whether they should remain in their flat; that guidance should explain clearly how to react if circumstances change, for example, if smoke or fire enter their flat or maisonette</b>	<i>FST to revisit fire safety works done prior to the approval of the current Fire Action Notice (FAN) to bring these up to date, and increase the number installed to three per floor, where appropriate.  FAN information to also form part of the block's specific literature/pack referred to in recommendation 1.</i>	Mar-14. Completed  Completed
3	<b>Consider additional ways in which information might be disseminated to residents, for example, by fixing inside each flat and maisonette a notice about what to do in case of fire</b>	<i>Issue all residents in high rise blocks with an expanded version of the fire action notices and stay put principles in booklet form (FST drafting).</i>	Sept-13. Completed

No.	Coroners Recommendation	Action	Timescale for Completion
	<b>Signage in high rise residential buildings</b>		
4	<p>It is recommended that your authority reviews signs in common parts of high rise residential buildings to ensure that these are sufficiently prominent and provide useful information. It is recommended that signage:</p> <p>In common areas explain whether residents should normally remain in their flats or maisonettes or whether they should evacuate the building, in which case evacuation procedures should be explained</p>	<i>As No. 2 above</i>	Completed
5	<b>Provide clear information to residents to enable them to find escape routes</b>	<i>FST to review directional signage previously installed and arrange replacement where necessary</i>	Mar-14. Completed
6	<b>Use pictograms to assist those for whom English is not their first language</b>	<i>Directional signage already in pictogram form</i>	N/A

No.	Coroners Recommendation	Action	Timescale for Completion
7	Provide information to those in the emergency services which would assist them to understand a building's layout and enable them quickly to find a particular flat or maisonette once inside the building	<p><i>FST to carry out a review of all existing high rise block signage and ensure that it includes the location of each flat on its floor and is placed at a level low enough to ensure visibility in smoke conditions.</i></p> <p><i>Distribution of plans of 5 &gt; blocks to the LFB.</i></p> <p><i>FST to carry out a review of areas not accessible to general public and liaise with LFB to ensure they are easily accessible by LFB by use of LBS key suite</i></p> <p><i>Ensure staff availability at times of LFB familiarisation visits, when requested, to ensure that all parts of the buildings are accessible during such visits</i></p>	<p>Mar-14. Completed</p> <p>Jun-14. Completed</p> <p>Mar-14. Completed</p> <p>Ongoing</p>
8	It is also recommended that your authority liaise with London Fire Brigade regarding use of premises information plates and boxes	<i>FST/LFB to arrange installation of premises information plates at prioritised blocks.</i>	Dec-13. Completed
<b>Policies and procedures concerning fire risk assessment</b>			
9	It is recommended that your authority review its policies and procedures concerning high rise residential buildings	<i>Officers to carry out a further review in October and then annually</i>	Oct-13 and annually. Completed and ongoing
10	Prioritising such buildings for regular rigorous review	<i>This recommendation has already been completed</i>	Completed and ongoing
11	Considering the skills and experience needed to undertake an assessment of higher risk residential buildings	<i>This recommendation has already been completed.</i>	Completed and ongoing

No.	Coroners Recommendation	Action	Timescale for Completion
12	Considering the training required for members of staff considered to be competent to carry out assessments	<i>This recommendation has already been completed.</i>	Completed and ongoing
13	Identifying when individual flats or maisonettes should be inspected and how these should be selected for inspection	<i>Our current fire risk assessment process already identifies areas where further internal in-dwelling investigation might be required.</i>	Completed and ongoing
14	Ensuring that assessors have access to relevant information about the design and construction of high rise residential buildings and refurbishment work carried out to enable an assessor to consider whether compartmentation is sufficient or might have been breached	<p><i>Prior to every fire risk assessment being undertaken, an FRA Co-ordinator will issue a comprehensive brief on the layout of the building, records of any recent major works and any other design features or characteristics relevant to the building and its fire safety to the assessor.</i></p> <p><i>Commence storing CDM H&amp;S files electronically on Info@Work</i></p> <p><i>Information from annual property check to be shared with the in-house fire risk assessors</i></p>	<p>Mar-14. Ongoing</p> <p>Jun-13. Completed and ongoing</p> <p>Jul-13. Ongoing</p>
	Training of staff engaged in maintenance and refurbishment work on existing building		

No.	Coroners Recommendation	Action	Timescale for Completion
15	<p>Consider the training needs of personnel who will be involved in procuring or supervising work to existing high rise residential buildings – whether maintenance, refurbishment or rebuilding of parts of buildings – to ensure that materials and products used in such work have appropriate fire protection qualities. Staff should, for example, be trained to understand the significance of the compartmentation principle and to appreciate when Building Control should be notified about work to be undertaken.</p>	<p><i>Regular training to be made available to M&amp;C and MW staff</i></p> <p><i>Lead designers and consultants to attain NEBOSH accreditation</i></p> <p><i>All of the council's contractors engaged in major works and day to day maintenance to regularly demonstrate sufficient knowledge, experience and qualification in fire safety issues and requirements in construction</i></p> <p><i>FST to sign off major works and other works with fire safety implications</i></p> <p><i>MWs to review the current processes to ensure that there is liaison with the council's Building Control team in all major work proposals and completions, and that all necessary consents and sign-offs are obtained</i></p> <p><i>MWs to carry out a retrospective review of major works to ensure that the necessary consents are in place</i></p>	<p>Mar-14. Ongoing</p> <p>Mar-14. Completed</p> <p>Mar-14. Completed and ongoing</p> <p>Ongoing</p> <p>Jul-13. Completed</p> <p>Oct-13. Completed</p>
	<b>Access for emergency vehicles</b>		
16	<p>Liaise with emergency services to consider access for emergency vehicles to high rise residential buildings, having particular regard to obstructions such as vehicle parking in locations which emergency services might need to use</p>	<p><i>LBS has liaised with LFB and agreed a reporting and resolution process</i></p>	<p>Completed and ongoing</p>
	<b>Retro fitting of sprinklers</b>		

No.	Coroners Recommendation	Action	Timescale for Completion
17	<b>Consider the question of retro fitting of sprinkler systems in high rise residential buildings</b>	<i>The council will undertake a full independent feasibility study which looks at the requirements for each of the blocks concerned</i>	Nov-13. Completed

## Sprinkler installations in SHUs

King Charles Court	Complete
Ray Gunter	Complete
Russell Court	Jan-15
Hughes House*	Mar-15
Pedworth	Mar-15
Brook Drive	Mar-15
Harry Lambourn*	Mar-15
Grosvenor Park*	Jun-15
Keetons	Jun-15
Lucy Brown	Jun-15
Locksfield	Jun-15
D'Eynesford*	Jun-15
Rock Grove	Sep-15
Cossall	Sep-15
Consort	Sep-15
Marden	Dec-15
Lew Evans	Dec-15
Barset	Mar-16
Jack Jones	Mar-16
Silverlock	Mar-16

## Sprinkler installations in Temporary accommodation hostel schemes

2 Linden Grove	Complete
225-227 Queens Rd	Complete
243 Queens Road	Complete
134 Camberwell Rd	Complete
93 Grove Lane	Mar-15
Willow Walk (demolition and rebuild)	Apr-15
Ullswater	July-15
Keyworth Street (supported hostel)	Sep-15
66 Linden Grove	Oct-15
Woodvale	Oct-15
1 Priter Road	Jan-16
86-96 Copeland Road	Jan-16
75-77 Southampton Way	Jan-16
46 Trafalgar Ave	Aug-16
25-27 Trafalgar Ave	Aug-16
93 Herne Hill	Aug-16
76-78 Camberwell Road	Aug-16
Sedgemoor Place	Aug-16
Wren Road (supported hostel)	Aug-16

Block Name	Area	Units	Tenanted	Completed	Percentage	Leasehold	Completed	Percentage
Rye Hill Park (122-208)	Nunhead & Peckham	44	38	37	97%	6	4	67%
Rye Hill Park (210-296)	Nunhead & Peckham	44	34	33	97%	10	3	30%
Rye Hill Park (34-120)	Nunhead & Peckham	44	42	42	100%	2	2	100%
Crane House	Nunhead & Peckham	70	62	61	98%	8	7	88%
Witcombe Point	Nunhead & Peckham	76	71	70	99%	5	4	80%
Bronyard House	Peckham	56	51	48	94%	5	4	80%
Peterchurch House	Peckham	56	50	48	96%	6	3	50%
Sarnsfield House	Peckham	56	48	48	100%	8	5	63%
Skenfrith House	Peckham	56	48	48	100%	8	5	63%
Andoversford	Peckham (now TMO)	85	70	69	99%	15	13	87%
Downend	Peckham (now TMO)	18	16	16	100%	2	1	50%
Willsbridge	Peckham (now TMO)	24	20	20	100%	4	2	50%
Cam court	Peckham (now TMO)	33	27	25	93%	6	3	50%
Quedgley	Peckham (now TMO)	33	26	25	96%	7	3	43%
Westonbirt	Peckham (now TMO)	30	26	26	100%	4	2	50%
Quenington court	Peckham (now TMO)	32	29	29	100%	3	0	0%
Wickway court	Peckham (now TMO)	108	91	89	98%	17	6	35%
Arica House	Rotherhithe	88	67	65	97%	21	10	48%
Brydale House	Rotherhithe	96	73	73	100%	23	8	35%
Addy House	Rotherhithe	95	79	73	92%	16	7	44%
John Kennedy House	Rotherhithe	96	84	74	88%	12	6	50%
Tissington Court (73-134)	Rotherhithe	62	49	46	94%	13	6	46%
Windermere Point	Rotherhithe	73	62	62	100%	11	2	18%
Ambleside Point	Rotherhithe	72	64	62	97%	8	3	38%
Grassmere Point	Rotherhithe	72	71	70	99%	1	1	100%
Columbia Point	Rotherhithe	80	59	58	98%	21	9	43%
Regina Point	Rotherhithe	80	71	69	97%	9	3	33%
Burwash	Leathermarket JMB	76	51	50	98%	25	9	36%
Simla	Leathermarket JMB	81	63	62	98%	18	5	28%
Nashe	Leathermarket JMB	43	30	29	97%	13	5	38%
Astley House	Bermondsey	94	76	66	87%	18	4	22%
Pope House	Bermondsey	88	76	62	82%	12	4	33%
Landmann House	Bermondsey	52	40	32	80%	12	7	58%
Trevithick House	Bermondsey	52	47	40	85%	5	2	40%
Prospect house	Borough & Bankside	63	49	38	78%	14	7	50%
Perronet House	Borough & Bankside	90	53	46	87%	37	15	41%
Helen Gladstone House	Borough & Bankside	60	39	32	82%	21	7	33%
Redman House (1-52)	Borough & Bankside	52	38	33	87%	14	7	50%
Albert Barnes House	Borough & Bankside	99	71	63	89%	28	9	32%
Dodson	Borough & Bankside	48	26	23	88%	22	13	59%
Jurston court	Borough & Bankside	35	26	23	88%	9	2	22%
Guthrie court	Borough & Bankside	34	23	18	78%	11	5	45%
Harold Madison House	Walworth	48	41	33	80%	7	3	43%
Napier House	Walworth	36	27	22	81%	9	2	22%
Albert Westcott House	Walworth	48	32	24	75%	16	3	19%
Mardyke House	Walworth	50	39	34	87%	11	7	64%
Broadmayne	Walworth	54	44	40	91%	10	3	30%
Lulworth House	Walworth	55	49	42	86%	6	1	17%
Studland House	Walworth	54	49	44	90%	5	2	40%
Woodsford House	Walworth	54	47	39	83%	7	2	29%
Brawne House	Walworth	68	54	52	96%	14	2	14%
Cornish House	Walworth	68	51	48	94%	17	9	53%
Prescott House	Walworth	68	55	54	98%	13	6	46%
Bateman House	Walworth	68	53	47	89%	15	6	40%
Cruden House	Walworth	68	57	54	95%	11	6	55%
Walters House	Walworth	68	54	51	94%	14	6	43%
Draper House	Walworth	137	108	88	81%	29	12	41%
Soane House	Walworth	30	21	17	81%	9	1	11%
Hanworth house	Walworth	139	97	84	87%	42	15	36%
Trevelyan	Walworth	63	50	40	80%	13	10	77%
Wendover 1-471	Walworth	476	421	193	46%	55	25	45%
Taplow	Walworth	215	198	64	32%	17	2	12%
Marchwood Close (1-62)	Camberwell	62	47	45	96%	15	11	73%
Redbridge Gardens (1-123)	Camberwell	64	54	45	83%	10	6	60%
Marie Curie	Camberwell	98	90	81	90%	8	5	63%
Masterman House	Camberwell	67	52	48	92%	15	8	53%
Castlemead	Camberwell	111	102	89	87%	9	4	44%
Kevan House	Camberwell	82	72	63	88%	10	7	70%
Coniston House	Camberwell	82	79	70	89%	3	2	67%
Crossmount House	Camberwell	82	67	62	93%	15	6	40%
Laird House	Camberwell	82	74	69	93%	8	2	25%
Otterburn House	Camberwell	81	76	74	97%	5	4	80%
Glenfinlas Way	Camberwell	40	29	25	86%	11	6	55%
Kirwyn Way	Camberwell	35	20	14	70%	15	5	33%
Aberfeldy	Camberwell	155	112	95	85%	43	16	37%
Lupin	Two towers TMO	83	51	43	84%	32	15	47%



Block Name	Area	Units	Tenanted	Completed	Percentage	Leasehold	Completed	Percentage
Casby	Two towers TMO	83	54	45	83%	29	13	45%
Kennington Park House	TMO	40	21	13	62%	19	6	32%
Styles House	TMO	48	29	12	41%	19	5	26%
Devon Mansions 1-14	Fair Street TMO	14	8	8	100%	6	6	100%
Devon Mansions 15 - 28	Fair Street TMO	14	8	6	75%	6	4	67%
Devon Mansions 29-42	Fair Street TMO	14	9	9	100%	5	5	100%
Devon Mansions 43-54	Fair Street TMO	12	6	6	100%	6	6	100%
Devon Mansions 55-75	Fair Street TMO	21	13	12	92%	8	6	75%
Devon Mansions 76-96	Fair Street TMO	21	12	9	75%	9	6	67%
Devon Mansions 97-108	Fair Street TMO	12	6	5	83%	6	5	83%
Devon Mansions 109-120	Fair Street TMO	12	7	6	86%	5	3	60%
Devon Mansions 121-132	Fair Street TMO	12	6	6	100%	6	4	67%
Devon Mansions 133-144	Fair Street TMO	12	7	7	100%	5	3	60%
Devon Mansions 145-156	Fair Street TMO	12	5	3	60%	7	5	71%
Devon Mansions 157-168	Fair Street TMO	12	6	4	67%	6	5	83%
Devon Mansions 169-180	Fair Street TMO	12	5	5	100%	7	7	100%
Devon Mansions 331-351	Fair Street TMO	21	13	13	100%	8	6	75%
Devon Mansions 352-372	Fair Street TMO	21	7	7	100%	14	14	100%
Devon Mansions 373-386	Fair Street TMO	14	4	4	100%	10	10	100%
Devon Mansions 387-405	Fair Street TMO	19	6	6	100%	13	11	85%
Devon Mansions 406-433	Fair Street TMO	28	13	12	92%	15	14	93%
Devon Mansions 434-454	Fair Street TMO	21	11	11	100%	10	9	90%
Devon Mansions 455-475	Fair Street TMO	21	12	10	83%	9	6	67%
Devon Mansions 476-489	Fair Street TMO	14	10	8	80%	4	2	50%

Please note the below blocks are being undertaken by Leathermarket JMB and have not been included in these figures.

Peveril House
Symington House

Total	6147
Tenants	4886
Completed tenants	4124
Leasehold	1261
Completed Leasehold	604

<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Lakanal House Redevelopment, Sceaux Gardens Estate 2014/17 – Update Report	
<b>Ward(s) or groups affected:</b>		Brunswick Park	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Housing	

### **FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR HOUSING**

This report sets out proposals for the future of Lakanal and neighbouring parts of the Sceaux Gardens Estate.

The 2009 fire at Lakanal was one of the most tragic events in this borough's history. Now that the Coroner's Inquest into this fire has completed, the council has worked with residents of the Sceaux Gardens Estate to decide on the future of the block. I wish to thank the residents for their role in this process, together with the independent tenants' friend, Neal Purvis, for facilitating the process.

The recommendations set out in the report will ensure that the new homes here will be both safe and of a high standard, and will include homes for sale to help pay for the higher specifications of those homes. In addition, the new housing on the site of the old shops on the estate will ensure that there is a net increase in council homes from the number there at the time of the fire. Furthermore, there will be additional works to improve other areas of the estate as part of the programme.

### **RECOMMENDATIONS**

1. That cabinet notes the details of the proposed Lakanal House redevelopment scheme as detailed within this report.
2. That cabinet notes that this scheme will be delivered through the Major Works Partnering Contract with Keepmoat Regeneration (Apollo) Ltd ("Keepmoat").
3. That cabinet notes that the scheme budget was included in the Quarter 2 Capital Monitoring for 2014/15 and Capital Programme Refresh for 2014/15 – 2023/24 approved at cabinet on 9 December 2014.

### **BACKGROUND INFORMATION**

4. Lakanal House is a 15 storey tower block that forms part of Sceaux Gardens Estate ("the Estate") in Camberwell which is in a conservation area. The block was completed in 1959 and has 98 flats made up of two bedroom maisonettes of a distinctive 'scissor' design. The block has been empty since the tragic fire of 3 July 2009. The Independent Public Enquiry ended in 2013 which has enabled the refurbishment design works to proceed.

## KEY ISSUES FOR CONSIDERATION

5. It is proposed to refurbish Lakanal House to the decent homes standard plus undertake fire safety works, replace both lifts and undertake works to the internal district heating system within the block ("the Scheme"). The Scheme addresses the main concerns of the fire damaged block as well as the development of the undercroft space and thereby improving the ground floor and landscape areas in front of the block.
6. As part of this exercise, it is proposed to relocate two of the existing commercial/community tenants in the shop units adjacent to Lakanal House into the newly developed undercroft area, thereby creating a site for a new build housing block with a mixture of private sale, alternative tenures and council rented units.
7. Finally, the scheme aims to create capital value through the creation of units for sale which will subsidise the cost of the works and also create a fund to deliver local environmental improvements to the Estate.
8. There have been many consultation events including two exhibitions held in January and July 2014 with residents and representatives of the Sceaux Gardens Tenant and Resident Association (TRA), who are extremely supportive of the proposals and in particular are keen to see Lakanal back into occupation as soon as possible. The aforementioned exhibitions have also been followed by an Estate wide exhibition/consultation event in September 2014 to discuss the option appraisals and agree the following:
  - a. It is proposed that 7 dwellings located at the top floor of Lakanal House be refurbished to a private sales specification.
  - b. It is proposed that there will be 3 alternative tenure flats in the proposed new-build block.
  - c. It is proposed that there will be a net gain of 9 council rented properties over the total development due to the buyback of leasehold flats after the fire in Lakanal House.
  - d. The TRA request that the South London Gallery and the theatre group who had a long standing track record of works with residents be provided with alternative spaces once the shop redevelopment is underway. Adequate space has been identified in the undercroft of Lakanal House for their combined needs.

### Current status of the project

9. In advance of the main refurbishment works pre-commencement, activities have started. Asbestos removal commenced on 8 December 2014 and scaffolding commenced on 15 December 2014. Two pilot properties will commence in January 2015 and these should be completed by March 2015 to enable a positive start to the main scheme in April 2015.

### Proposals

10. It is proposed to refurbish Lakanal House to the decent homes standard plus undertake fire safety works, replace both lifts and undertake works to the internal district heating system within the block. The Scheme addresses the main concerns of the fire damaged block, as well as the development of the undercroft

space and thereby improving the ground floor and landscape areas in front of the block.

11. As part of this exercise it is proposed to relocate two of the existing commercial/community tenants in the shop units adjacent to Lakanal House into the newly developed undercroft area, thereby creating a site for a new build housing block with a mixture of private sale and council rented units.
12. Finally, the Scheme aims to create capital value through the creation of units for sale which will subsidise the cost of the works and also create a fund to deliver local environmental improvements to the Estate.

### **Summary of works proposed**

13. The proposed works and 'Wish' list fall into four elements as below and budget costs for each are provided below:

- a) Refurbishment of Lakanal House

The works incorporate:

- Replacement of kitchens and bathrooms, including enlargement of bathrooms.
- Partial electrical rewiring.
- Re-plumbing and renewal of heating installations.
- Fire precautionary and compartmentation works, to dwellings and communal areas.
- Renewal of lifts.
- Improvements to the main entrance areas and lobbies
- Works to a slightly enhanced specification to the seven properties for sale on the top floor

- b) Refurbishment of undercroft

The ground floor area below the block is currently occupied by plant and storage rooms. It is intended to remove various redundant pieces of equipment and convert this space over two phases to provide:

- Various combinations of new non-residential units for users of the adjacent shops who work with residents on the estate.
- Secure bicycle and refuse storage spaces.
- Ground floor elevational treatments to enhance of the block.

- c) New Build housing

Currently an initial massing study only has been prepared to assess potential numbers of units, costs and values. The option under consideration comprises of a 5 storey building with a total of 28 new units as follows:

- Flats for council rent: 1x1bed; 2x 2bed; 4x3bed – total of 7 flats
- Flats for alternative tenures: 2x1bed; 1x2bed – total of 3 flats
- Flats for sale: 5x1bed; 11x2bed; 2x3bed – total of 18 flats
- There will be 3 wheelchair accessible units which it is assumed will be provided within the council rental units.

Further to the above, a planning pre-application meeting was held with a design officer and a planning officer on 1 December 2014 to review initial proposals. Comments received from them for this application means that a

revised proposal is necessary and this may have some impact on the height of the block and consequently the number of units.

d) Residents' 'Wish' list

A provisional fund of £205,610 has been allocated (subject to a sufficient number of units being achieved on the new build site) for the residents' 'wish' list works. The first four items (estate lighting, installation of a lift to the TRA hall, parking and new bin rooms) on the full list of proposals have been prioritised with the fifth and sixth (toddler playground and refurbishment of pram stores) held in reserve. An initial consultation survey was undertaken but the low response means that it cannot be used as a true representation of residents' feedback. Therefore a second survey is being arranged, taking on board resident feedback and comments from the first round.

### **Policy implications**

14. Planning approval for the refurbishment phase of the scheme was obtained in November 2014.

### **Community impact statement**

15. The level of disturbance to the general public from the refurbishment works is considered to be medium. The site is vacant and will remain hoarded off to prevent the public gaining access to the works.
16. The construction of new homes for rent and the refurbishment of Lakanal which is currently vacant will have a positive impact on the local community and the council's housing waiting list.
17. Keepmoat will be encouraged to utilise local labour markets to deliver the works.
18. There are a number of other developments proposed on or around the Sceaux Gardens Estate during the same period as the proposed Lakanal scheme. The project team will ensure the phasing and any associated environmental works do not conflict with the other local developments, such as the Peckham Theatre and the proposed Sainsbury's development on Peckham Road.

### **Consultation**

19. Since the Scheme inception, the major works team has worked closely with the residents' project team for the Scheme which is made up of representatives from the Sceaux Gardens TRA. The resident's project team are very supportive of the overall scheme, their priority being the refurbishment of Lakanal and bringing the block back into occupation.
20. To support the residents' project team, the council is also funding an independent 'Resident Advisor' from an organisation called Open Communities who have worked with a number of other resident groups affected by major works and regeneration schemes including Elmington, London SE5 and Four Squares, London SE16.
21. As well as consulting on the works and design elements of the scheme, it has also been agreed that a Local Lettings Agreement will be developed for Lakanal House and the proposed new build block and this will be developed in conjunction with the

residents' project team.

### Timetable

22. Below is the proposed outline programme of works for the individual packages:

<b>Section</b>	<b>Start on Site</b>	<b>Practical Completion</b>
Refurbishment	April 2015	March 2016
Undercroft – Phase 1	May 2015	March 2016
New Build	April 2016	March 2017
Tenants wish list	April 2015	September 2016

### Financial implications

23. This report provides an update on a project agreed at cabinet on 9 December 2014. There are no specific resource issues contained within this report and all related costs are expected to be within existing approved budgets.

### SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

#### Director of Legal Services

24. This report asks cabinet to note the information within this report.

25. There are no specific legal implications arising from this report.

#### Strategic Director of Finance and Corporate Services (FC14/043)

26. The report is updating cabinet on the progress of the Lakanal works.

27. The strategic director of finance and corporate services notes that there are no financial implications arising from the report as the costs of the scheme are expected to be contained within existing approved budgets.

### BACKGROUND DOCUMENTS

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

### APPENDICES

<b>No.</b>	<b>Title</b>
Appendix 1	Proposals for Lakanal house – layout, bathrooms and kitchens
Appendix 2	New build feasibility drawings (subject to design team review, resident consultation and 2 <sup>nd</sup> pre-planning application review)

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Housing	
<b>Lead Officer</b>	David Markham, Head of Major Works	
<b>Report Author</b>	Sharon Shadbolt, Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	30 January 2015	
<b>Key Decision</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		30 January 2015



proposed upper floor maisonette



proposed kitchen



proposed lower floor maisonette



proposed bathroom





proposed undercroft



proposed non-residential unit



proposed elevation



proposed plan



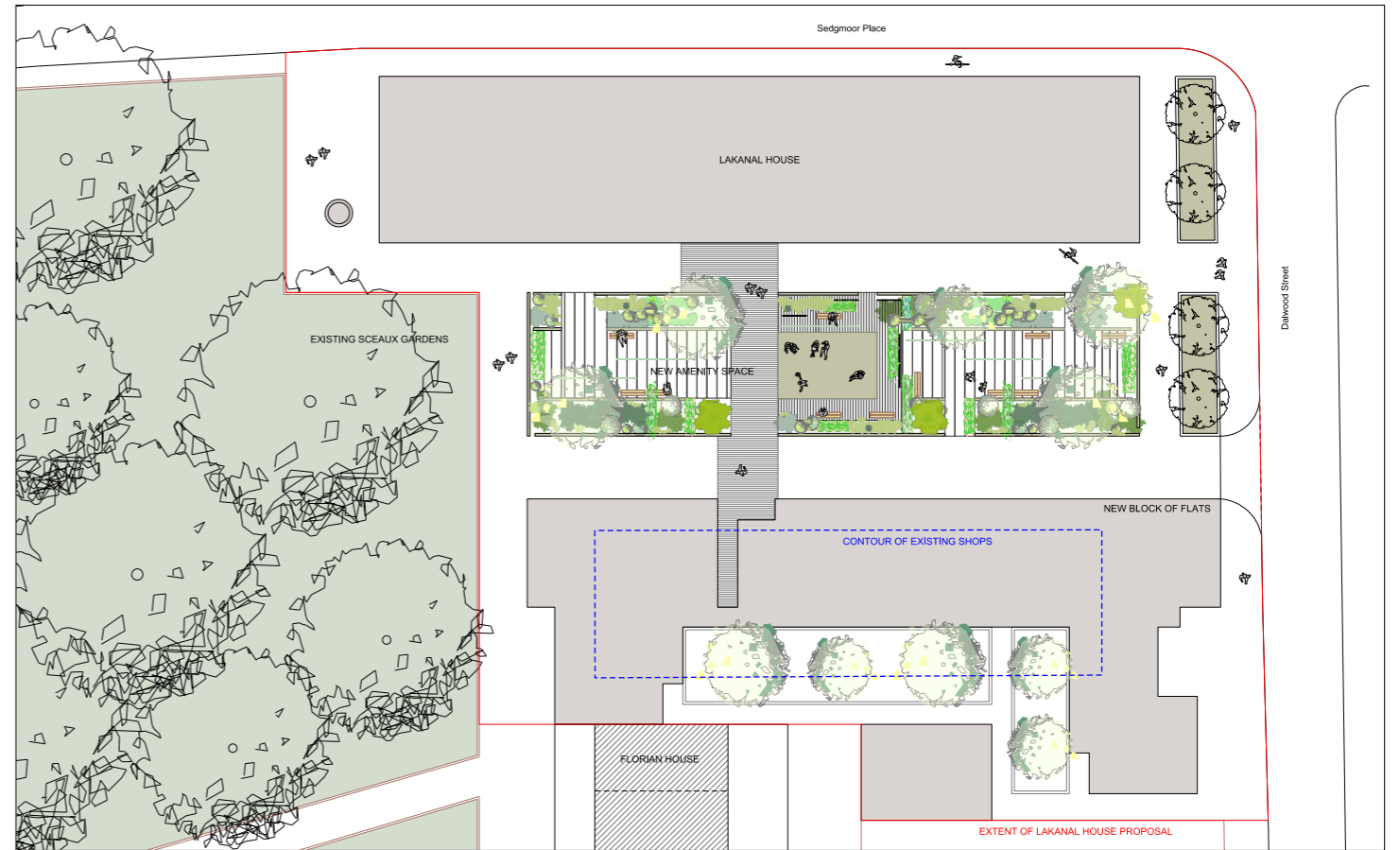
existing view



proposed view



proposed volumetric site plan



proposed site plan

## PROPOSALS FOR REDEVELOPMENT OF THE SHOPS AND THE AREA IN FRONT OF LAKANAL HOUSE

# APPENDIX 2

ALAN CAMP ARCHITECTS

Alan Camp Architects LLP, 88 Union Street, London, SE1 0NW  
tel: 020 7593 1000, fax 020 7593 1001, mail@alancamp.com

job	LAKANAL HOUSE NEW BUILD SCEAUX GARDENS, LONDON SE5 7DL	drawn:	PG	date:	14/01/15
drawing	FLOOR PLANS GROUND FLOOR	scale:	1:200@A1	job no:	2160
note:	all dimensions to be checked against the site plan. If this drawing exceeds the quantities in any bill of materials, the quantities are to be informed before the work is commenced. For all other purposes, for planning application purposes do not scale, use dimensions, this drawing is copyright.				
revisions		drawing no.	L00	rev.	AS BELOW

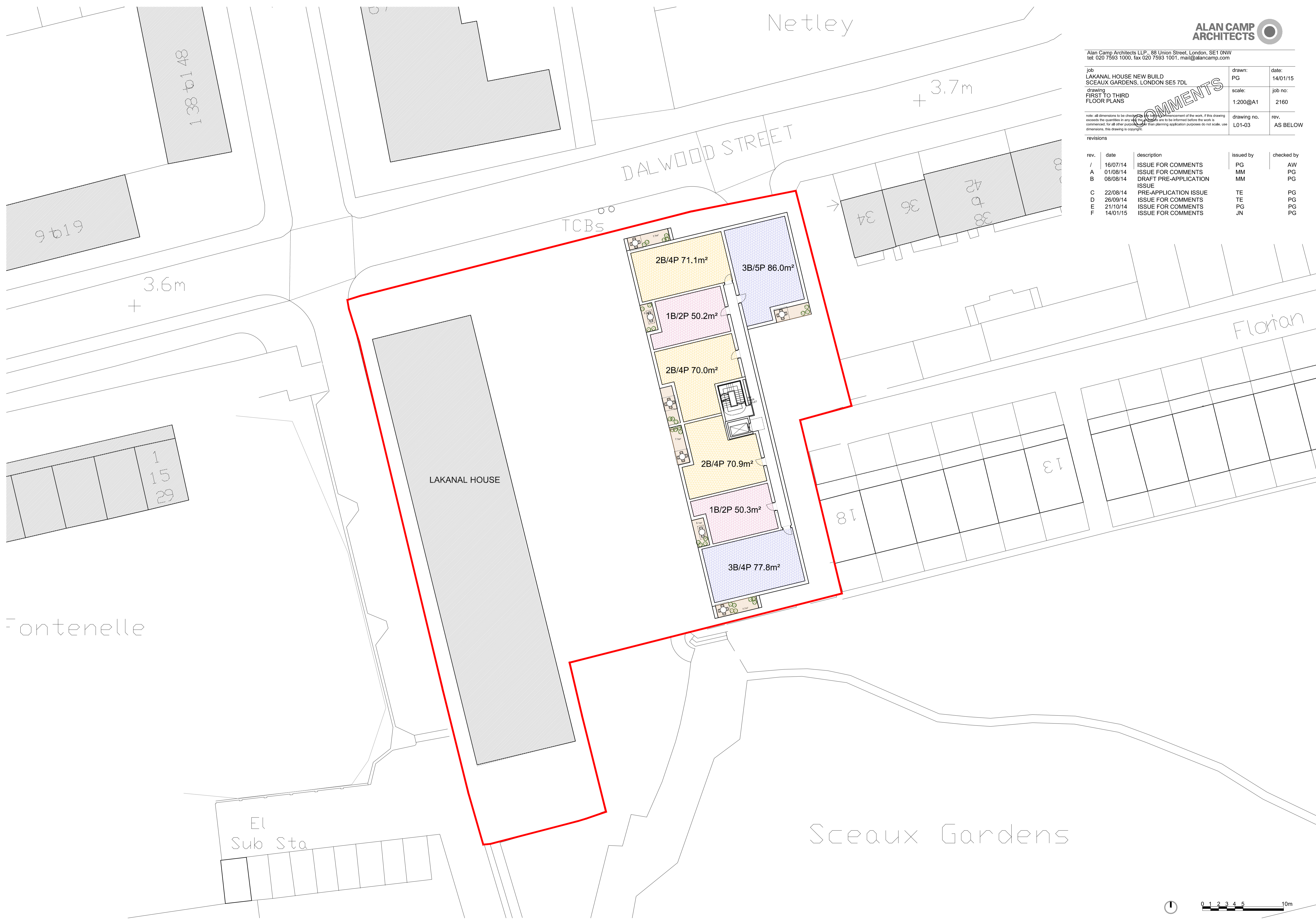
rev.	date	description	issued by	checked by
/	16/07/14	ISSUE FOR COMMENTS	PG	AW
A	01/08/14	ISSUE FOR COMMENTS	MM	PG
B	08/08/14	DRAFT PRE-APPLICATION ISSUE	MM	PG
C	22/08/14	PRE-APPLICATION ISSUE	TE	PG
D	26/09/14	ISSUE FOR COMMENTS	TE	PG
E	21/10/14	ISSUE FOR COMMENTS	PG	PG
F	14/01/15	ISSUE FOR COMMENTS	JN	PG



job: LAKANAL HOUSE NEW BUILD SCEAUX GARDENS, LONDON SE5 7DL	drawn: PG	date: 14/01/15
drawing: FIRST TO THIRD FLOOR PLANS	scale: 1:200@A1	job no: 2160

note: all dimensions to be checked against the ground conditions. If this drawing exceeds the quantities in any way, the client must be informed before the work is commenced. For all other purposes, for planning application purposes do not scale, use dimensions, this drawing is copyright.	drawing no. L01-03	rev. AS BELOW
---	-----------------------	------------------

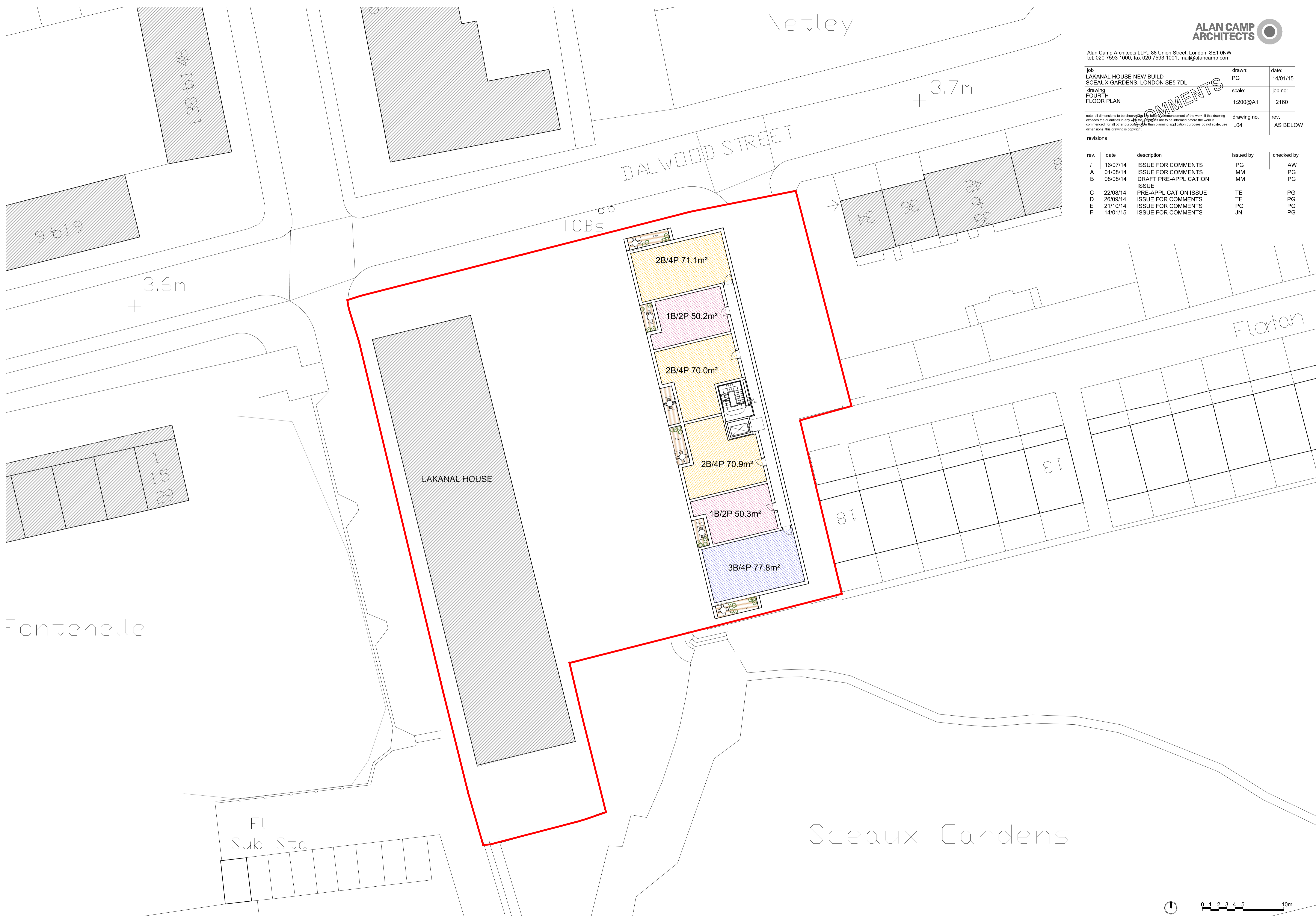
revisions				
rev.	date	description	issued by	checked by
/	16/07/14	ISSUE FOR COMMENTS	PG	AW
A	01/08/14	ISSUE FOR COMMENTS	MM	PG
B	08/08/14	DRAFT PRE-APPLICATION ISSUE	MM	PG
C	22/08/14	PRE-APPLICATION ISSUE	TE	PG
D	26/09/14	ISSUE FOR COMMENTS	TE	PG
E	21/10/14	ISSUE FOR COMMENTS	PG	PG
F	14/01/15	ISSUE FOR COMMENTS	JN	PG



job: LAKANAL HOUSE NEW BUILD SCEAUX GARDENS, LONDON SE5 7DL	drawn: PG	date: 14/01/15
drawing: FOURTH FLOOR PLAN	scale: 1:200@A1	job no: 2160

note: all dimensions to be checked on site. If any discrepancy is found, the contractor shall be informed before the work is commenced. For all other purposes, including planning application purposes, do not scale, use dimensions. This drawing is copyright.	drawing no. L04	rev. AS BELOW
---	--------------------	------------------

revisions	date	description	issued by	checked by
/	16/07/14	ISSUE FOR COMMENTS	PG	AW
A	01/08/14	ISSUE FOR COMMENTS	MM	PG
B	08/08/14	DRAFT PRE-APPLICATION ISSUE	MM	PG
C	22/08/14	PRE-APPLICATION ISSUE	TE	PG
D	26/09/14	ISSUE FOR COMMENTS	TE	PG
E	21/10/14	ISSUE FOR COMMENTS	PG	PG
F	14/01/15	ISSUE FOR COMMENTS	JN	PG



<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 1 - Procurement Strategy Approval Adult Integrated Drug and Alcohol Treatment System	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Barrie Hargrove, Public Health, Parks and Leisure	

### **FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR PUBLIC HEALTH, PARKS AND LEISURE**

Substance misuse and its associated issues have a disproportionate impact on individuals, families and communities imposing significant economic and social costs to society reflected in the cost of crime, healthcare and provision of public services.

Delivering an appropriate response to meeting the needs of older drug and alcohol users and those individuals identified with both substance misuse and mental health needs within tight financial constraints are key challenges. The procurement of a new fully integrated adult drug and alcohol treatment system will support the council to deliver on its vision of improving positive outcomes for some of our most vulnerable residents as well as improving the life chances of many of the borough's residents.

The new contract will create parity in the delivery of drug and alcohol services for the first time in the borough and increase opportunities for innovation in service delivery and design through a flexible service framework designed to enable greater responsiveness to the changing needs of the treatment population. Utilising a Payment by Results mechanism to focus service delivery on the outcomes that are of greatest importance to the council and service users is one such area of innovation.

Extensive consultation has taken place with communities, ensuring that the views and voices of those impacted by drug and alcohol treatment services are embedded within the new service model.

This proposal represents an exciting change not only for the residents who benefit from substance misuse services in the borough, but also for their families, communities and the council.

### **RECOMMENDATION**

1. That cabinet approves the procurement strategy for the adult integrated drug and alcohol treatment system contract up to a maximum annual value of £4,100,000 for a period of three years commencing on 4 January 2016 with an option to extend for a further period or periods not exceeding two years in total making a total maximum contract value of £20,500,000.

**BACKGROUND INFORMATION**

2. The Health and Social Care Act 2012 placed responsibility for the public health functions to be transferred from the National Health Service (NHS) to local authorities.
3. On 1 April 2013, by virtue of two statutory transfer schemes signed by the Secretary of State for Health, a number of public health staff and contracts transferred from Southwark Primary Care Trust (PCT), which was then abolished, to Southwark Council.
4. A number of the PCT contracts that transferred to the council were due to expire on 30 September 2013. These included contracts for substance misuse (drug and alcohol) treatment services provided by Blenheim Community Drug Programme (BCDP), Crime Reduction Initiatives (CRi) and Foundation 66 which transferred into the community safety and enforcement division of the council.
5. An IDM report dated 12 September 2013 sought approval to extend the current service provision for the existing providers for a period of 12 months between 1 October 2013 and 30 September 2014 by transferring the contracts into grant awards. The approval was granted on 20 September 2013 by the then cabinet member for finance, resources and community safety.
6. An IDM report dated September 2014 sought approval to extend the grant awards to the providers detailed in paragraph 13 for a further period of six months between 1 October 2014 and 31 March 2015 to enable the Drug Action and Alcohol Team (DAAT) to plan and make decisions as to the future commissioning framework for the borough-wide substance misuse treatment system. The approval was granted on 2 October 2014 by the cabinet member for environment, recycling, community safety and volunteering.
7. An IDM report dated January 2015 sought approval to extend the grant awards to the providers detailed in paragraph 13 (with the exception of the South London and Maudsley NHS Foundation Trust (SLaM) CDAT service) for a further period of nine months and 3 days between the 1 April 2015 and 3 January 2016 to enable the DAAT to undertake the procurement process detailed within this report. The new service contract will commence on 4 January 2016.
8. In addition to the services that transferred to the council detailed in paragraph 4, SLaM are commissioned by the Clinical Commissioning Group (CCG) in partnership with the council to deliver substance misuse treatment services in the form of a Community Drug and Alcohol Team (CDAT). This is due to expire on 3 January 2016.
9. Throughout 2014, the DAAT undertook a full service review of the existing treatment system; utilising the substance misuse needs assessment and other measures to inform the commissioning arrangements and framework for substance misuse treatment provision across the borough.
10. As the review progressed, it became clear that there is a need and an opportunity to re-commission an adult integrated drug and alcohol treatment system inclusive of interventions tailored to all levels of complexity within the overall model and services for adults with involvement in the criminal justice system.

11. For the first time in the borough, this will offer better outcomes for service users including services for primary alcohol users on an equitable and equivalent basis to those available for primary drug users. This will demonstrate cost-effectiveness and good value for money by enabling existing provision to be transferred into one overall commissioned service contract reducing the capital and organisational costs of multiple providers as well as reducing duplication of provision and focusing service provision on current need.
12. A joint decision was agreed between the CCG and Southwark DAAT in September 2014 to include the scope of the services delivered in the SLaM CDAT service within the wider procurement project.
13. The existing contracts and grant awards for substance misuse treatment services relate to the scope of services detailed within the table below:

Existing provision aligned with grants/contracts (2014/15)	New provision from 4 January 2016
<ul style="list-style-type: none"> <li>• SLaM – CDAT (Assessment and Triage / Complex Team)</li> <li>• BCDP Kappa Opiates Service</li> <li>• BCDP Evolve Stimulant Service</li> <li>• BCDP Rise Day Programme</li> <li>• BCDP Access Service</li> <li>• BCDP Party Drugs Service</li> <li>• BCDP Restart Service</li> <li>• BCDP Integrated DIP Service</li> <li>• CRI Integrated DIP Service</li> <li>• CRI Reach Day Programme</li> <li>• CRI Criminal Justice SPOC Service</li> <li>• CRI Criminal Justice Drug Testing Service</li> <li>• Foundation 66 Alcohol Service</li> </ul>	Adult Integrated Drug and Alcohol Treatment System

14. It is proposed that the new contract will be funded in accordance with existing Public Health grant arrangements.
15. The existing service providers currently deliver the following:

Service	Definition
SLaM CDAT Service	Community Drug and Alcohol Team
BCDP Kappa	Open access drop in service for opiates users and shared care provider with GPs
BCDP Evolve	Structured stimulant treatment service
BCDP Rise Day Programme	Structured group programme
BCDP Access Service	Cannabis and cocaine service
BCDP Party Drugs Service	Party drugs service
BCDP Restart Service	Assertive re-engagement service
BCDP Integrated DIP Service	Criminal Justice treatment service
CRI Integrated DIP Service	Criminal Justice treatment service (including support for RADAR clients)
CRI Reach Day Programme	Criminal Justice / DRR Day Programme
CRI Criminal Justice SPOC	Single Point of Contact Service



Service	Definition
Service	
CRI Criminal Justice Drug Testing Service	Drug Testing linked to Criminal Justice service users
Foundation 66 Alcohol Service	Tier 2/3 Alcohol and Drugs service

### Summary of the business case/justification for the procurement

16. A Substance Misuse Needs Assessment was published in December 2013, which will be updated prior to the invitation to tender (ITT) phase of the procurement process.
17. The Needs Assessment (2013) identified the following:
- Prevalence estimate of opiate and/or crack cocaine users (OCUs) in Southwark of 2,546 (Home Office, 2010/11)
  - 1,256 OCUs engaged in effective treatment in 2011/12 representing 49 per cent of the estimated population of OCUs in the borough
  - 35 per cent of OCUs are not known to treatment services
  - National and local prevalence indicates that the number of OCUs are declining resulting in an ageing treatment population with physical and mental health issues arising from long term use
  - Increased prevalence of emerging drugs such as novel psychoactive substances, 'legal highs' and party drugs
  - Estimate of 6,370 dependent alcohol users in the borough (Alcohol Learning Centre, 2012)
  - 338 new presentations for alcohol treatment in 2011/12
  - 75 per cent of the Southwark treatment population present with primary opiates or crack cocaine use.
18. Other key themes identified within the Needs Assessment (2013) were:
- Lack of focus on recovery in some services underpinned by a medical model
  - Service users becoming 'stuck' in some parts of the treatment system resulting in extended periods in treatment
  - A need to re-orientate harm reduction provision to becoming a first point of access to the treatment system rather than an end in itself with a need for harm reduction services to refer into structured treatment services.
19. A recent review of the National Drug Treatment Monitoring System (NDTMS) Treatment Outcomes Profiles data revealed the following:
- The rate of successful completions (number of people leaving the treatment system and not re-presenting to treatment within six months) is declining, which supports the finding from the Needs Assessment that service users are becoming 'stuck' in treatment and not progressing to recovery
  - 36 per cent of alcohol users and 28 per cent of drug users in treatment are identified with a dual diagnosis (co-morbid mental health and substance misuse)
  - 69 per cent of alcohol users and 58 per cent of drug users in treatment are aged 40 years or above.

20. The investment made in the drug treatment system over the last decade has built capacity and enabled individuals to access treatment for a sufficient period of time to achieve significant health benefits. The council now needs to make the same progress in treating individuals with primary alcohol related issues and to become more ambitious in supporting individuals to leave treatment free of their drug and / or alcohol dependence.
21. Southwark DAAT intends to create and develop a recovery-orientated adult integrated drug and alcohol treatment system that focuses not only on engaging people in treatment, but enabling them into long term sustained recovery.
22. The proposed re-commissioning of the adult substance misuse treatment system is the first opportunity that Southwark DAAT has had to outline this ambition within a commissioned service contract. The procurement will provide continuity of the scope of existing service provision with the opportunity to progress towards a nationally recognised model focused around the development of recovery-orientated treatment services as set out in the National Drug Strategy 2010.
23. Appendix 1 provides an outline of the key emphasis and principles of the new service model.
24. There is a need for a shift away from viewing substance misuse treatment services in isolation. The Southwark Treatment and Recovery Partnership (STARP) have begun to shape this vision of recovery which will be facilitated by the procurement exercise to transform the culture of service delivery in the borough.
25. The proposed treatment system model is innovative as it is aligned with a Payment by Results (PbR) outcomes framework which has not been used for the monitoring of substance misuse treatment provision in Southwark before. Adopting a PbR model, as outlined in paragraph 104, for this contract will ensure that the service and staff employed to deliver it are focused upon achievement of positive outcomes for service users. This will support a transition towards a renewed focus on the outcomes for those individuals engaged with the treatment system as opposed to primarily focusing on traditional numerical targets such as numbers in effective treatment.
26. The commissioned service will measure progress against the following outcomes as outlined within the National Drug Strategy 2010:
  - Freedom from dependence on drugs or alcohol
  - A reduction in crime and offending
  - Preventing drug related deaths and blood borne viruses
  - Sustained employment
  - Ability to access suitable accommodation
  - Improvement in mental and physical health and wellbeing
  - Improved relationships with family members, partners and friends
  - The capacity to be an effective and caring parent.
27. There are wider service impacts the council would expect to see including but not limited to;
  - a) Increasing the number of planned exits and successful completions from treatment;

- b) Decreasing the number of service users who report use on top of their medication;
  - c) Improving transitions between treatment modalities;
  - d) Increasing service user, carer and family involvement and reducing treatment waiting times;
  - e) Reducing programme attrition rates.
28. Resource allocation will be aligned with the public health approach of ensuring those with the greatest need are prioritised for treatment with tiered provision available for all adult residents who present with a substance misuse need. This will include early intervention, prevention and treatment initiatives.
29. In relation to the newly commissioned service, it is proposed that the following principles will apply:
- Delivered by a single provider or consortia with a lead agency
  - Offered as one contract with specific elements of provision outlined in the specification
  - Encompass all drug and treatment modalities as defined by Models of Care Update 2006 and Models of Care – Alcohol
  - Align with the National Treatment Agency (NTA) Building Recovery in Communities framework.
  - The service model will:
    - Be underpinned by a recovery focused culture within the workforce
    - Inclusive
    - Shaped by the needs and views of service users within the borough
    - Offer access and support that will be available at any point within a service users' recovery journey
    - Be underpinned by a strong current evidence base
    - Be outcome-focused.
30. The integrated adult drug and alcohol treatment system contract will be awarded for an initial period of three years to commence on 4 January 2016 with an option to extend for a period or periods not exceeding two years in total up to a maximum annual value of £4,100,000.

### **Market considerations**

31. The substance misuse treatment field (drug and alcohol) is a well developed market with a range of different providers of varying size (including NHS and third sector organisations) currently delivering treatment services within the borough. In addition to these providers, there are a significant number of other providers delivering substance misuse services in other comparable localities and across the country.
32. Knowledge of the substance misuse treatment market has identified that there are a number of providers who would be able to fulfil the requirements of the contract as a single provider or through a consortia arrangement with a lead provider. Currently there are four separate providers delivering service provision comprising of the scope of the new service contract in the borough.

33. Procurement of substance misuse treatment services has increased nationally over the past few years with a wide market of organisations consisting of both current and potential providers evidencing established consortia arrangements when bidding for and delivering similar contracts. On the basis of this, it is not perceived that smaller providers will be disadvantaged as a result of the tight project plan timescales.

## **KEY ISSUES FOR CONSIDERATION**

### **Options for procurement route including procurement approach**

34. In arriving at the preferred option identified in paragraph 40, the following options, inclusive of advantages and disadvantages, have been considered.
35. The option of doing nothing is not viable. The cabinet meeting of 12 February 2013 noted its new public health responsibilities and agreed an approach to commissioning related services under which it committed to a steady state of transition for the first year after the transfer in order to minimise the risk of disruption to services. To date, substance misuse treatment service provision has not been subject to competition since the transfer on 1 April 2013 or for many years previously.
36. A collaborative consortium of the current providers is an option and will be explored. Consortia arrangements consisting of potential providers who do not currently deliver services in the borough will also be considered as part of the tender process.
37. The option of providing the service in-house is not a viable option as this is a specialist service and the necessary expertise, knowledge and skills are not available within the council.
38. There is no existing framework agreement that could provide the scope of services required within this contract.
39. Officers have explored collaboration and co-commissioning with other local authorities. It would be difficult to commission substance misuse treatment services to meet the specific needs of Southwark's residents as part of a cross-borough initiative and would result in the council having less influence and power over the delivery of the service contract. Co-commissioning of services is also affected by the current status of commissioning arrangements within neighbouring boroughs that are not at the same stage. Officers will explore opportunities for collaborative working with other boroughs and service providers as part of the continuous delivery of the service following commencement.
40. The option of undertaking a formal tender process has been considered as the overall contract award value exceeds the EU Procurement Threshold for Services of £172,514. The advantages and disadvantages of adopting this option are as follows:
- A formal tender process provides the opportunity to achieve cost savings through a competitive process and to renew / vary the specifications for the services

- The procurement project will ensure that the successful bidder has the ability to deliver a service to meet the needs of adult residents who use drugs and / or alcohol in the borough
- Enhanced cost certainty for the council following award of contract
- Re-alignment of local substance misuse treatment provision within an outcome-based framework and specification allowing for innovation and flexibility of delivery to meet need
- No disadvantages to undertaking a tender process were identified.

### **Proposed procurement route**

41. The preferred option is to undertake a formal tender process as outlined in paragraph 40.
42. This is a Part B service so the full EU regulations do not apply but following best practice the tender will still be advertised through the Official Journal of the European Union (OJEU). The tender will also be advertised online and through known substance misuse forums.
43. A restricted two stage procurement process combining a pre qualification questionnaire (PQQ) and invitation to tender (ITT) stage will be adopted for this tender. There are a significant number of providers who have the experience, skills and knowledge to deliver the service and adopting a restricted process will enable the council to limit the number of tenders due to the volume of providers. The restricted procedure is the most appropriate route as this will enable a tightly controlled and streamlined process to be followed with no need for negotiation with bidders around the scope of services as this has previously been defined by needs assessment and other measures.
44. The SSP Substance Misuse Performance Delivery Group endorsed the procurement of the Adult Integrated Drug and Alcohol Treatment System on 4 September 2014 and will act as the governance group for the Project Steering Group which will consist of key stakeholders including Procurement, Legal and the Service User Council.
45. Once a preferred bidder is identified through the procurement process, the Project Steering Group will communicate this to the SSP Substance Misuse Performance Delivery Group and recommend the awarding of the contract through the Gateway 2 process.

### **Identified risks for the procurement**

46. There is a risk that the procurement process fails to identify a preferred bidder to deliver the service. This risk will be mitigated by advertising the tender opportunity in a wide variety of local and national sources. The DAAT are aware, through discussion with other local authorities, that there would be interest from the market due to experience of undertaking procurement exercises for these types of services.
47. If a successful provider is not selected, the procurement plan allows for this to be identified three months prior to the end of the current contracts and grant awards arrangement. This situation would result in the Steering Group and other council departments including corporate procurement and legal services

determining the most appropriate course of action to prevent a gap in service delivery.

48. In any procurement exercise, there is a risk of legal challenge. This will be mitigated through the Steering Group being guided by legal and procurement advice throughout the process and ensuring that all bidders receive fair treatment with all bids being evaluated using consistent methodology.
49. Funding for the proposed services is provided from the Public Health grant inclusive of CCG contribution. As funding allocation is not confirmed for all future years of contracted provision, this will be made explicit within the terms and conditions of the contract with an annual break clause stated within the contractual terms and conditions. The contract will reflect the degree of uncertainty of funding and will contain caveats to allow for changes of volume and quantities of activity. Where funding allocation is reduced in subsequent years, the provider(s) will be informed at the earliest opportunity and the DAAT will liaise closely with the provider in order to limit the impact on frontline service delivery.
50. The council will mitigate further with a three month notification period to end the contract at any time.
51. The expectation is that TUPE will apply. This will involve the transfer of staff transferring from the existing provider to the new provider. There is the possibility of a selection process as the staff structure in the new service may be different from the existing staff structure. Consideration of timescales linked to the TUPE process has been accommodated within the project plan.
52. There are no direct TUPE implications for the council and the council's role will involve acting as a channel through which information on staff can be collated and communicated to bidders.

### **Key/Non Key decision**

53. This report deals with a key decision.

### **Policy implications**

54. This procurement activity is in line with the key national policy drivers and legislation detailed in appendix 2.
55. The procurement of this service contract directly aligns with the council's Fairer Future principles and Joint Health and Wellbeing Strategy.

### **Procurement Project Plan (Key Decisions)**

<b>Activity</b>	<b>Complete by:</b>
Enter Gateway 1 decision on the Forward Plan (By General Exception Notice)	23 December 2014
DCRB Review Gateway 1	8 Jan 2015
CCRB Review Gateway 1	22 Jan 2015
Notification of forthcoming decision - Cabinet	31/12/2014
Approval of Gateway 1: Procurement strategy report	10/02/2015
Scrutiny Call-in period and notification of implementation of	20/02/2015

<b>Activity</b>	<b>Complete by:</b>
Gateway 1 decision	
Completion of tender documentation	27/02/2015
Publication of OJEU Notice	02/03/2015
Publication of public advertisement	03/03/2015
Closing date for receipt of expressions of interest	06/04/2015
Completion of short-listing of applicants	06/05/2015
Invitation to tender	07/05/2015
Closing date for return of tenders	18/06/2015
Completion of any clarification meetings/presentations/evaluation interviews	31/07/2015
Completion of evaluation of tenders	31/07/2015
Forward Plan (if Strategic Procurement) Gateway 2	September 2015
DCRB Review Gateway 2:	August 2015
CCRB Review Gateway 2	August 2015
Approval of Gateway 2: Contract Award Report	September 2015
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	September 2015
Alcatel Standstill Period (if applicable)	
Contract award	01/10/2015
Add to Contract Register	
TUPE Consultation period (if applicable)	02/10/2015
Place award notice in Official Journal of European (OJEU) – Part A/B Services	01/10/2015
Contract start	04/01/2016
Initial contract completion date	03/01/2019
Contract completion date – (if extension(s) exercised)	03/01/2021

### **TUPE/Pensions implications**

56. It is anticipated that TUPE will apply. However, no council staff will be affected by TUPE.
57. TUPE implications will be stated in the tender documentation.
58. The procurement plan timescales have been planned with the assumption that TUPE applies.

### **Development of the tender documentation**

59. All tender documentation including service specifications, tender briefs, needs assessments, pricing/evaluation criteria, contractual terms and conditions, invitation to tender and PQQ compliance will be developed with consideration given to feedback received from consultation.
60. Documentation will include a technical service specification outlining the scope and requirements of the provision to be delivered with clear outcomes that will form the basis of measurement and monitoring arrangements. The service specification will be developed on the premise that there will be a balance between providing enough information to enable assurance that bidders will offer what is needed whilst being flexible enough to allow for submission of responses that are compliant, innovative and demonstrate best

value for money and will fully meet business needs. The service specification will be underpinned by the recommendations of the needs assessment, relevant data and consultation activity (detailed in paragraph 85).

61. Performance following commencement of contract will be measured against key indicators and a spectrum of outcomes including the Public Health Outcomes Framework successful completions measure. All performance and outcomes measures will be developed and agreed through the SSP Substance Misuse Performance Delivery Group.
62. Timescales will allow for the development of the documentation and related issues such as TUPE.
63. A prime provider (one provider or a consortium of providers with a lead agency) will be appointed for the contract and this will be confirmed to prospective bidders at the relevant stage of the procurement process.

### **Advertising the contract**

64. The substance misuse treatment field is a well developed market with a range of different providers of varying size. The council will be seeking submissions from service providers who have the relevant expertise, knowledge and skills to deliver the required scope of substance misuse treatment service provision outlined in the service specification.
65. The tender will be advertised through a variety of forums including the Official Journal of the European Union, the national magazine for the substance misuse field; Drink and Drug News (DDN), the council's website and other sources.

### **Evaluation**

#### **PQQ stage**

66. All organisations who request the PQQ will be provided with the documentation for completion and return. There will be a mandatory pass/fail requirement at PQQ stage for all providers who submit a return to be registered with the Care Quality Commission (CQC) at the time of submission or to confirm that registration will be in place prior to the contract commencement date. This is in accordance with the Health and Social Care Act 2008 which states that, from 1 October 2010, adult social care and independent healthcare providers that carry out regulated activities, of which dependence on alcohol or drugs is defined as a regulated activity, must be registered with the CQC.
67. There will be a requirement for organisations who submit a PQQ to provide information on their delivery of comparable services to those being commissioned as an indication of ability to fulfil the requirements of the contract. Full instructions will be provided explaining that organisations must fulfil all requirements at PQQ stage in order to progress to the ITT stage of the procurement process.
68. Consideration will be given as to the most suitable method for assessing financial information at PQQ stage in light of the wide variety of different types of providers anticipated to express an interest in this tender so as not to



discriminate against smaller providers who may not have standardised accounts.

**Table A**

<b>Criteria</b>	<b>Score</b>
Technical Information	1-5 (Minimum quality threshold to be reached)
Financial Information	Pass/Fail
Health and Safety	Pass/Fail
Equalities and Diversity	Pass/Fail
Quality Assurance	1-5

69. Organisations will be shortlisted at PQQ stage and those who meet the requirements will be issued with an ITT to establish ability to deliver the scope of the services to the required standard. A maximum of six bids will be shortlisted for the ITT stage comprising of the six highest ranked bidders. A quality threshold will be utilised at PQQ stage as part of the evaluation of bidders to ensure a minimum quality standard is met for providers to enable progression to ITT stage as one of the six highest ranked bidders.

**ITT stage**

70. Assessment of the ITT returns will adopt the Most Economically Advantageous Tender (MEAT) approach with a two stage evaluation process consisting of technical evaluation and financial evaluation to assess quality and price.
71. The council standard tender evaluation is 70:30 price quality weighted model. However, due to the nature of this service which will support very vulnerable people in very difficult circumstances, officers would like to send a clear message to potential bidders that, for this service contract, the quality aspect has a high level of importance. Therefore, officers believe that a 60:40 price quality weighting is more suitable for this tender evaluation.
72. Robust PQQ short listing criteria will minimise the risk of providers with no previous experience or specialist knowledge in the substance misuse field being shortlisted for evaluation of tender. Based on previous experience of commissioning comparable services, officers are aware that the difference in price amongst specialist service providers tends to be low; therefore it is not the most effective way to differentiate amongst bids.
73. The quality of a service of this nature, which supports vulnerable residents with complex issues often involving risk of significant harm to themselves and their communities, is of paramount importance. Low quality of service delivery could result in inappropriate support being provided to this very vulnerable client group which could ultimately result in serious harm or loss of life.
74. Officers have been informed through a different tender being undertaken within the Community Safety Partnership Service that, when commissioning services to support vulnerable people, on many occasions Children's and Adults Services have given a heavier weighting to quality, ranging from 40:60 to 10:90 price quality split.

75. This service contract will play a key role in meeting the council's expectations for community support and wellbeing in its new Fairer Future promises as well as delivering on the responsibilities outlined within the Care Act due to be enacted in April 2015. By commissioning the best quality provider, achieved through a higher quality weighting, this will support the council to deliver its priorities and meet its statutory obligations.
76. It could be considered that a higher price quality ratio than 60:40 would be balanced by the proposed Payment by Results (PbR) approach. However, PbR should be seen as an incentive for the provider to meet targets and not as a mechanism for the council to guarantee quality of the service.
77. It is further proposed that the 60 per cent weighting for price considers both the lowest price (which must not exceed the maximum contract value) and the robustness/sustainability of that price. Previous experience of commissioning comparable substance misuse treatment services in another locality identified that, where the financial element of a tender is based on lowest price only, suppliers have submitted contract prices which are insufficient to deliver on the requirements of the service specification in practice. By supplying a clear breakdown of costs against all elements of the service specification which aligns with the overall contract price, this will provide reassurance that the lowest price stated is sufficient to meet the requirements of the service specification.
78. Tender evaluation criteria will be declared as part of the ITT documentation to comply with regulations.
79. Technical evaluation will take the format of method statement questions where marks will be awarded to the technical merit of tenders on the basis of individual criteria. Individual criteria, in the form of method statement questions, will be weighted in accordance with its relative importance to the successful delivery of the service. Bidders will be required to supply information on how they will deliver the scope of the service specification and to define the impact this will have on the achievement of outcomes for service users as well as how this will offer best value for money.
80. Financial evaluation will be assessed following technical evaluation to enable overall evaluation to be more objective as the preferred bidder on price/cost will not be known to the evaluation panel.
81. A financial costing template will be provided to all bidders to enable an easier and standardised comparison of responses.

### **Community impact statement**

82. The Substance Misuse Needs Assessment 2013 identified the current and projected needs for adult substance misuse treatment in Southwark. This will be updated and provided to bidders as part of the ITT documentation.
83. It is clear that there is a significant need to raise awareness of substance misuse issues and provide services to address substance misuse in Southwark. The proposed services will ensure individuals; families and communities affected by substance misuse receive the appropriate level of support at the time that it is needed. The procurement process will ensure that the new service contract delivers in this regard.

84. The involvement of communities is a key part of the work of all parts of the health system. The value of including the wider views of individuals and communities is critical to facilitating understanding and tackling the health and wellbeing issues in the borough. Engagement with the community and with people accessing commissioned public health services is a core principle within commissioning strategies for public health within the council. The impact of the new services on the community, and the views of the local community about these services, continues to be a core element of the review work of the service described within this report and will continue to be an integral element of service development and monitoring arrangements following award of the new service contract.
85. A borough-wide consultation, co-facilitated by the DAAT and Service User Council, took place between 1 November 2014 and 31 January 2015 offering service users, stakeholders and partners the opportunity to engage and consult on the future model of adult drug and alcohol treatment system provision in Southwark through a variety of methodology. Information received has been collated into a formal report which will be utilised to inform the service specification.
86. The successful provider(s) will be required to develop and implement a robust equalities and diversity monitoring framework as part of the contract. This will allow the council to effectively monitor the demographics of individuals accessing services and develop targeted activity in order to address any disproportional issues with engagement. This data will also be used to identify if there are any particular needs of any particular community group that needs to be addressed.
87. The services provided by the existing contracts and grant awards are available to all individuals identified with substance misuse needs regardless of their gender, sexual orientation or faith. Services are available to all adults over 18 years of age.
88. The positive duties under Articles 2 (right to life) and 3 (prevention of inhumane and degrading treatment) as well as the duty to have regard to the right to private family life and home, as set out in the Human Rights Act, are engaged by the responsibilities which this service meets to those directly in need of service provision and to the wider community. The design of the service model and contract management will ensure that these obligations are met.

### **Sustainability considerations**

89. 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 the following paragraphs which set out economic, social and environmental considerations.

### **Economic considerations**

90. Because of the nature of the required services, it is expected that they will be delivered within the boundaries of the borough and that this will provide opportunities for local labour bringing local economic benefits.

91. The benefits of providing effective drug and alcohol treatment have been extensively researched through clinical trials; government and private funded research and demonstrated to have a positive impact on individuals, families, communities and society in general. Public Health England estimates that for every £1 invested in substance misuse treatment in Southwark, £2.77 is saved for the borough in costs as well as benefiting communities and individuals.
92. There is significant evidence that effective drug and alcohol treatment reduces the harm to communities from dependency and is effective in improving a range of outcomes for individuals. Positive outcomes do not arise from the successful completion of treatment alone, but are evidenced from the improved health, stability, social functioning and reduction in crime that is observed on treatment commencement. The absence from treatment engagement of many adults and young people imposes significant economic and social costs on the borough. These costs are primarily reflected in the cost of crime committed by adults and young people using substances and costs to the NHS associated with the treatment of acute and chronic drug and alcohol related conditions. Individuals who are actively using substances are less likely to be in education, employment or training and leave school without qualifications, which has a cost to the local authority in relation to welfare and to the individual in terms of lower wages and poorer employment prospects.

### **Social considerations**

93. The service will improve the life chances outcomes of individuals with substance misuse issues, their families and children reducing the negative impact of drug and alcohol use. In addition it will support safer communities across the borough due to a reduction in offending to fund substance use and supporting people to recover and reintegrate into society through meaningful activity meaning that there will be less substance misusers congregating in public places across the borough.
94. Bidders will be asked to demonstrate that they will pay London Living Wage (LLW) to all its employees and subcontractors involved in delivering the service, in order to fulfil the council's aspirations in relation to LLW.
95. Pursuant to section 149 of the Equality Act 2010 the council has a duty 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.
  - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
96. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above.

### **Equalities assessment**

97. Equalities will be assessed at the PQQ stage of the procurement.
98. The scope of service provision will be available to all residents who present with a substance misuse need regardless of protected characteristics, and as such may be considered a universal service. Any impacts are likely to be positive in terms of the individuals engaging with the service. Consideration has been given to how substance misuse affects residents and the impact of financial disinvestment from the overall treatment system has also been considered.

### **Environmental considerations**

99. None applicable.

### **Plans for the monitoring and management of the contract**

100. The DAAT is responsible for the commissioning, contract management and monitoring of the existing substance misuse contracts and grant awards. This is achieved through formal quarterly monitoring meetings with all providers. This will continue to be the case with the new service contract.
101. Following award of contract, weekly meetings with the new provider(s) will be scheduled throughout the implementation phase to monitor progression in mobilising the contract. This will continue post-commencement on an agreed schedule until such a point as the DAAT is satisfied that quarterly contract review meetings will be sufficient to effectively monitor delivery and performance.
102. The DAAT reports to the Safer Southwark Partnership (SSP) Substance Misuse Performance Delivery Group on a quarterly basis. The group has representation at an appropriate level of seniority for a variety of partners to ensure that commissioned services are providing the highest quality and best value for the communities that they serve.
103. In addition, the Service User Council will be involved in the development and monitoring of the contract in conjunction with the DAAT.
104. As the successful delivery of adult substance misuse treatment provision is dependent upon effective integration and partnership working between the new service contract and the GP Shared Care contract commissioned by the CCG, the DAAT will work closely with the CCG commissioners and providers to ensure that this is implemented and robustly managed in practice.
105. The existing contracts and grant awards have a performance management framework in place aligned with National Drug Treatment Monitoring System (NDTMS) outcomes. It is proposed that the new contract will have a revised performance management framework.
106. A Payment by Results (PbR) performance management framework will be adopted utilising an 80:20 weighting where 80 per cent of the overall quarterly contract value will be paid at the commencement of the quarter as standard and 20 per cent of the overall quarterly contract value will be paid retrospectively based on satisfactory performance linked to the achievement

of key outcomes as defined within the service specification. Decisions on the identification of key outcomes and weighting in accordance with the 20 per cent PbR element will be identified through the Project Steering Group in consultation with stakeholders and service users and will be ratified through the Substance Misuse Performance Delivery Group.

107. Adopting a PbR approach will enable the DAAT to focus providers on the most important areas of service provision in order to achieve the best possible outcomes for service users and ensure continued funding through the Public Health Grant.
108. It is proposed that a phased approach to the PbR element of the contract will apply with no funding withheld for the first 6 months of delivery to enable the provider to embed service delivery and fully implement the scope of the service specification with the full 20% PbR element being enforced from the third quarter of service delivery.
109. The service contract will be underpinned by a clear focus on outcomes, with a requirement for the provider(s) to demonstrate and evidence how service provision has a positive impact on individuals, families and communities. There will be an explicit requirement within the service specification for providers to utilise a recognised outcomes monitoring tool with all service users who are engaged in treatment. This will enable enhanced monitoring of outcomes at an individual, treatment modality, service and borough level, evidence of cost-effectiveness and support for future decision-making on service development and treatment system configuration.
110. There will be an expectation for the provider(s) to develop and implement systems and tools that facilitate the measurement of the key service outcomes. This will be a standing agenda item at all formal quarterly contract review meetings.
111. Formal quarterly contract review meetings will take the format of contract monitoring reports, meetings with provider management and staff, feedback from other agencies/professionals and input from the Service User Council. There will be an expectation to provide comprehensive technical and financial information to the DAAT prior to the formal review meetings. Providers will be required to outline priorities for the subsequent quarter through horizon scanning at each review and progress will be monitored at the subsequent meeting.
112. There will be a mandatory requirement for the provider(s) to include specialist organisational input to the clinical and medicines management elements of the contract. Where additional specialist clinical expertise is required to support the DAAT, this will be sought from the CCG.
113. The DAAT will develop a clinical governance and quality assurance framework that will underpin service delivery within the new contract. It is intended that these processes will complement existing organisational processes. Compliance will be monitored within the formal quarterly contract review meetings.
114. An annual review of the contract will take place at the Quarter 4 monitoring meeting where overall performance for the year will be evaluated.

- 115. Dates of contract monitoring meetings and payments (as well as amounts) will be stipulated from the outset in the contract.
- 116. Notice periods will be built into the contract that can be enforced on the basis of non compliance.
- 117. Should the service contract be awarded to a consortium, the DAAT's expectations around a lead provider and single negotiating representative in the contract will be confirmed at the earliest opportunity to ensure effective management and resources focused upon the delivery of the service and outcomes.

#### **Staffing/procurement implications**

- 118. Resources are required to undertake the procurement process and to evaluate the bids. This is a necessary investment to ensure that the process complies with legislation and the council's own processes. This will be drawn from existing resources and the appointment of maternity cover for the DAAT Unit Manager post for a period of up to one year.

#### **Financial implications**

- 119. The DAAT will seek efficiencies from this procurement, and through the commencement of one contract for the Integrated Adult Drug and Alcohol Treatment System on 4 January 2016, expect a reduction in management costs.
- 120. There is potential for economies of scale through the procurement process. Currently the demand for some elements of service provision outweighs the resource within the services resulting in waiting lists for current service provision. Economies of scale will potentially increase the level of service provision for a lower budget commitment.
- 121. Undertaking a procurement process will promote competition that will ensure that bids are evaluated against price and quality achieving best value.
- 122. A Payment by Results Model is proposed and this will increase the likelihood of increased capacity and quality of service delivery with a return on investment.

#### **Legal implications**

- 123. Please see concurrent from the director of legal services

#### **Consultation**

- 124. Consultation in relation to the commissioning principles, outcomes, service specifications and model with service users has been factored into the project plan timescales and procurement process, a large part of which took place in November 2014 as detailed in paragraph 85.
- 125. The cabinet member for public health, parks and leisure has been fully briefed and consulted on the content of the gateway 1 report in January 2015.

**Other implications or issues**

126. None identified.

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS****Head of Procurement**

127. This report seeks approval for the procurement strategy of an adult integrated drug and alcohol treatment system contract.
128. The report explains that there are currently four providers delivering the services that cover the scope of the new service to be procured. This procurement aims to streamline these arrangements and deliver the required service either through a single provider or a consortia arrangement with a lead provider.
129. Paragraphs 34 - 40 describe the procurement options that have been considered for the delivery of this service and confirm that the recommended procurement route is to carry out a competitive tender process following a public advertisement.
130. The report confirms that a restricted process will be followed which is in line with the council's contract standing orders (CSO's) and EU regulations.
131. The evaluation methodology for this procurement will be on the basis of the most economically advantageous tender and in determining this shall use a price/quality ratio of 60:40. A detailed justification for using this weighted model is set out in the evaluation section of the report.
132. The project timetable included within the report is achievable for the proposed procurement strategy, provided that appropriate resources are allocated to the project at the appropriate time.
133. The report confirms the project governance arrangements that will be in place which will help support successful delivery of this procurement.
134. Paragraphs 99 - 116 set out the management and monitoring arrangements that will be established for life of the contract which describes an approach that is intended to focus providers on the most important areas of service provision to achieve the best outcomes for the service users.

**Director of Legal Services**

135. This report seeks the approval of cabinet to the procurement strategy for adult integrated drug and alcohol treatment system outlined in this report.
136. The council, through its drug action and alcohol team, wishes to work with other organisations to achieve successful delivery of the service.
137. Contract Standing Orders 5.4 requires all reasonable steps to be taken to obtain at least 5 tenders following a publicly advertised competitive tendering process for non-construction works and services over the EU threshold. Paragraph 41 of this report confirms that this process is to be followed.



138. These services fall under Part B service of the Public Contracts Regulations 2006 and therefore there is no requirement to publicly advertise this procurement in the Official Journal of European Union (OJEU) although the procurement must still comply with rules regarding non-discriminatory requirements. In this case it is proposed to place a voluntary OJEU contract notice.
139. Paragraph 43 of this report confirms that a restricted two stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements.
140. This contract is classified as a strategic procurement and CSO 4.4.2 (a) reserves approval for the procurement process is reserved to the cabinet or cabinet committee after consideration by the corporate contracts review board (CCRB).
141. Pursuant to section 149 of the Equality Act 2010 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 those who do not share it;
  - (c) Foster good relations between person who share a relevant protected characteristic and those who do not share it.
142. Paragraph 97 of the report demonstrates how the council has considered the Public Sector Equality Duty. The decision-maker should satisfy itself that this duty has been complied with when considering the recommendations in this report.

#### **Strategic Director of Finance and Corporate Services (FC14/047)**

143. The strategic director of finance and corporate services notes the recommended procurement strategy for the adult integrated drug and alcohol treatment system contract. Further that improved value for money is expected from this new procurement strategy with a lower contract value than the current expenditure, the utilisation of payment by results approach and improved outcomes.

#### **BACKGROUND DOCUMENTS**

<b>Background Documents</b>	<b>Held At</b>	<b>Contact</b>
Extension of awards and grants to substance misuse treatment providers	Environment and Leisure / Community Safety and Enforcement / Community Safety Partnership Service / DAAT	Donna Timms 020 7525 7497
<b>Link:</b> <a href="http://modern.gov.southwark.gov.uk/mgDecisionDetails.aspx?Id=50004713andOpt=1">http://modern.gov.southwark.gov.uk/mgDecisionDetails.aspx?Id=50004713andOpt=1</a>		

**APPENDICES**

No	Title
Appendix 1	Service Model Principles
Appendix 2	Background information: legislation and other key drivers
Appendix 3	Procurement Project Outcomes and Outputs

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Public Health, Parks and Leisure	
<b>Lead Officer</b>	Deborah Collins, Strategic Director, Environment and Leisure	
<b>Report Author</b>	Jonathon Toy, Head of Community Safety and Enforcement	
<b>Version</b>	Final	
<b>Dated</b>	29 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	No	No
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	29 January 2015	

## APPENDIX 1

### Service Model Principles

Within the proposed service model, there will be a strong emphasis on the following:

- Primary drug and / or alcohol treatment services delivered in an integrated treatment system model
- Treatment system model configuration to offer interventions defined by complexity of need as and when required as opposed to specific teams aligned with levels of complexity.
- Service model underpinned by measurement of outcomes at individual, key worker, service and borough-wide levels.
- Greater emphasis placed on clinical treatment interventions delivered in a community setting through Primary Care routes.
- Increased focus on engagement of individuals in both clinical and psychosocial treatment interventions to improve outcomes.
- Improved transitions between treatment modalities with a focus on the progression of “stuck” service users

The following principles will apply:

- Offer a personalised approach based upon individual assessment of need and the offer of an individually designed care package.
- Focus on identifying recovery capital at the earliest opportunity and supporting individuals to develop their personal skills and achieve the best possible outcomes.
- Articulate an ambition of recovery for all individuals in contact with services regardless of complexity.
- Be flexible and dynamic to develop and evolve in accordance with the changing needs of the borough.
- Be accessible to all drug and / or alcohol users regardless of substance of use.
- Evidence appropriate layering, phasing and sequencing of interventions in accordance with individual need.
- Enhanced focus on supporting people in the community through improved integration with primary care services.
- Shaped by the views and voices of service users within the borough.
- Commitment to equality and diversity including reducing health inequalities and promoting opportunities for service users and those in recovery.

## APPENDIX 2

### Background Information

#### Legislation & other key drivers

1. The Government's agenda in relation to substance misuse since 2010 is clear with significant changes to the wider policy context in conjunction with the drive towards reductions in public expenditure. Several policy developments are drivers of change for this agenda.
2. There are many different definitions of what constitutes 'recovery' in the context of substance misuse. The definition outlined by the UK Drug Policy Commission (UKDPC) will be adopted in order to promote a shared understanding across all stakeholders of the ambition of the future borough-wide treatment system. This states 'the process of recovery from problematic substance use is characterised by voluntarily-sustained control over substance use which maximises health and wellbeing, and participation in the rights, roles and responsibilities of society.' Full details of the UKDPC's definition can be found in Appendix 1.
3. The National Drug Strategy 2010 sets out the Government's ambition to promote the recovery of drug users in their communities and how this commitment would be delivered. Within the key thematic area of 'Building recovery in communities', the strategy identifies two overarching aims:
  - Reduce illicit and other harmful drug use; and
  - Increase the numbers recovering from their dependence.
4. The Government's Alcohol Strategy (2012) focuses on irresponsible drinking, support for individuals to make informed choices about their alcohol use and reducing the numbers of individuals drinking to excessive levels.
5. The National Treatment Agency's (NTA - now Public Health England) 'Medications in Recovery: Re-orientating Drug Dependence Treatment' (2012) provided recommendations in relation to maximising individuals' recovery outcomes through the delivery of good practice in Opiate Substitution Therapy (OST).
6. The NTA's Joint Strategic Needs Assessment (JSNA) Pack for Commissioners (2011) provided guidance and recommendations to inform the commissioning of a recovery-orientated treatment system. This aligned with the National Drug Strategy 2010's ambition to replace the substance misuse national service framework (Models of Care 2002 and 2006) with a new model focusing on recovery and updated evidence base.
7. The NTA's 'Commissioning for Recovery' (2010) set out guidance for partnerships on a shift towards outcome-based commissioning for the drug treatment system inclusive of recovery and reintegration identifying key areas of good practice within a recovery-oriented treatment system.
8. The 'Building Recovery in the Community' consultation (NTA, 2011) identified the following key factors for consideration in an integrated recovery-orientated treatment system:

- Collaborative working between all partners to commission services based on outcomes.
  - Prompt access to appropriate treatment interventions for drug-dependent individuals including those involved in the Criminal Justice system.
  - High-quality treatment that prepares service users for recovery while protecting the wider community.
  - Encouraging service users to successfully complete treatment without putting them at risk.
  - Links to support networks to sustain long-term recovery and reintegrate individuals back into society.
9. A cross-governmental paper 'Putting Full Recovery First' (2012) set out the Government's ambition for a new recovery-based treatment system based on the three principles of wellbeing, citizenship and freedom from dependence.
  10. The Ministry of Justice (MOJ) Green Paper: Breaking the Cycle Effective Punishment, Rehabilitation and Sentencing of Offenders focused on the rehabilitation of offenders in order to reduce crime with a directive that offenders will be required to address the issues that contribute to their offending behaviour. This included supporting drug and alcohol dependent offenders to address their use through engagement with effective treatment programmes in prison and the community.
  11. The White Paper 'Healthy Lives, Healthy People – Update & Way Forward' (2011) proposed a new public health system for England (now implemented) with an enhanced focus on outcomes. These outcomes are measured within the Public Health Outcomes Framework and monitored by the DAAT. The paper outlined the shift of responsibility, as of 1 April 2013, from PCT's to local authorities for the commissioning of substance misuse services (including prevention), which provided an opportunity to integrate the commissioning of drug and alcohol intervention and recovery services at a local level.
  12. In addition to the above policy drivers, there are other wider policy developments impacting on the Drug & Alcohol Action Team's (DAAT) business area and approach to commissioning responsibilities including the Troubled Families agenda, the Localism Bill (2010), the Welfare Reform Act (2012) and the Care Act 2014.

## APPENDIX 3

### Procurement Project Outcomes and Outputs

The following procurement project outcomes and outputs detailed in the table below have been identified as key to the success of the procurement exercise and will be monitored by the Project Steering Group.

Outcomes / Outputs	How will success be measured?	Who will measure success of outcomes & outputs?	When will success be measured?
Provision of Integrated Adult Drug & Alcohol Treatment System in Southwark	Award of contract to the successful provider of the service	Project Steering Group / Substance Misuse Performance Delivery Group	Conclusion of procurement process
Successful implementation of the new service contract	Implementation Plan co-developed by the successful provider and DAAT with key activities met within agreed timescales	Substance Misuse Performance Delivery Group / DAAT	Throughout the duration of the implementation phase.
Establishing value for money	Cost and delivery comparison between new service contract & existing grant awards / contracts	DAAT	Annual review of new service contract
Provision of a high quality service	Review of indicators and outcome measures as part of contract monitoring	DAAT	Formal contract review on a quarterly basis and day to day oversight of provision
Appointment of a provider that can deliver the service requirements	PQQ stage of tender process will assess financial viability. Performance monitoring, audit, provider reports, Service User Council feedback, service user consultation.	DAAT	Procurement process prior to award and as part of contract monitoring process following commencement.
Service User satisfaction	Service User Council input, service user consultations and compliments/complaints	DAAT	Involvement in the procurement process prior to award, implementation phase and as part of contract monitoring

			process following commencement.
--	--	--	---------------------------------

<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 10 February 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Re-alignment of an Existing Right of Way where the Council is the Beneficiary of Access and Egress to and from Adjoining Little Dorrit Park	
<b>Ward:</b>		Cathedral	
<b>Cabinet Member:</b>		Councillor Barrie Hargrove, Public Health, Parks and Leisure	

### **FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR PUBLIC HEALTH, PARKS AND LEISURE**

I welcome discussions between council officers and the developer that enable a solution to the issue of re-positioning the service access pathway to Little Dorrit Park.

Little Dorrit Park is a small park, situated within an area of the borough that has been identified in the Southwark Open Spaces strategy as being “below borough standard” in public park provision. I am therefore keen that plans are brought forward which enhance this locally valued green space.

### **RECOMMENDATIONS**

That cabinet

1. Approves the re-alignment (edged in black) of an existing right of way (hatched and cross-hatched in black) on land owned by a third party (“the developer”) identified on the Ordnance Survey Plan at Appendix 1 where the council is the beneficiary of access and egress to and from adjoining Little Dorrit Park for operational purposes on the following terms:
  - a. A financial consideration is received.
  - b. The developer pays a financial contribution towards the council’s surveying fees and legal fees reasonably incurred.
  - c. The alternative location for the new right of way will continue to be used for operational purposes during the construction of the adjoining redevelopment, and continue for operational purposes in perpetuity following construction of the adjoining development.

### **BACKGROUND INFORMATION**

2. The council has been in discussions with the owners of the third party land where the council is the beneficiary over the issue of extinguishment or re-alignment of an existing right of way since July 2013. Caraeno (“the third party”) who owned the adjoining Brandon House site burdened by the existing right of way where the council is the beneficiary, approached the council on the 29 July 2013 ahead of the grant of satisfactory planning permission to discuss the issue



of extinguishment of the existing right of way that leads into adjoining Little Dorrit Park.

3. Caraeno had submitted a planning application and secured planning permission at planning committee on 3rd September 2013 (11/AP/2012) for a comprehensive mixed use residential and commercial scheme with provision of car parking, open space with ancillary plant, soft and hard landscaping and new pedestrian access to Borough High Street with associated and enabling works. Part of the approved scheme involved the construction of four, four storey mews houses in part over the existing right of way.
4. Crest Nicholson (“the developer”) bought the site from Caraeno in November 2013 with the benefit of the satisfactory planning permission.
5. The developer commissioned a consultant to act on its behalf to calculate and negotiate the premium for extinguishment of the existing right of way. The developer initially offered the council a premium to extinguish the right of way and approached the council with a number of alternative routes used by members of the public to maintain an access and egress to and from Little Dorrit Park on land owned by the council. These were considered unviable due to practical constraints.
6. On 9 May 2014, the council held a meeting with the developer’s consultant to discuss the valuation rationale and agreed the best way forward would be for the council to commission an independent valuation following initial validation by the council. It was considered that the initial offer did not represent best consideration to the council under s.123 of the Local Government Act 1972.
7. On 17 June 2014, the developer put forward a simplified, alternative proposal to re-align the existing right of way a few metres south of the existing right of way.
8. The alternative proposal to re-align the existing right of way meant that the four, four storey mews type houses in part originally to be constructed over the existing right of way were to be re-positioned to the south of the existing right of way, resulting in a significant loss of gross development value in floor space to the development.
9. The difference in financial benefit to the developer of constructing the mews houses on the existing right of way and loss of floor space as a result of the alternative proposal to relocate the mews houses just a few metres south of the existing right of way was considered to be the most appropriate way of establishing value.
10. A period of negotiations between the developer and the council resulted in a revised offer reported to the council on 24 November 2014 for consideration. This offer was rejected again by the council. Following a period of further negotiations, on 1 December 2014 the developer increased its offer. We instructed an established firm of valuers who confirmed the valuation and the council agreed in principle to settle at the figure to re-align the existing right of way as it represented best consideration.

## **KEY ISSUES FOR CONSIDERATION**

### **Basis of disposal**

11. Although this is not a disposal as such, it amounts to a disposition of an interest in land where the council is obligated to achieve best consideration for the realignment of the right of way.
12. There is no market for the purchase of the right of way by a third party; the adjoining land owner is treated as a special purchaser in this context as it can be regarded as a ransom situation and the co-operation of the council is required to enable the development to proceed as the value to the council is intrinsically linked by the two respective parties' interests.
13. The council will not only benefit financially but continue to benefit operationally as well: the re-provision of the existing right of way will generate a significant capital receipt and enable the council to continue to service adjoining Little Dorrit Park. The existing right of way is used to service the park, and is not available for members of the general public who use designated, alternative routes into the Park.
14. The strategic director of environment & leisure has confirmed in the declaration as to surplus requirements dated 30 January 2015 that the disposition of this interest is agreed.

### **Financial and resource implications**

15. The proposal to re-align the right of way just a few metres south of the existing right of way will generate a substantial capital receipt for the general fund (capital revenue).
16. There are no direct staffing implications arising from the proposed re-alignment of the existing right of way. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.
17. The developer will pay a financial contribution towards the council's surveying and legal costs reasonably incurred.

### **Legal implications**

18. The adjoining land is held by Crest Nicholson at the Land Registry under title number: SGL 141023. The existing right of way is subject to rights granted by transfer dated 19 July 1978 between Hollyside Limited (previous owners) and the Mayor and Burgesses of the London Borough of Southwark.
19. The council is the beneficiary of the right of way and the transfer document refers to the council paying the freeholder a proportion of the expense of maintaining the roadway in good repair and condition as well as to maintain in good repair and condition good and substantial brick walls on an adjoining boundary wall to Little Dorrit Park.
20. This means the council can be charged a fair proportion for maintenance of the new right of way in future but not the boundary wall as we are obligated to maintain it. A variation to the original transfer plan dated 19 July 1978 will

document the new right of way. This is because we are simply substituting the plan for the one in the 1978 deed and the deed itself refers to the right.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

21. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 123 of the Local Government Act 1972 is a pre-commencement statute which imposes limitations on the council's power of disposal
22. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State a council shall not dispose of land under that section, otherwise than by way of a short tenancy for a consideration less than the best that can reasonably be obtained.
23. The report indicates in paragraph 10 that the consideration is the best that can reasonably be obtained.
24. Section 120 of the Local Government Act 1972 permits the acquisition of land for the purpose of any of the council's functions under any enactment or for the benefit, improvement or development of the council's area. Either or both of these permissions cover the proposed re-alignment of the right of way.
25. Cabinet may proceed with the approval of the recommendation.

### **Strategic Director of Finance and Corporate Services (FCS14/045)**

26. The Strategic Director of Finance and Corporate Services notes the receipt for the re-alignment of the existing right of way; this receipt to be allocated to the General Fund.

## **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

## **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Plan showing existing and new location of the right of way



## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Public Health, Parks and Leisure	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Paul Murphy, Senior Development Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	30 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		30 January 2015

Brandon House,  
Marshalsea Road, SE1.

Draft pdf source

TITLE.

KEY  Existing Right of Way.  New Right of Way.



DRAWING No. LBS\_3190

Reproduced from the Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationery Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. (London Borough of Southwark / Licence No. LA086541).

DRAWN BY. MMANKTELOW  
Property Division

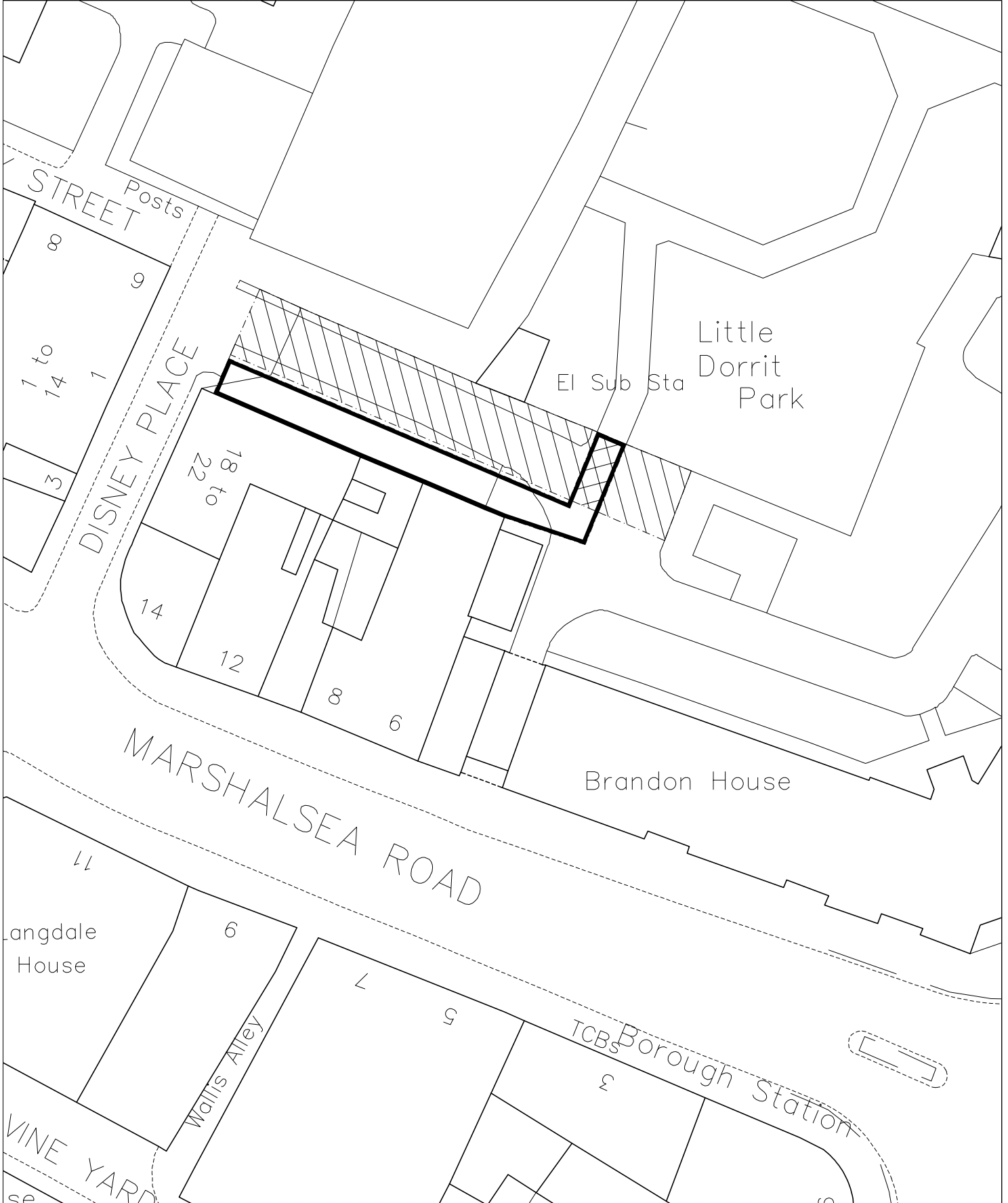
Original Scale - 1:500

DATE. 28/1/2015

Subject to variation when reproduced from an Adobe pdf source



NOT FOR LEGAL USE



**CABINET AGENDA DISTRIBUTION LIST (OPEN)****MUNICIPAL YEAR 2014/15**

**NOTE:** Original held by Constitutional Team; all amendments/queries to  
Paula Thornton/Virginia Wynn-Jones Tel: 020 7525 4395/7055

Name	No of copies	Name	No of copies
<b>Cabinet Members</b>		<b>Chief Officer Team</b>	
Peter John	1	Eleanor Kelly	1
Ian Wingfield	1	Deborah Collins	1
Fiona Colley	1	Gerri Scott	1
Dora Dixon-Fyle MBE	1	Duncan Whitfield	1
Barrie Hargrove	1	David Quirke-Thornton	1
Richard Livingstone	1		
Darren Merrill	1	<b>Officers</b>	
Victoria Mills	1	Doreen Forrester-Brown	1
Michael Situ	1	Jennifer Seeley	1
Mark Williams	1	Norman Coombe	1
		Ruth Wallis	1
<b>Other Councillors</b>		<b>Trade Unions</b>	
Gavin Edwards	1	Roy Fielding, GMB	1
Jasmine Ali	1	Henry Mott, Unite	1
Catherine Dale	1	Sue Plain, Unison	1
Karl Eastham	1	Michael Davern, NUT	1
Tom Flynn	1	James Lewis, NASUWT	1
Rebecca Lury	1	Laura Brook, ASCL	1
Claire Maugham	1		
Adele Morris	1	<b>Others</b>	
Rosie Shimell	1	Wendy Foreman, Press Office	1
Johnson Situ	1	Paula Thornton, Constitutional Officer	20
Anood Al-Samerai	1		
Michael Mitchell	1		
<b>Group Offices</b>		<b>Total:</b>	66
Chris Page, Cabinet Office	1	<b>Dated:</b> 27 January 2015	
Niko Baar, Opposition Group Office	1		
<b>Press</b>			
Southwark News	1		
South London Press	1		
<b>Members of Parliament</b>			
Harriet Harman, MP	1		
Tessa Jowell, MP	1		
Simon Hughes, MP	1		