

Cabinet

Wednesday 27 January 2016

4.00 pm

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

Membership

Councillor Peter John OBE
Councillor Ian Wingfield

Councillor Fiona Colley
Councillor Stephanie Cryan
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
Business, Employment and Culture
Finance, Modernisation and Performance
Adult Care and Financial Inclusion
Public Health, Parks and Leisure
Housing
Environment and the Public Realm
Children and Schools
Communities and Safety
Regeneration and New Homes

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Contact

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

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 19 January 2016



Cabinet

Wednesday 27 January 2016

4.00 pm

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

Order of Business

Item No.	Title	Page No.
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PART A - OPEN BUSINESS

MOBILE PHONES

Mobile phones should be turned off or put on silent during the course of the meeting.

1. APOLOGIES

To receive any apologies for absence.

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

In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.

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

There are no closed items scheduled for consideration at this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

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

5. PUBLIC QUESTION TIME (15 MINUTES)

To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules. The deadline for the receipt of public questions is midnight Thursday 21 January 2016.

Item No.	Title	Page No.
6.	MINUTES	1 - 10
	To approve as a correct record the minutes of the open section of the meeting held on 8 December 2015.	
7.	PETITION FROM SOUTHWARK DEFEND COUNCIL HOUSING	11 - 12
	To consider a petition request from Southwark Defend Council Housing.	
8.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Thursday 21 January 2016.	
9.	POLICY AND RESOURCES STRATEGY 2016/17 - 2018/19: REVENUE BUDGET	
	To follow.	
10.	REPORT FROM OVERVIEW AND SCRUTINY COMMITTEE: "RIGHT TO BUY" FOR HOUSING ASSOCIATION TENANTS AND THE FORCED SALE OF COUNCIL PROPERTIES	13 - 37
	To consider a report from overview and scrutiny committee relating to right to buy for housing association tenants and the forced sale of council properties.	
11.	HOUSING REVENUE ACCOUNT - FINAL RENT SETTING AND BUDGET REPORT 2016/17	38 - 61
	To consider the final report on the housing revenue account budget 2016/17 and agree recommendations.	
12.	LGA PEER REVIEW OF SOUTHWARK	62 - 80
	To note the feedback report from the corporate peer challenge of Southwark Council that was undertaken by the Local Government Association (LGA) and to consider the findings.	

Item No.	Title	Page No.
13.	MOTIONS REFERRED FROM COUNCIL ASSEMBLY	81 - 93

To consider motions referred from council assembly 25 November 2015 on the following:

- Employment and local economy
- Arnold Estate warm, dry and safe works programme
- End cuts to policing in London
- Great London Nation Park City campaign
- Extend the 42 bus route
- Trade Union Bill
- Transatlantic Trade and Investment Partnership (TTIP)
- The Housing and Planning Bill.

DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING

EXCLUSION OF PRESS AND PUBLIC

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

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

Date: 19 January 2016



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 8 December 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 Stephanie Cryan
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Darren Merrill
Councillor Victoria Mills
Councillor Michael Situ
Councillor Mark Williams

1. APOLOGIES

There were none.

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 18: Policy and Resources Strategy 2016/17 – 2018/19: Update for Spending Review and Initial Savings Proposals.

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

No closed items were considered at this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. PUBLIC QUESTION TIME (15 MINUTES)

Public question from Toby Eckersley

To Councillor Peter John, Leader of the Council

With regard to public questions at community council meetings, does cabinet agree there is a case for making changes (if necessary, to the constitution) to ensure that questions which have been submitted in writing in advance of a particular meeting are answered at that meeting?

Response

Community councils give local people a say about what goes on in their area. The community councils hold public meetings, five times a year, where local people can meet with each other and with the ward councillors, to discuss key issues of concern, and influence decisions on matters of local interest. Residents can ask a question or take part in the open discussion during the meeting. At community council meetings, the point of a public question is that it is raised in public at the meeting about a local issue. Where a detailed or technical question cannot be answered at the meeting, the relevant departmental officer would be asked to provide a reply for the next meeting. Many questions can be answered at the meetings. When public questions are received prior to a meeting, the questions are tabled at the next meeting and treated as though they are raised at that next meeting. Since their inception community council have never had a system of preparing a written answer; the resources do not exist to introduce one in the current financial climate.

Supplemental question

Toby Eckersley asked a supplemental question and asked that the matter be kept under review to ensure that responses are received in advance or an oral response given, if possible.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 17 November 2015 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent because the requests were received in line with the

constitutional deadline for the receipt of deputation requests.

Aylesbury Leaseholders Action Group

The deputation spoke in respect of their written representation set out in paragraph 4 and Appendix 1 of the report. Councillor Mark Williams confirmed that he would respond in writing to the deputation in respect of all the points raised in this representation and would meet with the deputation following receipt of this response, if required.

Friends of Damilola Taylor Centre

The deputation made representations in relation to the concerns of the youth organisations in Peckham in respect to proposals of the council to cut the youth service budget by 75% and in particular the proposal to move the Damilola Taylor Centre from the youth service across to the environment and leisure department. The deputation spokesperson provided evidence of how the centre had provided a positive and enabling impact on her life and the many opportunities arising. The centre submitted a constructive counter-proposal to cabinet to ensure the long term sustainability of the centre.

Southwark Youth Council

Southwark Youth Council deputation expressed their shock at the proposed level of cuts to the youth service and the loss of full time and part time workers. It was felt that the council were making a "huge mistake" with these proposals. The youth service provides a valuable learning tool for young people in their transition to adulthood, also creating many happy memories and positive experiences. It was felt that such a drastic cut, while solving some of the financial shortfall, would have a negative impact on youth crime and gang related activity. The youth council reminded cabinet that they represent the voice of young people, having been elected by 6,000 young people within the borough. The youth council asked that the council reconsider the proposed cuts.

Rotherhithe and Bermondsey Youth Community Council Members/Odessa Youth Club Members

The deputation made representations to the meeting on the impact of the youth service cuts to young people and how this would affect the community, referring to the London riots and disorder/crime. The current service provides vital life skills for young people helping with the transition to education and employment. The deputation referred to the many key people who have benefitted from the current youth service provision and its direct contribution to their success.

Further, reference was made to the training and development opportunities that the youth service promotes and supports (for example, the Duke of Edinburgh award). The deputation spoke about the long term benefits for young people in having a safe place to go and having support from a professional youth worker that they can trust and develop a positive relationship with.

SGTO Youth Forum

The forum highlighted the impact youth service cuts would have upon the youth in Southwark and addressed cabinet on the views of young people concerning council

services, circulating a written submission. The forum expressed concern about the council plan and the low priority that they felt was given to young people. It was felt that the cuts to the youth service would result in the loss of professional expertise currently given. The deputation also emphasised that young people make up a third of the population in Southwark.

Arising from the deputation and discussions, it was agreed that the structure of tenants and residents associations could be looked at with a view to gaining more user involvement, with the possibility of a 'youth division' being explored.

Southwark Trades Union Council

The deputation thanked Mint Street playground for attending the meeting, explaining that this group face the loss of full time workers. The deputation spoke of their concern over the youth service cuts and the loss of full time jobs within the service, feeling that they were not clear what the youth offer would be following these proposed cuts. Safeguarding was an issue of particular concern expressed by the deputation and it was felt that transferring the service would undermine this protection for young people. Additionally reference was made to the low cost summer and Easter programmes provided by the youth service that assist families on lower incomes; the absence of which would significantly impact these low income families. The deputation called on the council to use some of its reserves to prevent the cuts being proposed to the youth service in order to protect vulnerable young people.

8. PERSONALISATION AND PERSONAL BUDGETS: A REPORT FROM THE HEALTHY COMMUNITIES SCRUTINY SUB-COMMITTEE

Councillor Rebecca Lury, chair of the healthy communities scrutiny sub-committee presented the report to cabinet.

RESOLVED:

That the report be noted and that the cabinet member brings back a report to cabinet within eight weeks, in order to respond to the overview and scrutiny committee.

9. ANNUAL HOME CARE CONTRACT PERFORMANCE REPORT 2014-15

RESOLVED:

That it be noted that the delivery of the contracts over the fourth year has met the council's requirements and that service users have expressed their satisfaction with the service, both via the provider feedback mechanisms and through one to one interviews conducted with council staff.

10. AGREEMENT OF A NEW ALL AGE JOINT AUTISM STRATEGY

RESOLVED:

1. That the draft Southwark All Age Joint Autism Strategy as set out in Appendix 1 of the report be agreed.
2. That it be noted that the actions from the strategy will be implemented through the new 0-25 years disabilities care pathway.
3. That it be noted that for those over 25 years, development work will follow on from the changes implemented through the 0-25 years care pathway, to ensure consistent and cohesive transition and support to adults.

11. SOUTHWARK MENTAL HEALTH SOCIAL CARE REVIEW

RESOLVED:

1. That the findings of the Southwark Mental Health Social Care Review report be noted.
2. That the drafting, engagement and delivery of a Joint Southwark Mental Health Strategy, led by Southwark Council and NHS Southwark CCG and incorporating consultation with key stakeholders, including mental health users, carers and family members, the Mental Health Trust (South London & Maudsley NHS Foundation Trust), the local mental health voluntary sector, and children's social care and education be approved.
3. That the reform of integrated service arrangements with South London and Maudsley NHS Foundation Trust be supported.

12. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: SOUTHWARK SEXUAL HEALTH TRANSFORMATION PROGRAMME - SEXUAL HEALTH SERVICES

RESOLVED:

1. That the procurement strategy for a collaborative pan-London procurement of a contracted online/electronic service for the provision of sexual health signposting, booking, self-sampling and partner notification services, with the London Borough of Camden as the lead contracting borough across 22 London Boroughs, as set out in paragraph 43 of the report be approved.
2. That the procurement strategy for a negotiated procurement of genitourinary medicine and reproductive sexual health services, with a framework established by Lambeth Council, with the chosen suppliers, which Southwark Council will access, as set out in the report at paragraph 45 of the report be approved.
3. That it be noted the two procurement strategies will have a combined maximum estimated annual value of up to £6,210,000, and that they will have a proposed

contract term of 6 years with 2 break clauses at each twenty-four month point. The contracts terms would start in February and April 2017.

4. That the approval of the final detail of the procurement process as noted at paragraph 48 of the report be delegated to the strategic director of children's and adults' services.

13. HOUSING REVENUE ACCOUNT - INDICATIVE RENT SETTING AND BUDGET REPORT 2016/17

RESOLVED:

1. That a rent decrease of 1.0% for all housing revenue account (HRA) dwellings (including estate voids and hostels) with effect from 4 April 2016 be noted on a provisional basis. This is in accordance with the provisions of the Welfare Reform and Work Bill currently passing through Parliament, and is contrary to previous council policy regarding rents. The average dwelling rent in 2016/17 under such a reduction would be £100.24 per week (a fall of £1.01 per week on average).
2. That it be noted that the rental base will reduce by c. £28 million over the next four years from that previously predicated in the HRA business plan. The compound effect of the rent reduction and loss of resources over the same period is c. £62 million, which has necessitated changes to the business plan model going forward.
3. That with regard to other HRA-wide charges, no change to tenant service charges, comprising the estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges as set out in paragraphs 50 – 51 of the report with effect from 4 April 2016 be noted on a provisional basis.
4. That no increase to sheltered housing service charges as set out in paragraph 52 with effect from 4 April 2016 be noted on a provisional basis.
5. That no increase in direct charges for garages, store sheds and parking bays be noted on a provisional basis, and the proposals of the garages working party regarding the introduction of fixed service charges for qualifying units as set out in paragraphs 53 – 54 of the report and that any decision regarding the introduction of these charges be delegated by the leader of the council to the cabinet member for housing.
6. That no increase to district heating and hot water charges as set out in paragraphs 55 – 56 of the report with effect from 4 April 2016 be noted on a provisional basis.
7. That water and sewerage charges levied by Thames Water are liable to an inflationary uplift as set out at paragraph 57 of the report be noted, but as yet the council has not been informed by Thames Water of what that increase will be.
8. That a commitment to ensure that savings proposals are primarily based on efficiencies be reaffirmed, and where staffing reductions form part of any savings proposal, that due consultation and process is followed with trade unions, as paragraph 42 of the report notes.

9. That officers are instructed to provide a final report on rent setting and the HRA Budget for 2016/17 after due consultation processes with residents have been followed for consideration at their meeting on 26 January 2016.

14. LONDON COUNCILS GRANTS SCHEME 2016/17

RESOLVED:

That Southwark Council's contribution to the London Councils Grants Scheme of £301,664 for 2016-17, subject to approval of the council budget by the council assembly in February 2016, be approved.

15. MY SOUTHWARK, HOMEOWNERS SERVICE

RESOLVED:

1. That the following be agreed:
 - the creation of a new My Southwark Homeowners service, dedicated to meeting the needs and aspirations of the council's homeowner group
 - the setting up of a My Southwark Homeowners board to oversee the work of the service, monitor performance, scrutinise service delivery and hold the council to account when poor performance or failures occur
 - the proposed initiatives that can be put in place immediately to give confidence to homeowners that the council is taking the new service forward.

16. FINANCIAL APPRAISAL PROCESS FOR HOME OWNERS AFFECTED BY REGENERATION SCHEMES

RESOLVED:

1. That the revised process of financial appraisal to determine the appropriate re-housing support options for individual leaseholders affected by regeneration schemes be noted.
2. That individual applicants should determine the application of their own savings towards their rehousing options be confirmed.
3. That it be ensured that this approach is reflected in the delivery arrangements with development partners for new regeneration schemes, and that representations are made to existing development partners to seek their agreement to adopt the approach for current regeneration schemes.

17. THE CHARTER SCHOOL EAST DULWICH DEVELOPMENT STRATEGY

RESOLVED:

1. That the council enter into an agreement with the Education Funding Agency (EFA) for the council to oversee and manage the procurement and construction delivery of the new The Charter School East Dulwich (TCSED) which is to be developed on the site of the existing Dulwich Community Hospital (East Dulwich Grove, London SE22 8PT) on the terms described in paragraphs 13-19 of the report. The approval for procurement of services and works for TCSED project will take place under a separate gateway report.
2. That the use of £5,000,000 from within the council's existing capital programme for the TCSED project as described in paragraph 35 of the report be approved.
3. That authority be delegated to the director of regeneration to formally approve the risk transfer agreement as described in paragraph 19 of the report.

18. POLICY AND RESOURCES STRATEGY 2016/17 TO 2018/19: UPDATE FOR SPENDING REVIEW AND INITIAL SAVINGS PROPOSALS

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as the council was committed to publishing budget proposal at the earliest possible opportunity to ensure the information was available to the public for comments and questions.

Additionally, the report was urgent because of the significant impact of the 2015 spending review announced by the Chancellor of the Exchequer on 25 November 2015.

RESOLVED:

1. That the spending review presented by the Chancellor of the Exchequer as part of his Autumn Statement on 25 November 2015 be noted.
2. That it be noted that the provisional grant settlement is currently forecast to be available at some time later in December 2015 and will provide more detail with regard to the council's funding position for 2016/17.
3. That it be noted that, at this time, it is unclear what indicative provisional settlements will be made beyond 2016/17 although total resources available to local government during this period are referred to in the Autumn Statement.
4. That it be noted that in year cuts to the public health grant have been confirmed at around £1.6m while the public health grant for 2016/17 is still to be announced.
5. That it be noted that the government is proposing a 2% precept on council tax to support adult social care and that there is no clear indication at this time as to how this arrangement will operate, not least in the context of council tax freeze grant and council tax referendum limits.

6. That it be noted that while the period to be covered by the provisional draft settlement is not known at this time, that the aspiration remains to set a three year budget for the council.
7. That the challenge to find further savings of around £96m over the next three years set out for the council at cabinet in September and the continuing commitment of the council to minimise the impact of these real term resource pressures on service delivery be noted.
8. The initial and provisional savings options of around £67m identified within the report be considered.
9. That assuming the savings options included within the report are approved, it be noted that there will be an estimated budget gap that remains over the three year period of around £29m and that the strategic director of finance and governance be instructed to submit a further report to cabinet in January 2016 to include a balanced budget proposal for 2016/17 and indicative budgets for the following two years together with an update of the medium term resourcing strategy.
10. That officers be instructed to complete equality assessments for all budget options to be proposed as part of the January report to cabinet.
11. That officers be instructed to complete the two phases of consultation with the community on the overall approach and on the specific proposals in the 2016/17 to 2018/19 budget and that this be fed into the policy and resources strategy report to cabinet in January and the report to council assembly in February 2016.
12. That the local discount for empty and unfurnished properties be set to zero be agreed with effect from 1 April 2016, and that this recommendation be referred to council assembly to be formally approved on 20 January 2016 as part of the 2016/17 council tax base report.

EXCLUSION OF PRESS AND PUBLIC

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

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

19. MINUTES

RESOLVED:

That the closed minutes of the meeting held on 17 November 2015 be approved as a correct record and signed by the chair.

The meeting ended at 6.25pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 16 DECEMBER 2015.

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

Item No. 7.	Classification: Open	Date: 27 January 2016	Meeting Name: Cabinet
Report title:		Petition from Southwark Defend Council Housing	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

RECOMMENDATION

1. That the cabinet consider a petition from Southwark Defend Council Housing.

BACKGROUND INFORMATION

2. A petition containing 500 signatures or more maybe presented to the cabinet. A petition can be submitted by a person of any age who lives, works or studies in Southwark. Petitions must relate to matters which the council has powers or duties or which affects Southwark.
3. At the meeting, the spokesperson for the petition will be invited to speak up to five minutes on the subject matter. The cabinet will debate the petition for a period of up to 15 minutes and may decide how to respond to the petition at the meeting.

KEY ISSUES FOR CONSIDERATION

4. A petition containing 1,442 signatures has been received from Southwark Defend Council Housing. A deputation request has also been submitted to council assembly on 26 January 2016 from this group on the same issue. The group have stated that if their deputation is heard by council assembly they will forego presenting this petition to cabinet.
5. The petition states:

“Don’t demolish our council estates, keep council housing – keep council rents.

Southwark Council is demolishing council homes at an astonishing rate and it has designated a large part of the borough as an “estate renewal zone” without telling residents. This will make it easier to demolish many more estates as part of Boris Johnson’s plan for gentrifying London. The council is promising to build 11,000 new council homes over 30 years – but its plans assume the new homes will be built on existing estates which will be “redeveloped”. We demand the council’s first choice is to refurbish our homes only demolishing if there is really no alternative. Any future demolition plans must provide “like-for-like” replacement of council homes at council rents and secure tenancies not so-called “affordable” homes at higher rents and worse tenancies.”

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet procedure rule 2.13 on petitions (page 166 of the constitution):	160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395
Link: http://moderngov.southwark.gov.uk/documents/s57724/10%20Cabinet%20procedure%20rules%20July%202015.pdf		

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Paula Thornton, Constitutional Officer	
Version	Final	
Dated	18 January 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Strategic Director of Housing and Modernisation	No	No
Date final report sent to Constitutional Team		18 January 2016

Item No. 10.	Classification: Open	Date: 27 January 2016	Meeting Name: Cabinet
Report title:		"Right to Buy" for Housing Association Tenants and the Forced Sale of Council Properties	
Ward(s) or groups affected:		All	
From:		Overview and Scrutiny Committee	

RECOMMENDATIONS

1. That the cabinet notes the recommendations of the report and that the relevant cabinet member brings back within eight weeks, in order to respond to the overview and scrutiny committee.

BACKGROUND INFORMATION

2. The committee's recommendations for consideration by cabinet are set out within the body of the report attached as Appendix A.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Overview & Scrutiny Committee Agenda 30 November 2015	Scrutiny Team 160 Tooley Street London SE1 2QH	Shelley Burke 020 7525 7344
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=308&MId=5107&Ver=4		

APPENDICES

No.	Title
Appendix A	Report of the Right to Buy for Housing Association Tenants and the forced sale of Council Properties

AUDIT TRAIL

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Fitzroy Williams, Scrutiny Project Assistant	
Version	Final	
Dated	12 January 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Chief Officers	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	12 January 2016	

APPENDIX A

**Southwark Overview and Scrutiny
Committee**

**“Right to Buy” for Housing Association
Tenants and the forced sale of council
properties**

November 2015

Section 1: Introduction

Much has been said and written about the possible implications of the Government's Housing and Planning Bill published on 13th October 2015, with many commentators warning that it will significantly worsen, rather than help, the housing crisis effecting many parts of the country.

Southwark's Overview and Scrutiny have sought to assess the impact of the extension of Right to Buy and forced sale of council homes on the London Borough of Southwark. This report sets out the results of our investigation and includes a number of recommendations for consideration by Southwark's Cabinet with a view to protecting the interests of its residents who live in council and Housing Association owned homes, and the council's ambition of building 11,000 homes over 30 years.

This report focuses on:

- the impact of the Housing Bill on plans to build council homes and other social rented homes;
- the impact of the forced sale of council homes;
- how Southwark's current Housing Association homes will be affected;
- implications for day-to-day management of local houses and tenants' experience;
- how Southwark should best prepare for the Housing bill; and
- Southwark's political/communications response to the Housing Bill.

Background

The Conservative Party 2015 manifesto set out the Party's ambition to extend the "Right to Buy" scheme currently available to council home tenants to tenants of Housing Associations. The Manifesto stated "We will fund the replacement of properties sold under the extended Right to Buy by requiring local authorities to manage their housing assets more efficiently, with the most expensive properties sold off and replaced as they fall vacant".

Following the election of a majority Conservative government in the 2015 General Election the Government has begun the process of implementing this policy through the Housing and Planning Bill (the "Housing Bill"). At the time of writing the Housing Bill had just passed its second reading.

Part 4 of the Housing Bill sets out the terms on which Housing Associations will implement the government's Right to Buy policy through a voluntary scheme agreed between Government and the National Housing Federation. It also sets out how the Government will require a payment from councils with housing stock by financial year equivalent to the sale of vacant high value council homes. High value is not yet defined in the Housing Bill.

Methodology

In order to investigate this issue the Overview and Scrutiny Committee did the following:

- Conducted a series of informal interviews with officers in Southwark's Housing Department

- Received a written report from officers giving an initial assessment of the impact on Southwark, based on available information at the time
- Attended and asked questions at a Southwark forum for Senior Housing Association Managers operating in the borough
- Informally interviewed the Chief Executives of four major, national housing associations
- Interviewed at the committee Lord Kerslake, Former head of the Civil Service and current Chair of the Peabody Trust
- Reviewed a series of external reports on the impact of extending right to buy and forced void sales
- Submitted a number of written requests for statistical and other information from Southwark Officers
- Interviewed, at the Committee, the Cabinet Member for Housing and the Strategic Director, Housing Services and Community Services

Section 2: Impact on plans to build new homes

Current plans to build

Southwark is at the heart of the affordable housing crisis in London: in 2013/14 the Department for Communities and Local Government reported that Southwark's had 13,436 applications on its housing waiting list, 2,883 of those being people currently occupying insanitary, overcrowded or otherwise unsatisfactory living conditions¹. Southwark has predicted that its population will grow by 21% over the next 10 years.

However, the council has ambitious plans to build more council homes. Southwark has a widely publicised policy to build new 11,000 new council homes by 2043 and has committed to 1,500 of these being by 2018.

The housing challenges in Southwark, particularly for people who, as a matter of necessity, will require homes at low or "social rent"² will also, in part, rely on home building plans from third parties, especially large housing associations. The table below sets out Southwark's current plans for new social, affordable and intermediate homes. These include council homes and those expected to be part of home building projects by Housing Associations.

Table 1 - Affordable housing completions planned as of October 2015

Year completed	Social Rent	Affordable Rent	Intermediate	Total
2015-16	320	0	97	417
2016-17	162	51	200	575
2017-18	594	330	626	1,407
Grand Total	1,076	381	923	2,380

Source: Southwark Council Internal Data. Note: These are estimates based on current plans and are likely to change over time as plans are developed. The larger figures in 2017-18 are due to that year being the end of the three year funding programme.

¹ P.39 Shelter report – DCLG data.

² In this paper we define "Social Rent" as "social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime." See <https://www.gov.uk/guidance/definitions-of-general-housing-terms>.

Year completed	Social Rent	Affordable Rent	Intermediate	Total
2015-16	77%	0%	23%	100%
2016-17	28%	9%	35%	100%
2017-18	42%	23%	44%	100%
Grand Total	45%	16%	39%	100%

Risk to plans to build

Southwark's plans to build council homes – in its September 2015 Paper "*the Forced Sale of Council Homes*" the housing charity Shelter identifies three key challenges to council's plans to build new council homes:

- Councils' ability to borrow to build will be eroded as potential lenders will be less confident that councils can secure revenue stream from rent or capital receipts;
- Councils' have planned current building on the assumption that this can be financed from receipts from sales of council homes currently deemed to be high value however these receipts may now have to be paid to central government to fund the discount provided to housing association tenants exercising their Right to Buy; and
- If new build homes will be required to be sold as soon as they become void then Councils will have little incentive to build.³

Are these risks applicable to Southwark? We do not yet know the possible effect on Southwark's borrowing plans and would recommend (see recommendations section below) that this is considered further. In terms of the second two risks these are both thought to be very real for our borough. Southwark's currently policy is to sell void council homes valued at over £500,000 and Southwark has sold several properties at values much higher than this. Income streams that have previously been thought to support future building may well be in jeopardy.

In terms of the risks to new homes again this is a very real risk – on the assumptions for levels of "high value" set out below many of Southwark's new planned homes may exceed this value once void (see below). There is a clear time lag in the sale of homes and the building of new homes funded by income from such sale. The Government's own analysis has shown that for every 9 council homes sold under council home "Right to Buy" policy, post 2012, only one new home has been built. Whilst, both national and council policy will dictate Southwark's incentive to continue to build, there is a danger that the overall ambition of building 11,000 new council homes could be eroded by forced sale of new council homes.

³ Shelter paper, page 4.

Housing Association plans to build homes: Housing Associations will be susceptible to the same risks identified above. The Housing Bill does not currently require Housing Associations to use receipts from Right to Buy to build new homes in the same tenure, location or size as those that are sold.

Rent limits

Whilst introduced through separate legislation, another huge risk to future house building both by councils and housing associations is the Government's proposals to limit rent increases. The Government's Welfare and Work Reform Bill proposes reducing social housing rent levels by 1% in each year for four years from 2016-17. The objective of such a rent cut is thought to be to reduce the Government's housing benefit bill.

In simple terms both councils and housing associations will not make the returns from rental income that they had anticipated. The benefits cap may also exacerbate the number of residents unable to pay their rent and further undermine the confidence of local authorities, developers and their lenders. This clearly poses an additional risk to future house building plans by both Southwark and housing associations.

"Like for Like"

The Government's ambition is that both Housing Associations and Council's replace sold homes on a "like for like" basis. However, it is highly unclear what this means and if new homes will truly be the same affordable offering as current council and housing association stock.

The Housing Bill does not presently require housing associations to replace sold homes in the same area, tenure or affordability bracket. Many commentators (including the Mayor of London) have advocated for a London ring fencing and this is a policy that Southwark should support. However, such protections may be of limited value if they remain broad in terms of tenure, location and affordability: for example a one bed shared ownership or "Starter Home" in Croydon (where land costs are generally cheaper) is unlikely to be a real "like for like" replacement for the loss of a two bed lifetime tenure social rent housing association property in Southwark.

The Housing Bill will, for the first time, create a duty on councils to approve a particular kind of housing. The Government has stated an ambition to build 200,000 Starter Homes - sold at 20 per cent below the market price to first-time buyers under the age of 40 - by 2020. Councils will be under a duty to promote, through its planning system, the construction of such Starter Homes. It is as yet unclear what effect this may have on current developments – for example will Southwark come under pressure to approve projects which offer limited social rent properties but will build potentially more Starter Homes?

Section 3: The forced sale of void council homes

The plans to force Southwark to sell its “high value” homes raises two clear lines of enquiry:

- how many homes may be lost?
- what are the impacts for remaining Southwark tenants.

In the next sections we seek to answer these questions.

How many homes might be lost? The answer to this question depends on two key areas which are not yet clear:

What will high value be?

What is the market for such “high value” homes?

The Conservative Manifesto suggested that “high value” would be assessed by reference to a percentage of the average value across specific regions. In its assessment Shelter considered the following values for London:

1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 bedrooms +
£340,000				£1,205,000
	£400,000	£490,000	£790,000	

When questioned about this, Southwark housing policy officers challenged Shelter’s use of these figures pointing out that the definition of “high value” remains to be provided by the Government. The officer questioned stated: “. . . we know these values will be adjusted following a property survey. Our experience was that slight changes in the values used could have a big impact on the numbers possibly affected. While the Government still seems to be proposing regional thresholds it is possible they will adopt more local thresholds once they start to receive data from Local Authorities. The Government is about to request this data from Local Authorities by the end of December.”

This is clearly an area of potential change and should be monitored by Southwark.

However, Southwark’s estimate of the potential amount of its stock at risk of forced sale is significantly higher than Shelter’s. Southwark estimates 30% of its stock could be lost, Shelter puts this at 10% but recognises that council’s local knowledge may be better relied on. Shelter references a Savill’s report which puts Southwark 5th among the most affected areas i.e. those councils likely to lose most council homes.

Table 5: Top 20 most affected areas according to Savills' analysis²⁸

Area	Number of homes above the threshold	Proportion of total homes
Camden	7494	33%
Westminster	5830	48%
Kensington and Chelsea	4369	63%
Hammersmith and Fulham	3951	32%
Southwark	3755	10%
Islington	3711	18%
Wandsworth	3264	19%
Lambeth	2337	10%
Haringey	2077	13%
Leeds	2007	4%
Hackney	1949	9%
Ealing	1327	10%
Sheffield	1266	3%
Barnet	1088	10%
Hounslow	914	7%
Birmingham	769	1%
St Albans	747	15%
Newcastle upon Tyne	710	3%
Dacorum	647	6%
Epping Forest	627	10%

Shelter also observes that a significant number of larger homes (i.e. 3 bedrooms plus) may be sold as a result of the Housing Bill, as larger homes will generally attract a higher value. This poses a further challenge to overcrowding and how Southwark will cater for families raising children in unsatisfactory homes.

What is clear from both Southwark and Shelter's analysis is that a significant number of homes may be required to be sold off. Compounded by the sale of housing association properties under Right to Buy it appears highly likely that a significant proportion of homes currently provided at social rent will no longer be available to tenants who cannot afford higher rents in this area of London. Such tenants will be required to compete for Southwark's retained stock, try to find low rents on the private market or move to areas outside of Southwark.

Impacts of forced sales on Southwark council tenants

The sources we reviewed suggested that Councils may encounter a number of perverse incentives to avoid their stock becoming void and essentially "up for sale", these include:

- not tackling overcrowding or anti-social behaviour;
- not tackling under-occupation including facilitating mutual exchanges;

- manipulating the housing allocations process to place tenants who are most likely to have longer tenancies or not be able to finance a right to buy themselves;⁴
- Clearly such behaviours are not acceptable to our residents and Southwark should be required to demonstrate that its present policies and procedures are suitably robust to avoid these behaviours being adopted; and
- One area that requires detailed consideration is whether the Housing Bill will necessitate a review of Southwark's voids policy. This is addressed later in this report

Southwark's void sales current policy

Empty properties are assessed against the following criteria and considered for disposal if they meet one or more of these criteria:

- Bedsit, 1 & 2 bed, converted street flats above the ground floor, with a view to being able to sell the freehold interest of the house
- Void properties valued over £500,000*
- Listed residential properties
- Properties deemed uneconomic to repair, following consideration of its value as a long term asset to the council and in parallel with available resources in the annual major voids repair budget
- Properties with inappropriate layouts e.g. where a bathroom is off a bedroom and where changes to the layout are restricted or uneconomic
- Flats in a house with an already high level of leaseholders, and where sale would potentially allow the disposal of the freehold
- Prefabricated bungalows

* Where properties are identified for disposal under the £500,000 value criterion, at least one of the other criteria should also apply.

One argument might be that if Southwark is forced to sell more "high value" property it should limit the sale of lower value homes to the greatest extent possible. Clearly this may bring challenges around maintaining less suitable or unusual stock.

In the short term Southwark may also wish to consider if any benefits exist from accelerating the sale of existing voids already identified for sale.

Meeting the cost of RTB deposits – where will the money come from?

The current form of the Housing Bill suggests that councils will be able to meet their obligations to fund the cost of RTB Housing Association discounts by forward paying an annual amount based on an estimate of the Council's receipts from sales of council homes. This may be an important concession, allowing councils to plan financially – perhaps funding this obligation from other capital sources in order to build new social rent homes that will replace housing association homes as they are sold under RTB and high value voids also required to be sold.

⁴ Shelter report and discussions with Housing Associations

An obvious question when local government is facing unprecedented cuts is - where else will this money come from? Southwark may be able to capitalise on particularly high land values in parts of the borough to sell residential and non-residential assets which are of a particularly high value. However, it seems unlikely that such possible sales have not already been identified and the potential capital receipts identified for other requirements. Southwark will need to know how much it will need to find and where it will source such funds from.

As well as the possible sources of cash to fund this payment Southwark must also consider, if it is required to pay an estimated sum based on the project sales of council homes, the implications of a shortfall in the expected capital receipts. Will the government compensate any "out of pocket" amounts or will Southwark be required to bear this risk as well?

Section 4: Impact on housing associations in Southwark

This section of the report covers several aspects of the impact on Housing Associations:

- The impact of the policy in a national context
- The impact for housing association stock in Southwark
- The impact for housing association tenants in Southwark (including those who exercise the right to buy)

The impact on housing association management will be covered in the next section, which also looks at the impact on housing management for Southwark Council.

National Context

The impact on housing associations nationally has the potential to be huge. The offer from the National Housing Federation to government extends the Right to Buy to around 841,000 tenants, of which the NHF estimates that 221,000 tenants are both eligible and able to afford to purchase their homes.⁵

A website was set up in October allowing housing association tenants to register their interest in the scheme. This saw 5,200 tenants sign up in the first month⁶, which equates to 0.6% of those who will be eligible under the scheme, and 2.4% of those identified as able to afford to purchase.

Right to Buy sales are on the increase. In 2014/15 there was an increase of 5% in the number of right to buy sales.⁷

Impact on Housing Association stock in Southwark

There are a number of exemptions from the proposed scheme which will protect some Southwark stock from being affected:

- supported housing designed for people with specific needs

⁵ "Right to Buy extension estimated to cost £12 billion" – NHF, 14 April 2015 - <http://www.housing.org.uk/blog/right-to-buy-extension-estimated-to-cost-12-billion/>

⁶ "New right-to-buy boom: 1,000 people a week signing up to housing association sell-off ahead of launch of new scheme", Mail on Sunday, 15 November 2015 <http://www.dailymail.co.uk/news/article-3319804/New-right-buy-boom-1-000-people-week-signing-housing-association-sell-ahead-launch-new-scheme.html>

⁷ "Britain building again as new homes rise by a quarter" - <https://www.gov.uk/government/news/britain-building-again-as-new-homes-rise-by-a-quarter>

- specialist properties of historic interest (almshouses)
- properties provided through charitable or public-benefit resources or bequeathed for charitable or public-benefit purposes
- tied accommodation
- where the landlord is a co-operative
- where the landlord does not have sufficient interest to grant a lease of over 21 years
- properties held in a Community Land Trust⁸

Southwark's location and property prices have meant that Right to Buy for council tenants has been relatively unaffordable in recent years and these factors are likely to have a similar impact on affordability of housing association properties.

London Borough	Number of properties 2014	Right to Buy Sales 2014/15	Percentage of properties sold in 2014/15
Kensington and Chelsea	6,845	25	0.37%
Westminster	12,091	53	0.44%
Wandsworth	17,003	85	0.50%
Camden	23,508	143	0.61%
Hammersmith and Fulham	12,536	77	0.61%
Kingston upon Thames	4,790	34	0.71%
Harrow	4,915	37	0.75%
Southwark	39,029	304	0.78%
Hackney	22,382	180	0.80%
Lewisham	14,923	122	0.82%
Havering	9,992	84	0.84%
Islington	26,264	234	0.89%
Brent	8,668	78	0.90%
Croydon	13,993	135	0.96%
Lambeth	24,653	251	1.02%
Greenwich	22,832	247	1.08%
Barnet	10,978	123	1.12%
Ealing	12,567	142	1.13%
Hounslow	13,269	150	1.13%
Barking and Dagenham	18,434	220	1.19%
Sutton	6,120	75	1.23%
Redbridge	4,558	56	1.23%
Waltham Forest	9,926	130	1.31%
Haringey	15,646	218	1.39%
Newham	16,602	251	1.51%
Enfield	10,665	179	1.68%
Hillingdon	10,243	191	1.86%
Tower Hamlets	12,424	254	2.04%

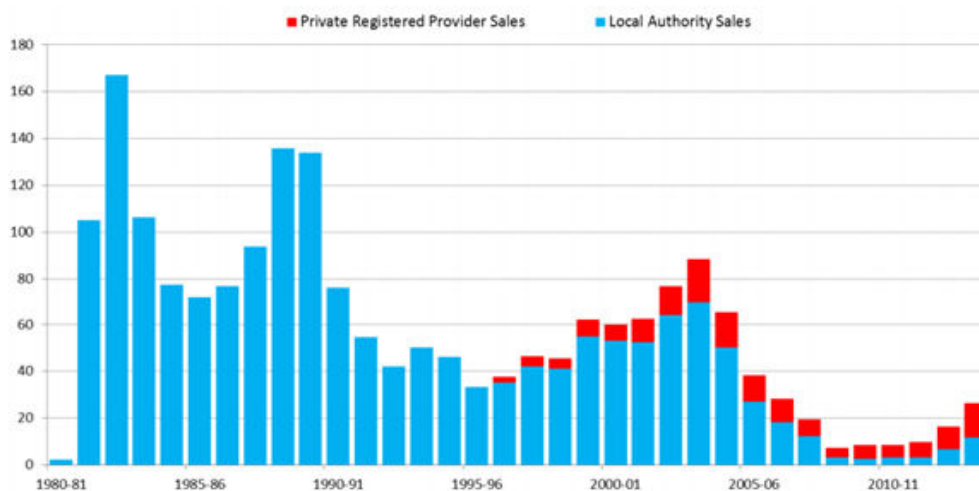
⁸ "Extending the Right to Buy (England)", House of Commons Briefing Paper 07224, 12 November 2015, <http://researchbriefings.files.parliament.uk/documents/CBP-7224/CBP-7224.pdf>

London Borough	Number of properties 2014	Right to Buy Sales 2014/15	Percentage of properties sold in 2014/15
Bexley	19	..	0.00%
Bromley	62	..	0.00%
Merton	0	..	0.00%
Richmond upon Thames	0	..	0.00%

However, the original Right to Buy saw a huge number of sales in the initial phase (see table below). This pent up demand for purchase could be mirrored in the early years of this extension. A fifth of all council properties sold under right to buy were sold in the first four years. A further surge in sales was seen in the late 1980s when the government extended the discount to encourage sales of flats and other property types which had not sold in large numbers.⁹

Southwark Council's website¹⁰ states that over 10,000 properties in Southwark are owned or managed by housing associations. If Southwark reflects the national picture of 0.6% of tenants registering interest in the scheme, then this would equate to around 60 properties being sold in the first instance. However, the original Right to Buy 'took off' in year two. If this pattern occurred in Southwark now, it would see thousands of housing association properties sold off in years 2,3 and 4.

Right to Buy Sales, England, 1980/81 to 2013/14⁷



Source: Table from Centre for Regional Economic and Social Research at Sheffield Hallam University, Headline Findings from Evidence Review, 2015 - <http://www.parliament.uk/documents/commons-committees/communities-and-local-government/Full-Report-for-Select-Committee-141015final.pdf>

Representatives of housing associations in Southwark have met with members of Overview and Scrutiny and shared their concerns. Whilst they do not envisage large numbers of their properties being purchased (due to property prices in Southwark), they have concerns around their ability to

⁹ "The Impact of the Existing Right to Buy and the Implications for the Proposed Extension of Right to Buy to Housing Associations", Cole, Green, McCarthy & Pattison for the CLG select committee -

<http://www.parliament.uk/documents/commons-committees/communities-and-local-government/Full-Report-for-Select-Committee-141015final.pdf>

¹⁰ http://www.southwark.gov.uk/info/200052/looking_for_a_home/971/different_types_of_housing/3

acquire land in Southwark to build new properties. Smaller housing associations feel that the impact of any sales at all of their property will significantly affect their business models and their ability to replace stock.

Quotes taken from Southwark Housing Association Group meeting, 9th September 2015:

“Rotherhithe, Bermondsey, Camberwell and Peckham have high density of housing already, and very little scope to build. I think housing associations would be pushed out of these areas”.

“We have concerns about what the government will do next – after the rent reduction and Right to Buy, what is the next curveball?”.

“The worry is that we won’t be able to replace homes in Southwark”.

Much of the assessment of the impact remains speculative. Many housing associations do not know much about the income of their tenants (other than those in receipt of housing benefit), and are unable to predict the effects of tenants receiving support from family and friends to purchase their homes. Cole, Green, McCarthy & Pattison (2015) state that 13 per cent of Right to Buy sales were funded with external financial support in 2000. Anecdotal evidence from Southwark Housing staff suggests that there has been an increase since then in ‘rogue’ companies assisting with the purchase of local authority housing.

A review by Burrows, Ford and Wilcox (2000) found that 13 per cent of RTB sales were funded with external financial support. This kind of financial assistance from families or other sources allowed some households with lower incomes (such as pensioners) to purchase their property. In some cases ‘rogue’ companies may offer special deals to sitting tenants, especially those receiving Housing Benefit, to purchase outside the formal mortgage market.¹¹

Green, McCarthy & Pattison (2015)

The table below sets out the current split of Housing Association properties by Housing Association in Southwark:

Table 2.04c Top 15 Housing Associations in Southwark by overall stock size 2015

Rank	PRP name	General needs, self contained and non self contained, supported and older people housing
1	London & Quadrant Housing Trust	1,866
2	Hyde Housing Association Limited	1,434
3	Peabody Trust	1,562
4	Hexagon Housing Association Limited	1,269

¹¹ “The Impact of the Existing Right to Buy and the Implications for the Proposed Extension of Right to Buy to Housing Associations”, Cole, Green, McCarthy & Pattison for the CLG select committee - <http://www.parliament.uk/documents/commons-committees/communities-and-local-government/Full-Report-for-Select-Committee-141015final.pdf>

Rank	PRP name	General needs, self contained and non self contained, supported and older people housing
5	Family Mosaic Housing	1,177
6	AmicusHorizon Limited	1,160
7	Wandle Housing Association Limited	998
8	Affinity Sutton Homes Limited	940
9	Notting Hill Housing Trust	966
10	Southern Housing Group Limited	601
11	The Guinness Partnership Limited	549
12	Metropolitan Housing Trust Limited	273
13	The Riverside Group Limited	188
14	Habinteg Housing Association Limited	168
15	Lambeth & Southwark Housing Association Limited	158

Source: SDR2015

<https://www.gov.uk/government/collections/statistical-data-return-statistical-releases>

Impact on Housing Association Tenants

“Our vision is to supply housing to those who need it. This puts us at a standstill, with people on low incomes holding on to properties in order to buy at a later date and people who can afford it buying our properties now. Home leavers, students etc. will be missing out because people won’t be rotating out of our properties the way they normally do”. Member of Southwark Housing Association Group, September 2015

The quote above indicates that some in the sector anticipate a reduction in available stock, as tenants purchase their properties or seek to stay in their rented accommodation in order to qualify for Right to Buy. This will reduce the opportunities for tenants to move to more suitable accommodation as their situations change, as well as reducing the availability of properties for new tenants.

Impact on Housing Association Tenants who exercise the Right to Buy

Shelter (2011) found that their mortgage debt advice case workers reported “an unusually large number of clients who purchased under Right to Buy and are now in arrears or facing repossession. These clients are often older people or people with long term health issues, those who have

overcommitted to debt and had not realised or planned for the additional costs of repair and maintenance on their homes”.¹²

There will also be issues around adjustment for those used to being tenants, such as housing repairs: The quote below from the Chief Executive of a Housing Association in October 2015, makes this clear.

“We are going to make it crystal clear to our tenants who are going to buy, the minute they buy they are on their own. There has to be a very visible move by them from being a tenant to being a leaseholder. They will no longer have a housing officer. We are no longer interested in repairs in their home. I’m only interested about communal areas. Don’t come to me complaining about your neighbours or anything like that. Don’t come to me saying what about this what about that. I’m not interested.”

¹² “Department for Communities and Local Government consultation: Reinvigorating the Right to Buy and one for one replacement”, Shelter, February 2012 - http://england.shelter.org.uk/data/assets/pdf_file/0006/419316/Shelter_Response_to_DCLG_consultation_-_Reinvigorating_Right_to_Buy_-_February_2012.pdf

Section 5: Impact on Housing Management

Implications for allocation of tenancies

Housing Association Manager, October 2015 *“To an extent, any new arrangement around allocations from new properties and particularly around section 106, we would be looking to you for people who would not be able to afford Right to Buy.”*

Some housing associations may seek to limit the impact by changing their allocations policies to exclude tenants who are more likely to afford Right to Buy. There is a serious risk that this would translate into a reduction in nomination rights for the council. The above quote, from a senior manager of a housing association, suggests that some housing associations would be looking to take only those tenants from the council waiting list who would not be able to afford Right to Buy. This is not something that Southwark can (or should) agree to.

Impact on housing mix and TRAs

“This will take millions of pounds out of our surplus, which ultimately means fewer units and a changed profile of these units” Member of Southwark Housing Association Group, September 2015

*“We still want to provide affordable rented housing. We will use our own resources to do it, which will mean we will build fewer.”*¹³ Ian Munro, chief executive of New Charter

As housing associations look to replace properties sold under the Right to Buy, they will be placed in direct competition with the Government’s Starter Homes plans, resulting in new developments that have a smaller percentage of affordable homes, with more houses being offered for sale. This will shift the balance of priorities in these areas to the needs of leaseholders and freeholders and affect the balance of tenants and residents associations (TRAs).

¹³ Starter Homes plan 'will hit association development' – Inside Housing, 8 October 2015 - <http://m.insidehousing.co.uk/starter-homes-plan-will-hit-association-development/7012160.article>

Section 6: Southwark Council's internal preparation for the implementation of this policy

This section of the report look at steps the council's internal preparations for the implementation of these policies, both with regard to its response to introducing right to buy for Housing Association Tenants and the forced sale of void council properties in 'high value' areas. There is also some reference to associated Government policies of limiting rent increases to 1% per annum and "pay to stay" for council tenants, although that is not the Committee's focus.

In order to properly ascertain if the council is as prepared as it can be, given the available detail from the government, the committee has identified a number of areas of risk. Here we break them down into four broad categories:

- a) home building and provision
- b) financial impact on the Housing Revenue Account (HRA)
- c) wider social impacts
- d) A new relationship with housing associations

Below we go into more detail regarding these risks.

Home building and provision

- **'One for one' replacement of affordable homes.** There is a high risk that we will not see a one for one replacement of void sales or Housing Association homes sold under Right to Buy. It is unlikely Housing Associations will build enough replacement homes in our borough and probably not in our city. The Housing Bill does not currently detail any requirement for ring-fencing of receipts by housing associations or replacement homes to particular areas by region, city or local authority area.
- **Land availability:** Local authorities in dense urban areas such as Southwark, already engaged in large scale home building programmes, will clearly have difficulty obtaining land for replacement homes. For example, some London councils are already talking about home building outside of the capital in order to deliver on the 'one-for-one' replacement policy. OSC is not in favour of such a move, but this does indicate how radically the council will need to think in order to adapt to this policy.
- **Borrowing 'headroom' to build new council homes reduced:** The policy change creates uncertainty with regard to Southwark's 30 year home building programme. Southwark is, in part, using equity from existing housing stock to fund building and refurbishment. How would the reduction of that stock reduce our home building potential?
- **Excluding certain types of property from forced sales:** The Bill, as currently drafted, gives virtually no detail with regard to properties which might be excluded from forced void sales.

We need to make absolutely clear to government that, for certain types of properties, it makes no sense whatsoever to force councils to sell them when they are vacant. The most obvious category is newly built council homes. Councils would have little incentive to build new homes that were simply then sold on the open market. Other categories would include decanted housing during regeneration, sheltered housing (because of the cost and need to replace them) and properties within TMO and other co-operative arrangements. For example, continued viability of the highly successful Leathermarket JMB whose 30-year business plan to develop new homes would be under serious threat if the council were forced to sell off their properties.

- **When is a void a void?** Without careful management, the council might be forced to sell more properties than is strictly necessary. As noted above, we do not yet know the precise criteria which will be used to define vacant properties which the council will need to sell. However, this should not stop Southwark Council from doing some early thinking about how we define a void to ensure that we only sell off those properties which fall under the strict definition of the legislation and guidance.

Financial impact on the Housing Revenue Account (HRA)

- **Rent and capital receipts for the HRA:** If council homes are not replaced in our borough, this reduces the rental stream and availability of capital receipts to be re-invested in the HRA. This would be a matter of serious concern and a risk that Southwark's Cabinet would need to manage very carefully. OSC understands that it is difficult to carry out detailed financial modelling at this stage because of the continuing uncertainty regarding the implementation of this policy. However, the longer-term issue is addressed in our recommendations.
- **Valuation of properties:** The way in which the Secretary of State eventually defines "expensive" or "high value" properties is incredibly important for a borough such as Southwark. Like most local authorities the Council does not hold an up-to-date list of the market value of every property within its stock. Southwark's data is based on work completed by Savills in 2000. This was produced on a 'beacon' basis and updated on a borough level utilising the Land Registry index for March 2015. The difference between an open market valuation or a 'book' valuation is potentially huge. If the former is pursued, this could be disastrous for the HRA financial position because a market valuation may vastly increase the number of properties scooped up by the process.

Social impact

- **Reduction in Lettings.** The effect of the implementation of this policy will be, for the first two years, a reduction in available lettings in our borough, leading to a range of households not being able to obtain a council tenancy who might otherwise have done so. Clearly the council needs to be in a position to respond to this.

- **Homelessness:** Research commissioned by London Councils, which has been seen by Overview and Scrutiny, shows that in the first two years of this policy being implemented, there would be a significant rise across London in the number of homeless families who may otherwise have been housed in council housing. A high proportion will be families with children. There will also be a significant number of London households, currently in local authority general needs housing, who will not be able to move as a result of this policy. This is in addition to those households who could not be nominated to housing association tenancies due to right-to-buy sales.
- **Overcrowded housing:** These tenants are likely to face the choice of retaining support networks but remaining overcrowded, moving to a new tenancy in another borough, looking for a private rented sector tenancy or, if homeless, entering or remaining in temporary accommodation.
- **Tenure polarisation:** Another significant impact of the proposals, combined with changes to the welfare benefit cap, is increasing social and tenure polarisation in London. With the risk of less than one for one replacement, and many of the homes replaced being on up to 80% of market rents, there is a risk that parts of Southwark will become increasingly a place where only the well-off can live.

A new relationship with housing associations

- **Some Housing Associations as “Private Developers”:** In her evidence to the committee, the Strategic Director, Housing Services and Community Services stated: “They have very different positions. Peabody are most affronted. Some are positively cock-a-hoop with the opportunity . . . In terms of our relationship. We’ve already had the issue of affordable housing and the definition of that. There is a real concern if Housing Associations just become private developers, which I think some of them will become. So that’s a problem.” Clearly, the council will need to develop new policies regarding our relationships with Housing Associations which fall into these different categories. The Committee suggests that we may wish to form stronger ties with those Housing Associations who have a stronger sense of their social and moral mission.

Section 7: External Communications

The evidence set out in this report demonstrates that proposals to introduce right to buy for housing association tenants and, in particular the proposal to force Councils to sell off vacant properties in “high value” areas, would have a devastating impact on our borough. It has the potential to significantly reduce our housing stock, damage our ability to build much needed new homes and could indirectly lead to an increase in homelessness and overcrowding.

Unlike so many other ill-thought through and damaging policies proposed by the Conservative Government, there appears to be a growing recognition among journalists, some legislators and the wider public of the unjustifiable harm which could be inflicted by these policies.

Consequently, the Overview and Scrutiny Committee believes it is important that the Cabinet undertakes work to communicate how Southwark would be effected, in effect, offering the borough as a case study. We believe that carrying out such work could help convince key individuals to take a firmer stance on the proposed arrangements.

Five absurdities of the right to buy/forced void sales policy

Even for those people who support extending right to buy to housing associations tenants, the current plan makes no sense. Here are five weird implications of the current plan:

1. **The Minister will be right, even when they're wrong:** The Bill, as currently drafted, enables the Secretary of State to get the valuation of homes right, even when they're wrong. It states: “A determination may provide for assumptions to be made in making a calculation, whether or not those assumptions are, or are likely to be borne out by events.”
2. **It is completely arbitrary:** Local authorities who have, for a variety of random political, economic and historical reasons, transferred their housing stock to another organisation (such as an ALMO) will not be billed by the Secretary of State for high value voids.
3. **Tory policy on the HRA is turned on its head:** Previous Conservative and Conservative led governments have made it clear that council Housing Revenue Accounts (HRA) must be ring-fenced, in part to stop cross-subsidy. Now a Conservative Government is raiding council HRAs to pay for their right to buy policy.
4. **It will discourage philanthropy:** 150 years ago a philanthropist such as George Peabody willingly put huge amounts of his own money into building homes specifically for the poor and needy. Would he have ever done this had he known a future government would turn his investment into individually owned assets, up for sale and rent on the open market?
5. **Possible decrease in home ownership:** As Lord Kerslake stated in his evidence to the committee: “It won't deliver on the Government's objectives. The Government have set a policy of increasing home ownership, in fact, home ownership has fallen over the last decade. The reason it's fallen is because of lack of supply. This policy will undermine the things which support greater supply.”

Section 8: Recommendations

Plans to build new homes

1. That the Cabinet Member orders an urgent review of the financial modelling underpinning the 30 year housing investment programme as soon as sufficient data is available from Government to do so. This should explain:
 - a) The impact on Southwark's borrowing plans
 - b) any re-allocation of currently anticipated capital receipts to fund the Housing Association RTB discount especially funds planned to support building new council homes.
 - c) An answer to the "like for like" question: how will the council's own new homes be comparable to existing social rents? How will Southwark meet its "duty to promote" Starter Homes without compromising or giving up plans originally earmarked for lower, social rents.

The forced sale of void council homes

2. Southwark reviews its voids policy and implementation to ensure that no council home is sold that could be legally retained without genuinely significant cost. This review should include looking at the number of homes being sold under the current Southwark Council voids policy.
3. That, subject to the details of legislation and guidance, the Cabinet Member instructs officers to compile a detailed list of properties which are excluded from forced void sales. This list should be as extensive and wide-ranging as is legally permissible. OSC would expect this list to include newly built properties, sheltered housing, and properties within TMO and other co-operative arrangements.
4. That the Cabinet Member should instruct officers to develop new policies which reduce the number of void properties, consequently reducing the number of properties which the council is then forced to sell. This might include doing more to encourage mutual exchanges and voluntary downsizing to smaller properties. Clearly this is a piece of work in which the expertise of Southwark's Housing Solutions Team would be crucial.
5. That the Cabinet member instructs officers to develop new policies to tighten the definition of a void property and ensure that no properties are forced into sale unless it is strictly, legally necessary. Again, this work should take advantage of the expertise in Southwark's Housing Solutions Team.

Housing associations in Southwark

6. Southwark should proactively address the risk posed by this legislation to planned housing association projects by instigating discussions (perhaps at leader and/or cabinet member level) with housing associations who are currently planning future homes in Southwark. This should include both plans which are in progression, such as Notting Hills development at the Aylesbury Estate and new plans such Peabody Housing Association "Newington Triangle" development. Southwark and the Housing Association L&Q have been designated as a pilot

by DCLG for the Housing Association Right to Buy scheme¹⁴, this might allow Southwark to test some of the risks and possible mitigates identified in this report.

7. That Southwark council seeks clarification from Housing Associations on changes to the profile of future development, and seeks to work with those committed to the continuation of providing homes at social rents.
8. That Southwark council should share its experience of the impact of Right to Buy with senior managers at Housing Associations to make them more aware of the potential impact on housing stock, including its relationships with leaseholders.

Southwark Council's internal preparation for the implementation of this policy

9. That Southwark council undertakes preliminary work to determine the potential impact of mortgage defaults on the borough's temporary housing and homelessness services.
10. That the council, in collaboration with housing associations, works with local financial inclusion and debt charities to educate those considering the Right to Buy on the impact of moving into home ownership – interest rate fluctuations, cost of major works, responsibility for repairs etc.

External Communications

11. The Cabinet Member should instruct officers in the Communications Department to develop an external communications plan which highlights the hugely negative impact that these proposals would have on residents of our borough if they are enacted in their current form. OSC would expect that such a plan to include articles, letters and press releases aimed at the national, city-wide and local government sector press.
12. If Southwark is forced to 'forward pay' an amount to meet its obligations to the government it publishes a detailed model showing where such receipts have come from and the impact on future building plans.
13. Southwark vociferously campaigns for the Government to issue further information on the Housing Bill and define "high value".
14. That the Cabinet Member initiates the drafting of a joint letter from the Leaders of all three political groups on Southwark Council to the Local Government and Housing Ministers highlighting the absurdities and negative impact of these proposals, with particular regard to the impact on home building and the availability of affordable homes.
15. That the Leader of the Council and the Cabinet Member for Housing write to the Chair of the Communities and Local Government Select Committee offering to give oral evidence to the

¹⁴ Southwark Council Leader Peter John, announced in Council assembly 25 November 2015.

Committee. (The Committee is currently looking at the impact of these proposals Housing Associations, but it is widely expected that it will follow this up with a further enquiry into the impact on housing and Local Authority provision).

16. Continue to contribute to lobby efforts through our membership of London Councils and Central London Forward. Southwark Council should also support any legal challenge to the policy of forced void sales, should that be considered a viable option following consultation with other London Boroughs.
17. One additional problem identified by OSC is the issue of companies writing to tenants (either of Housing Associations or the Council) and encouraging them to buy their homes under Right to Buy, and then immediately selling them on. The Cabinet Member should write to these companies and stress that their activities are not welcome in our borough.

Item No. 11.	Classification Open	Date: 27 January 2016	MEETING NAME Cabinet
Report title:		Housing Revenue Account – Final Rent Setting and Budget Report 2016/17	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Housing	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR HOUSING

In December, the cabinet agreed to consult on an indicative budget for the Housing Revenue Account (HRA), based on the 1% rent cut that government has imposed on all social landlords. This report asks cabinet to take decisions on the level of rents and the HRA following that consultation and developments that have followed the December report. The average council rent would therefore reduce to £100.24 per week from April. It is proposed to keep other HRA-wide service charges frozen at their current levels.

The consequence of the year-on-year rent decreases imposed by government will be that by 2019/20 the council is projected to collect £28m less than in 2015/16: across the four-year period, that is a cumulative loss of £62.5m income to the HRA compared to our business plan assumptions regarding rents. Addressing this budget gap requires some difficult choices, as shown in the report. We will ensure that as much of these savings as are possible are made through efficiencies rather than charges in service, although we have already had to announce a longer period for our cycle of major works as a consequence.

At the Tenants' Council meeting on 4 January, the meeting asked to work with the council to examine these savings in greater detail, and we have agreed to take this work forward with them through their 'task and finish' group. This work may therefore result in some revisions of savings as set out in this report, but not to the overall budget nor to the level of rents and service charges. The work of the task and finish group will be important in helping inform our HRA business plan for 2016/17 and beyond.

RECOMMENDATIONS

1. Cabinet agrees a rent decrease of 1.0% for all HRA dwellings (including estate voids and hostels) with effect from 4 April 2016. This is in accordance with the provisions of the Welfare Reform and Work Bill currently passing through Parliament, and is contrary to previous council policy regarding rents. The average dwelling rent in 2016/17 under such a reduction will be £100.24 per week (a fall of £1.01 per week on average). Paragraphs 18 and 19 contain further detail.
2. Cabinet further notes that the rental base will reduce by c. £28 million over the next four years from that previously predicated in the HRA business plan. The compound effect of the rent reduction and loss of resources over the same

period is c. £62 million, which has necessitated changes to the business plan model going forward.

3. With regard to other HRA-wide charges, cabinet agrees that no change be made to tenant service charges, comprising the estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges as set out in paragraph 24 with effect from 4 April 2016.
4. Cabinet agrees that no increase be made to sheltered housing service charges as set out in paragraph 25 with effect from 4 April 2016.
5. Cabinet agrees that direct charges for garages, store sheds and parking bays remain at the same level as 2015/16 as set out in paragraph 26 with effect from 4 April 2016.
6. Cabinet agrees that there be no increase to district heating and hot water charges as set out in paragraph 27 with effect from 4 April 2016.
7. Cabinet notes that water and sewerage charges levied by Thames Water are liable to an inflationary uplift as set out at paragraph 28, but as yet the council has not been informed by Thames Water of what that increase will be.
8. Cabinet reaffirms its commitment to ensure that savings made are primarily based on efficiencies, and where staffing reductions form part of any said savings, that due consultation and process is followed with trade unions.
9. Cabinet notes the decision of Tenant Council on 4 January 2016 to establish a 'task and finish' group to examine the proposed 2016/17 savings in more detail as set out in paragraph 38 and therefore also notes that the revised HRA budget for 2016/17 may be subject to revision within the envelope set out in Appendix A.

BACKGROUND INFORMATION

Indicative HRA budget (8 December report)

10. Cabinet on 8 December 2015 considered the indicative HRA rent-setting and budget position for 2016/17. This report contained all of the background information necessary to consider the reasons behind the proposals for rents and other charges. It is not proposed to repeat this detail here, but where further and updated information has been received that is germane to this process it is outlined below. Officers will provide a formal report of any resolutions from Tenant Council, Homeowner Council, Southwark TMO Committee and area housing forums at the cabinet meeting.
11. The purpose of this final report is to seek formal approval of the recommendations in respect of rents and other charges outlined at paragraphs 1 to 9 above.

Statutory framework

12. The HRA reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, homeowner service charges and other

income. The HRA forms a specific part of the council's accounts, and a report regarding the general fund budget including those aspects provided via the housing and modernisation department is being considered separately.

13. Whilst there is no statutory requirement to consult, the council is committed to engaging with stakeholders, particularly under the terms of the Tenancy Agreement, and so the December report formed the basis of early consultation with the bodies listed in paragraph 10 above. This process commenced before Christmas 2015, and continued throughout January 2016.
14. The council is obliged by statute to agree a balanced HRA budget, whereby income and expenditure levels for the forthcoming year match. Appendix A summarises budget movements between 2015/16 and 2016/17, predicated on the basis of a rent reduction of 1% and any other proposed changes to charges.

KEY ISSUES FOR CONSIDERATION

Financial context

15. Whilst self-financing provided financial freedoms, it also brought with it a number of increased risks and budget pressures, particularly in the early years of operation. To a large extent these have already been mitigated through the delivery of efficiency savings and wholesale restructuring of landlord services since 2011/12. Appendix B sets out savings and income generation for 2016/17 specifically.
16. Budgeted expenditure and income for 2016/17 is represented in bubble map form in Appendix C; Appendix D indicates the revised budget for 2015/16 and the base for 2016/17 incorporating the changes identified in Appendix A. This is further analysed to a divisional level in Appendix E.

HRA reserves and financing

17. The 8 December report also set out the current position in regard to council policy on HRA reserves and balances, in common with the council's general fund. HRA reserves and balances continue to be managed in accordance with the council's Medium-Term Resourcing Strategy 2014/15 – 2016/17 (as updated).

Current legislative issues

18. As set out in the indicative budget report, there are two major pieces of legislation currently passing through parliament; both with significant impact on the financing of social housing. The first, the Welfare Reform and Work Bill, seeks to implement a cut of 1% in local authority rents for each of the financial years from 2016/17 to 2019/20. Further amendments to the Bill make it clear that the annual cut is to be "at least" 1%, but given the impact in resource terms as set out in the previous report, it is recommended that this be minimised by sticking to the 1% reduction level.
19. Figures identified in the previous report of an immediate budget shortfall of £3.8 million, with a cumulative impact of c. £62 million over the four years, and a reduction in the rent base of c. £28 million by 2019/20 are unchanged. It is unclear what government intentions are regarding social rents for April 2020 onward.

20. The second legislative item – the Housing and Planning Bill – contains several elements which will impact directly on the financing of social housing in future years. These include enforcement of the “pay to stay” policy for high income tenants; the enforced sale of high value void properties, and the ending of automatic secure tenancies for new tenants.
21. Mandatory application of the high income tenants rent policy (commonly referred to as ‘pay-to-stay’) is presently intended to become law from April 2017. The trigger point of £40,000 in London (£30,000 elsewhere) has been set out, but a formal definition of “income” for the purposes of application of this policy has not as yet. Whilst on the face of it this would increase the rent debit due from tenants (other things being equal), government intend that surplus monies be remitted directly to HM Treasury, meaning that the administrative costs of the system (which are expected to be substantial) will fall upon the HRA, and none of the benefits. The policy is not to be made mandatory for housing associations, though they are encouraged to continue with voluntary application.
22. The detail of the high value void sale requirement is subject to the issue of as yet unpublished regulations from central government. However as the Bill stands it appears that the intention is for a hypothetical figure for each local authority to be calculated centrally, and for that amount to be demanded annually by central government. The LA may finance the payment of this amount how it wishes; however it is likely to be of sufficient magnitude such that the only practical solution would be to do so by the sale of council properties above and beyond that covered by the right-to-buy scheme. This has implications for the council’s investment programme, as there is a base level of void receipts already assumed to part-fund the new-build programme.
23. Since the indicative report was considered, government published amendments to the Housing and Planning Bill intended to make fundamental changes to the issuing of tenancies to new tenants, and also around the succession of existing tenancies to other family members. The intention is that secure tenancies would no longer be available to new tenants, and fixed terms of between two – five years provided instead. This policy will not apply to housing associations. The only exemption originally set out was that secure tenancies would remain available to tenants moving as a result of regeneration decants (which also happens to form an exemption from the council’s own target rents policy). However at Report stage, the government confirmed that tenants who are asked to move by their council will be able to take their security of tenure with them. Tenants who apply for a transfer will also be able to have a new secure tenancy when they move if their council agrees. The budget implications of this change are as yet unclear, beyond additional administrative costs of implementing a policy of review and/or renewal of fixed tenancies.

Tenant service charges

24. As set out in more detail in the 8 December report, the council intends to keep tenant service charges for 2016/17 at the same level as the previous year. Charges were re-based in 2015/16, and there has been a negligible impact in terms of inflation on these costs in the twelve months since. The individual charges are set out in the table below.

	2015/16 £ per week	2016/17 £ per week	Percentage change
Estate Cleaning	4.70	4.70	0.0%
Grounds Maintenance	1.11	1.11	0.0%
Communal Lighting	1.20	1.20	0.0%
Door Entry System Maintenance	0.70	0.70	0.0%
Total	7.71	7.71	0.0%

Sheltered housing service charges

25. It is not proposed to vary charges for the provision of a sheltered housing service from their levels in 2015/16. Charging policy for this sector is currently undergoing a more general review and will be subject to direct consultation during the course of 2016.

Non-residential rents and charges

26. The council intends to follow the recommendation of the Garages Working Party in September 2015 and keep non-residential rents and charges at the same level as 2015/16. This covers garages, parking bays, storage facilities and sheds. A recommendation from the working party regarding the establishment of service charges for this sector has been delegated to the Cabinet Member for Housing for further consideration.

District heating charges

27. As previously stated, the council reviews charges annually to ensure that within the context of the current flexibly-priced gas supply contracts, charges are set at a level to smooth price volatility as far as possible over the contract period. Ongoing investment in the infrastructure to increase energy efficiency/reduce consumption contributes to the financial sustainability of the heating account which has enabled charges to be maintained at the same level over the medium-term. Together with the potential use of accrued balances, this means that charges for tenants can be held at existing levels once again for 2016/17. Homeowners pay on an actual consumption basis plus the cost of repairs and maintenance, which prevents direct comparison with tenants fixed charges.

Thames Water

28. Water and sewerage charges applicable to council dwellings will be subject to an increase from April 2016. In line with the Water Act 2014, the water regulator Ofwat has new powers to issue rules on the five-year charging schemes that water companies use to charge customers (such as the council's tenants) for water supply and sewerage services. This replaces the previous system under which Ofwat annually approved Thames Water's (and other water companies)

charging schemes on an individual basis. Notification of the 2016 increase is likely to be advised during January/February by Thames Water, on whose behalf the council act as agent for billing and collection.

Commitments and savings

29. The 8 December report set out recommended contributions and commitments for 2016/17. These included general inflation at £2.5 million, financing at £1.0 million and specific service commitments of £3.7 million. As noted in the earlier report, savings at £10.3 million were initially modelled against the structure of the previous housing and community services department, which was reconfigured as housing and modernisation from 1 October 2015. Further work on disaggregating the divisions within the new department has now been completed, and as a result the sub-totals for savings in Appendix B and the expenditure and income figures set out in later appendices are slightly different from those cited in December. The overall envelope remains constant (pending consultation outcomes).
30. Proposed 2016/17 savings, together with those relating to previous years are summarised in the table below, which places them in a divisional context from 2012/13 onward. As noted above, the structure of the housing and modernisation department changed during 2015/16, and so savings figures for that year are set out according to both the new structure and that previously employed for the housing and community services department. Further detail on the 2016/17 figures is contained in Appendix B, and in the 8 December budget report.

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Housing and Community Services:					
<i>Customer Experience</i>	(0.1)	–	(0.1)	–	
<i>Community Engagement</i>	(0.2)	–	(0.1)	(0.1)	
<i>Specialist Housing Services</i>	(0.1)	(0.7)	(0.2)	(0.1)	
<i>Maintenance and Compliance</i>	(3.1)	(0.1)	(1.4)	(2.4)	
<i>Operations</i>	(2.1)	(0.8)	(0.9)	(0.7)	
<i>Major Works and New Homes Delivery</i>	(0.5)	–	–	–	
<i>Support Costs</i>	(0.3)	(4.3)	(3.2)	(2.1)	
<i>Chief Executive's</i>	–	(0.1)	(0.1)	–	
Total	(6.4)	(6.0)	(6.0)	(5.4)	
Housing and Modernisation:					
<i>Customer Experience</i>				(0.1)	(0.2)
<i>Central Functions</i>				(2.1)	(4.0)
<i>Communities</i>				(0.1)	(0.2)
<i>Resident Services</i>				(0.7)	(0.9)
<i>Asset Management</i>				(2.4)	(5.0)
<i>Modernisation</i>				–	–
Total				(5.4)	(10.3)
Total HRA	(6.4)	(6.0)	(6.0)	(5.4)	(10.3)

31. Expenditure and income for both former and current structures for 2015/16 are set out below for ease of reference.

HRA 2015/16 Revised Budget			
	Expenditure £'000	Income £'000	Net Exp. £'000
Housing and Community Services:			
<i>Customer Experience</i>	2,172	(75)	2,097
<i>Community Engagement</i>	9,272	(15,098)	(5,826)
<i>Specialist Housing Services</i>	18,430	(57,372)	(38,942)
<i>Maintenance and Compliance</i>	53,173	(4,745)	48,428
<i>Operations</i>	35,101	(209,322)	(174,221)
<i>Major Works and New Homes Delivery</i>	4,426	(1,996)	2,430
<i>Support Costs</i>	161,214	4,204	165,418
<i>Chief Executive</i>	669	(53)	616
Total	284,457	(284,457)	-
Housing and Modernisation:			
<i>Customer Experience</i>	6,399	(6,511)	(112)
<i>Central Functions</i>	172,851	(241,836)	(68,985)
<i>Communities</i>	9,422	(15,098)	(5,676)
<i>Resident Services</i>	35,643	(7,512)	28,131
<i>Asset Management</i>	58,839	(6,794)	52,045
<i>Modernisation</i>	1,303	(6,706)	(5,403)
Total	284,457	(284,457)	-

Community impact statement

32. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations between different groups.
33. Consideration has been given to the report's relevance to equality issues in accordance with the public sector equality duty. This report is primarily to set rents and associated charges and a scoping exercise established there is no differential effect for any community or protected group. It is recognised that increases in rents and charges may present particular difficulties for people on low incomes, but rents and tenant service charges remain eligible for housing benefit. The assessment considers the effects of the self-financing regime introduced under the provisions of the Localism Act 2011 and the determinations issued by Department for Communities and Local Government in accordance with the provisions of Section 173 of that act.
34. There is a statutory requirement to set a balanced HRA budget. Extensive consultation previously undertaken incorporated savings proposals totalling £23.8 million over the period 2012/13 to 2015/16, which have all been delivered. For 2016/17 the extent and composition of efficiency savings and additional income generation assumed in the budget proposals are detailed in Appendix B and set out on a divisional basis as part of Appendices D and E. An assessment to ascertain their potential impact has been undertaken and concluded there is no differential effect for any community or protected group.

35. Above and beyond the increases in rent there are wider issues impacting both nationally and locally in terms of the government's welfare reforms and housing benefit changes for under-occupancy, which came into force in April 2013. These have also been considered and measures to mitigate the effects on the community have been implemented together with the provision of additional resources to support tenancy sustainment through down-sizing, assist in gaining employment, prevent eviction and homelessness and provide direct financial assistance through the provision of Discretionary Housing Payments (DHP). The position regarding 2016/17 remains under review, pending confirmation of additional funding from the Department of Work and Pensions (DWP).

Consultation and notification

36. The purpose of presenting rent-setting and budget information to cabinet in two stages is to facilitate the early commencement of consultation with representative groups (i.e. before the Christmas break). To that end, the December report was labelled 'indicative' and figures therein were all subject to change. The sections in this final report have set out such changes as are required to provide the HRA with a balanced budget for 2016/17.
37. Tenant Council met on 4 January 2016 to consider the December report, and to refer it on to area housing forums. They reconvened on 25 January 2016 to consider any recommendations arising from the area forum consultation, and wider HRA budget consultation outcomes, where available; and make consolidated recommendations to cabinet, which due to time constraints are reported under separate cover as Appendix F to this report. Homeowner Council are unable to make recommendations in the matter of tenant rents and service charges, but may do so in terms of any proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA budget; and so the December report was considered at their meeting on 9 December 2015. Any such comments will also be reported to cabinet alongside those of Tenant Council. The December report was also the subject of formal consultation with Southwark TMO Committee at their meeting on 20 January 2016.
38. At the 4 January meeting, Tenant Council expressed a desire to examine the proposed savings in the December report in more detail, and resolved to establish a 'task and finish' group to that end. It is intended for this group to meet and consider proposals with housing and modernisation senior staff during January and February 2016. To facilitate this, cabinet is recommended to note the HRA budget as presented in this report, with the acknowledgement that Appendix B – the detail comprising the savings total of £10.3 million may be amended by the Strategic Director of Housing and Modernisation in light of the group's discussions. The HRA budget itself will remain in balance, as any amendments must be in the context of the overarching savings total quoted in the various appendices to this report.

Statutory and Contractual Notifications

39. Subsequent to the approval of the final report on 27 January, either as set out or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue a statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the commencement of the new rents and charges referred to above.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

40. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ('the 1989 Act'). The 1989 Act provisions include a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
41. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "*make such reasonable charges as they may determine for the tenancy or occupation of their houses*". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. This provision conferring discretion as to rents and charges made to occupiers, effectively limited by the above HRA provision, will be subject to further restrictions arising from the provisions of the Welfare Reform and Work Bill ('the Bill'), when brought into force.
42. The Bill is in the latter (House of Lords) stages of the law-making process and is subject to amendment during these stages. The final version of the Bill is expected to become law in early 2016. As indicated in the report, the Bill provides a mechanism through which social landlords will be required to ensure that rents payable by tenants reduces by 1% each year between 2016 and 2019. It is envisaged the first reduction will take place in April 2016. As to service charges, the Bill provides that such charges made in respect of some classes of social housing will and some will not be included in the rent reduction provision. The terms that identify the social housing that does or does not fall to be included in the relevant provision have not yet been defined; definitions will be provided by regulation after the Bill becomes law. Guidance relating to other legislation and the explanatory notes to the Bill suggest that Southwark's current housing lettings are unlikely to be caught by the provision that requires services charges to be reduced.
43. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council before seeking to change rent and other charges, except for water charges which are set by the water provider. The report indicates consultation has taken place in compliance with this term.
44. It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of introductory tenancies by virtue of Section 111A of the Housing Act 1985, together with the council's agreement with its tenants, that they are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation.
45. As noted at paragraph 32 of the report, the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 requires the council to have due regard in its decision-making processes to the need to:

- (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it; and
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
46. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.
47. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context. The cabinet must consider the report author's reference to equalities considerations at paragraphs 32 – 35 of this report.

Strategic Director of Finance and Governance

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
HRA Indicative Rent-Setting and Budget 2016/17	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
Link: http://moderngov.southwark.gov.uk/documents/s58408/Report%20HRA%20Budget%202016-17.pdf		
Medium-Term Resources Strategy 2014/15 – 2016/17	160 Tooley Street London SE1 2QH	Jennifer Seeley Director of Finance 020 7525 0695
Link: http://www.southwark.gov.uk/download/downloads/id/10058/medium_term_resources_strategy_2014-15_to_2016-17		

APPENDICES

No.	Title
Appendix A	HRA Budget Movements 2015/16 to 2016/17
Appendix B	HRA Summary Proposed Savings and Income Generation Schedule 2016/17
Appendix C	HRA Expenditure and Income Budget 2016/17 Bubble Maps
Appendix D	HRA Revised Budget 2015/16 and Base Budget 2016/17
Appendix E	HRA Base Budget 2016/17 by Division
Appendix F	Results of consultation. To follow as a separate document

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Housing	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Ian Young, Departmental Finance Manager, Housing and Modernisation	
Version	Final	
Dated	13 January 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	14 January 2016	

APPENDIX A

HRA BUDGET MOVEMENTS 2015/16 TO 2016/17

	Paragraphs	£m
Contributions and commitments:		
General inflation	29	2.5
Service commitments	29	3.7
Financing	29	1.0
Sub-total		7.2
Tenant rents and charges:		
Net dwelling rent increase (including stock/void movements)		0.3
Tenant service charges	24	–
District heating	27	–
Thames Water increase	28	(0.3)
Sub-total		–
Other rents and charges:		
Garage rents	26	–
Homeowner and other income streams	Appendix B	(1.3)
Commercial Properties	Appendix B	(0.1)
Sub-total		(1.4)
Redistribution:		
Increased support for Investment Programme		4.5
Sub-total		4.5
DEFICIT/(SURPLUS) BEFORE SAVINGS		10.3
Efficiency and other savings:		
Savings identified	Appendix B	(10.3)
Sub-total		(10.3)
OVERALL NET DEFICIT/(SURPLUS)		0.0

Note: where a paragraph for this report is not referenced above, further information may be obtained by reference to the cabinet report of 8 December 2015.

APPENDIX B

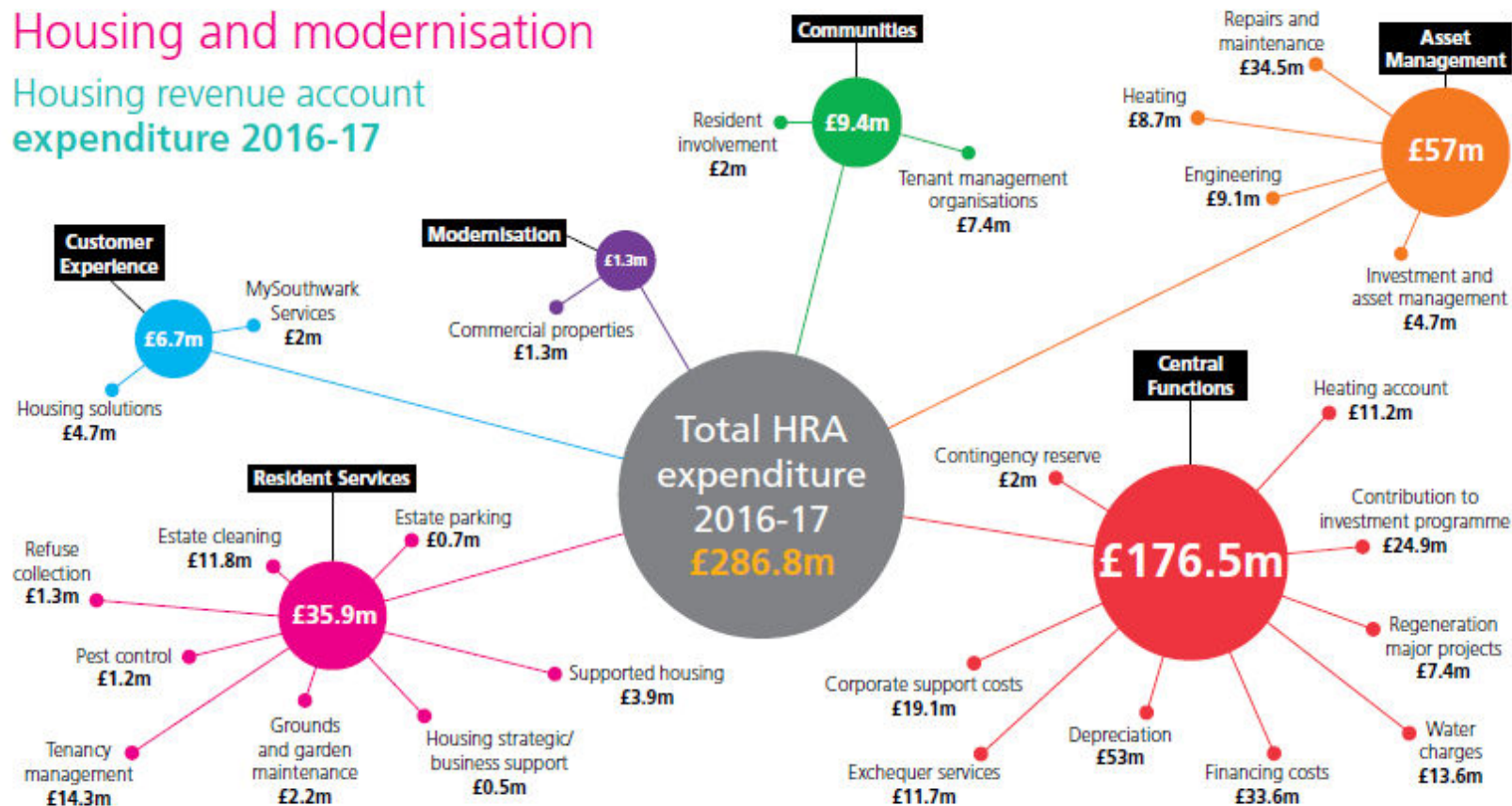
HRA SUMMARY PROPOSED SAVINGS/INCOME GENERATION SCHEDULE 2016/17

Division	Efficiency and Other Savings £'000	Income Generation £'000	Total £'000
Customer Experience:			
Restructuring/rationalisation – Housing Solutions	(96)	–	(96)
Externalisation of medical assessments	(89)	–	(89)
Restructuring/rationalisation – My Southwark Service Points (MSSP)	(30)	–	(30)
	(215)	–	(215)
Central Functions:			
Reduction in business application costs	(130)	–	(130)
Reduction in corporate support cost recharges	(2,300)	–	(2,300)
Rebased bad debts provision	(1,000)	–	(1,000)
Restructuring/rationalisation – corporate/senior management	(350)	–	(350)
Restructuring/rationalisation – Exchequer services	(287)	–	(287)
Rebased Homeowner revenue service charges	–	(1,036)	(1,036)
Rebased Homeowner buildings insurance income	–	(60)	(60)
Rebased capitalised RTB fees and property fees	–	(242)	(242)
	(4,067)	(1,338)	(5,405)
Communities:			
Reduction in reactive repairs - TRA Halls	(25)	–	(25)
Reduction in Tenant Management Organisation operational costs	(50)	–	(50)
Restructuring/rationalisation – Resident Involvement	(106)	–	(106)
Reduction in grant funding – Joint Security Initiatives	(24)	–	(24)
	(205)	–	(205)
Resident Services:			
Reduction in divisional running costs – telephones, building repair and maintenance	(35)	–	(385)
Restructuring/rationalisation – division-wide	(666)	–	(666)
Reduction in temporary accommodation usage/costs	(75)	–	(75)
Reduction in tree maintenance, cleaning variations and garden maintenance costs	(52)	–	(52)
	(828)	–	(828)

Division	Efficiency and Other Savings £'000	Income Generation £'000	Total £'000
Asset Management:			
Restructuring/rationalisation – Asset Management	(80)	–	(80)
Retendering and improved contract management – heating repair and maintenance	(1,040)	–	(1,040)
Restructuring/rationalisation – Engineering services	(424)	–	(424)
Re-profile electrical testing programme	(300)	–	(300)
Retendering and improved contract management – lift repair and maintenance	(87)	–	(87)
Reduction in minor voids and general repair and maintenance service offer	(2,555)	–	(2,555)
Restructuring/rationalisation – Repairs service	(526)	–	(526)
	(5,012)	–	(5,012)
Modernisation:			
Commercial Property income	–	(100)	(100)
	–	(100)	(100)
TOTAL HOUSING REVENUE ACCOUNT	(10,327)	(1,438)	(11,765)

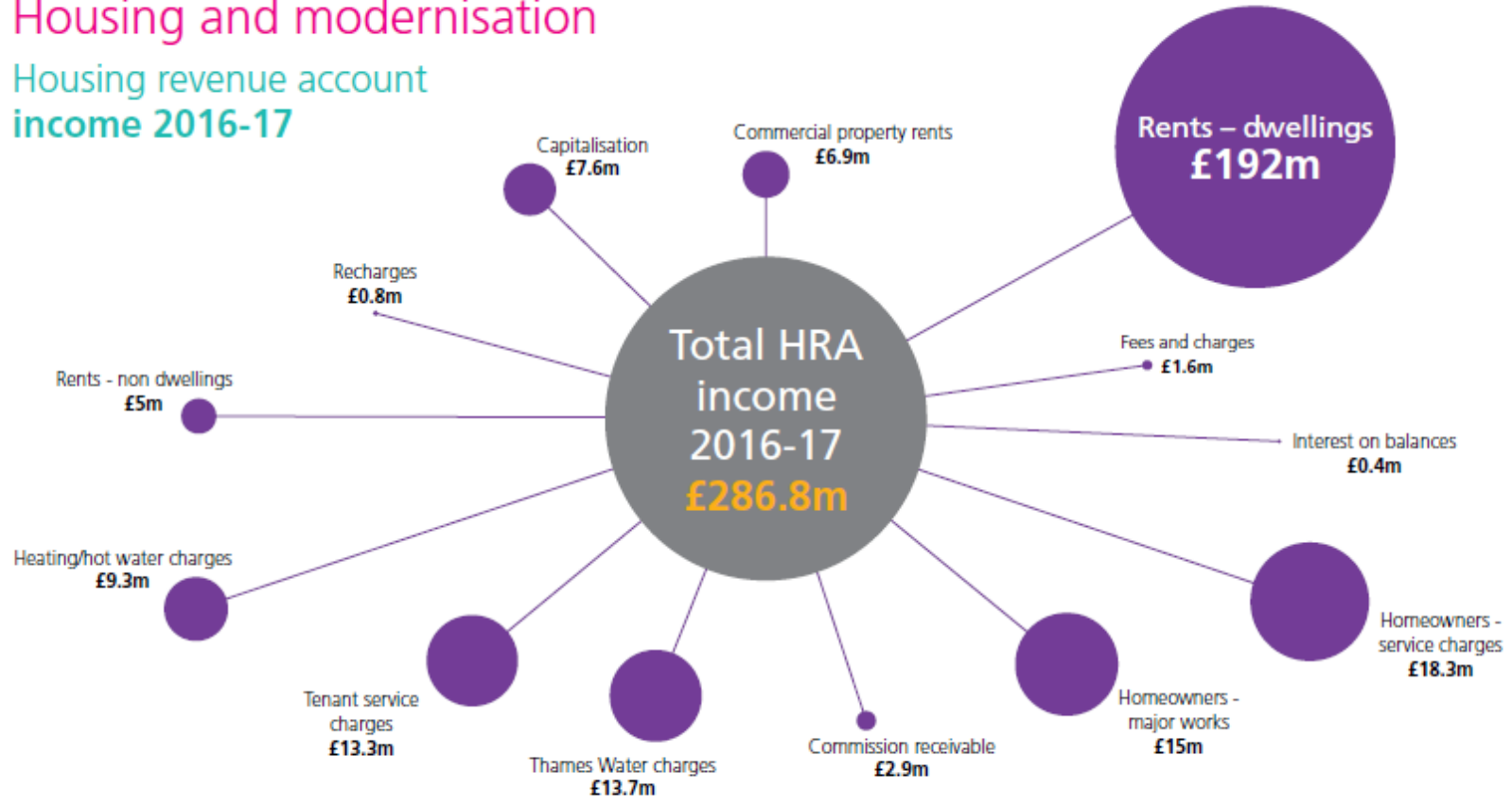
Housing and modernisation

Housing revenue account expenditure 2016-17



Housing and modernisation

Housing revenue account income 2016-17



HRA REVISED BUDGET 2015/16 AND BASE BUDGET 2016/17

APPENDIX D

HOUSING REVENUE ACCOUNT	2015/16 £'000	Inflation £'000	Commitment £'000	Financing £'000	Rents & Inc. Generation £'000	Efficiency & Oth. Savings £'000	Redist. £'000	2016/17 £'000
Expenditure:								
Employees	32,308	862	485	–	–	(2,604)	–	31,051
Running Costs	20,354	23	1,145	–	–	(285)	–	21,237
Water Charges	13,422	268	–	–	–	–	–	13,690
Contingency/Contribution to Reserves	1,437	–	–	–	–	–	–	1,437
Grounds Maintenance/Estate Cleaning	15,384	308	315	–	–	(41)	–	15,966
Responsive Repairs/Heating Repairs	50,836	1,017	1,385	–	–	(4,007)	–	49,231
Heating Account	11,198	–	–	–	–	–	–	11,198
Contribution to Inv. Programme	20,352	42	–	–	–	–	4,500	24,894
Landlord Commitments	7,400	–	–	–	–	–	–	7,400
Planned Maintenance	1,388	–	–	–	–	–	–	1,388
Corporate Support Costs/SLAs	21,874	–	400	–	–	(2,300)	–	19,974
Depreciation	52,028	–	–	1,012	–	(40)	–	53,000
Financing Costs	33,555	–	–	–	–	–	–	33,555
Tenant Man. Organisation Allowances	2,921	–	–	–	–	(50)	–	2,871
Sub-total	284,457	2,520	3,730	1,012	–	(9,327)	4,500	286,892
Income:								
Rents – Dwellings	(191,363)	–	–	–	337	(1,000)	–	(192,026)
Rents – Non-Dwellings	(4,969)	–	–	–	–	–	–	(4,969)
Heating/Hot Water Charges	(9,277)	–	–	–	(12)	–	–	(9,289)
Tenant Service Charges	(13,283)	–	–	–	–	–	–	(13,283)
Thames Water Charges	(13,487)	–	–	–	(248)	–	–	(13,735)
Commission Receivable	(2,752)	(47)	–	–	(60)	–	–	(2,859)
Homeowners – Major Works	(15,000)	–	–	–	–	–	–	(15,000)
Homeowners – Service Charges	(17,350)	–	–	–	(1,036)	–	–	(18,386)
Interest on Balances	(411)	–	–	–	–	–	–	(411)
Commercial Property Rents	(6,764)	–	–	–	(100)	–	–	(6,864)
Fees and Charges	(1,462)	–	–	–	(242)	–	–	(1,704)
Capitalisation	(7,544)	(27)	–	–	–	–	–	(7,571)
Recharges	(795)	–	–	–	–	–	–	(795)
Sub-total	(284,457)	(74)	–	–	(1,361)	(1,000)	–	(286,892)
NET EXPENDITURE	0	2,446	3,730	1,012	(1,361)	(10,327)	4,500	0

HRA BASE BUDGET 2016/17 BY DIVISION

APPENDIX E

HOUSING REVENUE ACCOUNT	2015/16 £'000	Inflation £'000	Commits £'000	Financing £'000	Rents & Inc. Generation £'000	Efficiency & Oth. Savings £'000	Redist. £'000	2016/17 £'000
Customer Experience	6,399	49	430	-	-	(215)	-	6,663
Central Functions	172,851	953	400	1,012	-	(3,067)	4,500	176,649
Communities	9,422	85	-	-	-	(205)	-	9,302
Resident Services	35,643	422	725	-	-	(828)	-	35,962
Asset Management	58,839	1,000	2,160	-	-	(5,012)	-	56,987
Modernisation	1,303	11	15	-	-	-	-	1,329
TOTAL EXPENDITURE	284,457	2,520	3,730	1,012	-	(9,327)	4,500	286,892
Customer Experience	(6,511)	-	-	-	(1,286)	-	-	(7,797)
Central Functions	(241,836)	(47)	-	-	(49)	(1,000)	-	(242,932)
Communities	(15,098)	-	-	-	92	-	-	(15,006)
Resident Services	(7,512)	-	-	-	(18)	-	-	(7,530)
Asset Management	(6,794)	(27)	-	-	-	-	-	(6,821)
Modernisation	(6,706)	-	-	-	(100)	-	-	(6,806)
TOTAL INCOME	(284,457)	(74)	-	-	(1,361)	(1,000)	-	(286,892)
Customer Experience	(112)	49	430	-	(1,286)	(215)	-	(1,134)
Central Functions	(68,985)	906	400	1,012	(49)	(4,067)	4,500	(66,283)
Communities	(5,676)	85	-	-	92	(205)	-	(5,704)
Resident Services	28,131	422	725	-	(18)	(828)	-	28,432
Asset Management	52,045	973	2,160	-	-	(5,012)	-	50,166
Modernisation	(5,403)	11	15	-	(100)	-	-	(5,477)
NET EXPENDITURE	0	2,446	3,730	1,012	(1,361)	(10,327)	4,500	0

52

CUSTOMER EXPERIENCE	2015/16	Inflation	Commits	Financing	Rents & Inc. Generation	Efficiency & Oth. Savings	Redist.	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
My Southwark Services	1,590	12	430	-	-	(30)	-	2,002
Housing Solutions	4,809	37	-	-	-	(185)	-	4,661
TOTAL EXPENDITURE	6,399	49	430	-	-	(215)	-	6,663
My Southwark Services	(823)	-	-	-	(142)	-	-	(965)
Housing Solutions	(5,688)	-	-	-	(1,144)	-	-	(6,832)
TOTAL INCOME	(6,511)	-	-	-	(1,286)	-	-	(7,797)
My Southwark Services	767	12	430	-	(142)	(30)	-	1,037
Housing Solutions	(879)	37	-	-	(1,144)	(185)	-	(2,171)
NET EXPENDITURE	(112)	49	430	-	(1,286)	(215)	-	(1,134)

CENTRAL FUNCTIONS	2015/16	Inflation	Commits	Financing	Rents & Inc. Generation	Efficiency & Oth. Savings	Redist.	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Heating Account	11,198	-	-	-	-	-	-	11,198
Water Charges	13,302	266	-	-	-	-	-	13,568
Dwelling Rent Income	-	-	-	-	-	-	-	-
Regeneration Major Projects	7,400	-	-	-	-	-	-	7,400
Depreciation	51,988	-	-	1,012	-	-	-	53,000
Financing Costs	33,555	-	-	-	-	-	-	33,555
Contingency Reserve	1,437	539	-	-	-	-	-	1,976
Corporate Support Costs	21,981	17	-	-	-	(2,780)	-	19,218
Contribution to Inv. Programme	20,352	42	-	-	-	-	4,500	24,894
Exchequer Services	11,638	89	400	-	-	(287)	-	11,840
TOTAL EXPENDITURE	172,851	953	400	1,012	-	(3,067)	4,500	176,649
Heating Account	-	-	-	-	-	-	-	-
Water Charges	(2,332)	(47)	-	-	-	-	-	(2,379)
Dwelling Rent Income	(208,141)	-	-	-	1,147	-	-	(206,994)
Regeneration Major Projects	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Financing Costs	(236)	-	-	-	-	-	-	(236)
Contingency Reserve	7,302	-	-	-	-	(1,000)	-	6,302
Corporate Support Costs	(530)	-	-	-	-	-	-	(530)
Contribution to Inv. Programme	-	-	-	-	-	-	-	-
Exchequer Services	(37,899)	-	-	-	(1,196)	-	-	(39,095)
TOTAL INCOME	(241,836)	(47)	-	-	(49)	(1,000)	-	(242,932)
Heating Account	11,198	-	-	-	-	-	-	11,198
Water Charges	10,970	219	-	-	-	-	-	11,189
Dwelling Rent Income	(208,141)	-	-	-	1,147	-	-	(206,994)
Regeneration Major Projects	7,400	-	-	-	-	-	-	7,400
Depreciation	51,988	-	-	1,012	-	-	-	53,000
Financing Costs	33,319	-	-	-	-	-	-	33,319
Contingency Reserve	8,739	539	-	-	-	(1,000)	-	8,278
Corporate Support Costs	21,451	17	-	-	-	(2,780)	-	18,688
Contribution to Inv. Programme	20,352	42	-	-	-	-	4,500	24,894
Exchequer Services	(26,261)	89	400	-	(1,196)	(287)	-	(27,255)
NET EXPENDITURE	(68,985)	906	400	1,012	(49)	(4,067)	4,500	(66,283)

COMMUNITIES	2015/16	Inflation	Commits	Financing	Rents & Inc.	Efficiency &	Redist.	2016/17
	£'000	£'000	£'000	£'000	Generation	Oth. Savings	£'000	£'000
					£'000	£'000		
Tenant Management Organisations	7,267	67	-	-	-	(50)	-	7,284
Resident Involvement	2,155	18	-	-	-	(155)	-	2,018
TOTAL EXPENDITURE	9,422	85	-	-	-	(205)	-	9,302
Tenant Management Organisations	(15,034)	-	-	-	92	-	-	(14,942)
Resident Involvement	(64)	-	-	-	-	-	-	(64)
TOTAL INCOME	(15,098)	-	-	-	92	-	-	(15,006)
Tenant Management Organisations	(7,767)	67	-	-	92	(50)	-	(7,658)
Resident Involvement	2,091	18	-	-	-	(155)	-	1,954
NET EXPENDITURE	(5,676)	85	-	-	92	(205)	-	(5,704)

RESIDENT SERVICES	2015/16	Inflation	Commits	Financing	Rents & Inc. Generation	Efficiency & Oth. Savings	Redist.	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Supported Housing	3,844	43	–	–	–	–	–	3,887
Estate Cleaning	11,251	225	300	–	–	–	–	11,776
Refuse Collection	1,281	26	–	–	–	–	–	1,307
Pest Control	1,240	–	–	–	–	–	–	1,240
Grounds and Garden Maintenance	2,184	42	–	–	–	(11)	–	2,215
Housing Strategic/Business Support	692	6	–	–	–	(120)	–	578
Estate Parking	741	3	–	–	–	–	–	744
Tenancy Management	14,410	77	425	–	–	(697)	–	14,215
TOTAL EXPENDITURE	35,643	422	725	–	–	(828)	–	35,962
Supported Housing	(6,331)	–	–	–	(18)	–	–	(6,349)
Estate Cleaning	–	–	–	–	–	–	–	–
Refuse Collection	–	–	–	–	–	–	–	–
Pest Control	–	–	–	–	–	–	–	–
Grounds and Garden Maintenance	–	–	–	–	–	–	–	–
Housing Strategic/Business Support	(41)	–	–	–	–	–	–	(41)
Estate Parking	(741)	–	–	–	–	–	–	(741)
Tenancy Management	(399)	–	–	–	–	–	–	(399)
TOTAL INCOME	(7,512)	–	–	–	(18)	–	–	(7,530)
Supported Housing	(2,487)	43	–	–	(18)	–	–	(2,462)
Estate Cleaning	11,251	225	300	–	–	–	–	11,776
Refuse Collection	1,281	26	–	–	–	–	–	1,307
Pest Control	1,240	–	–	–	–	–	–	1,240
Grounds and Garden Maintenance	2,184	42	–	–	–	(11)	–	2,215
Housing Strategic/Business Support	651	6	–	–	–	(120)	–	537
Estate Parking	–	3	–	–	–	–	–	3
Tenancy Management	14,011	77	425	–	–	(697)	–	13,816
NET EXPENDITURE	28,131	422	725	–	(18)	(828)	–	28,432

ASSET MANAGEMENT	2015/16	Inflation	Commits	Financing	Rents & Inc. Generation	Efficiency & Oth. Savings	Redist.	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment and Asset Management	4,795	34	–	–	–	(80)	–	4,749
Repairs and Maintenance	35,885	652	1,385	–	–	(3,381)	–	34,541
Heating	9,539	191	–	–	–	(1,040)	–	8,690
Engineering	8,620	123	775	–	–	(511)	–	9,007
TOTAL EXPENDITURE	58,839	1,000	2,160	–	–	(5,012)	–	56,987
Investment and Asset Management	(2,049)	(20)	–	–	–	–	–	(2,069)
Repairs and Maintenance	(4,035)	–	–	–	–	–	–	(4,035)
Heating	–	–	–	–	–	–	–	–
Engineering	(710)	(7)	–	–	–	–	–	(717)
TOTAL INCOME	(6,794)	(27)	–	–	–	–	–	(6,821)
Investment and Asset Management	2,746	14	–	–	–	(80)	–	2,680
Repairs and Maintenance	31,850	652	1,385	–	–	(3,381)	–	30,506
Heating	9,539	191	–	–	–	(1,040)	–	8,690
Engineering	7,910	116	775	–	–	(511)	–	8,290
NET EXPENDITURE	52,045	973	2,160	–	–	(5,012)	–	50,166

MODERNISATION	2015/16	Inflation	Commits	Financing	Rents & Inc. Generation	Efficiency & Oth. Savings	Redist.	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Properties	1,303	11	-	-	-	-	-	1,314
Home Loans	-	-	15	-	-	-	-	15
TOTAL EXPENDITURE	1,303	11	15	-	-	-	-	1,329
Commercial Properties	(6,706)	-	-	-	(100)	-	-	(6,806)
Home Loans	-	-	-	-	-	-	-	-
TOTAL INCOME	(6,706)	-	-	-	(100)	-	-	(6,806)
Commercial Properties	(5,403)	11	-	-	(100)	-	-	(5,492)
Home Loans	-	-	15	-	-	-	-	15
NET EXPENDITURE	(5,403)	11	15	-	(100)	-	-	(5,477)

Item No. 12.	Classification: Open	Date: 27 January 2016	Meeting Name: Cabinet
Report title:		LGA Peer Review of Southwark	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD FROM COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

At the start of the New Year I talked about my absolute pride in being Leader of the Council. The progress that we have made over the last five and a half years to set balanced budgets, provide first-class services, build new homes and generate jobs and growth for our residents has been amazing.

That is why it is with some satisfaction and similar pride, that we are today receiving the peer challenge report from the Local Government Association (LGA). The report, based on a comprehensive, external review undertaken late last year by experienced elected members and officers from across local and national government, sets out its findings of Southwark Council.

The LGA found that we are a borough that is “ahead of the curve” with a can do, confident attitude and passion for the place that was impressive and unusual. Our commitment to addressing inequalities with partners is strong and we’re told we have a good track record in engaging and involving local people. We have successfully met the very tough, unprecedented financial challenge that we have been dealt. At the same time we’ve made clear choices to invest, whether in new libraries, housing or through supporting local people into work making good on our council plan to deliver a fairer future for all residents.

Like any comprehensive review, there are also things to reflect on, watch out for and build on – “key pointers” as referred to by the LGA team. We will consider these carefully so they help inform our future delivery plans, whether that’s about the wider regeneration of the borough or more specifically how we modernise the way we work as a Council.

Having an external eye cast over what you do is a very daunting experience, but it is ultimately the right thing to do. I’m incredibly pleased that by talking and listening to residents, staff, councillors and partners, reviewing our plans and progress and taking a look at what we’re doing each day here in Southwark the LGA team found that there is much to be proud of, something which reflects my own pride in Southwark and in our ability to deliver a fairer future for all.

RECOMMENDATIONS

1. That cabinet note the feedback report from the corporate peer challenge of Southwark Council (Appendix 1) that was undertaken by the Local Government Association (LGA) between 16 and 19 November 2015.
2. That cabinet consider the findings of the report and instruct officers to develop

relevant plans and actions in response, reporting progress through the Council Plan.

BACKGROUND INFORMATION

3. The council is committed to continuous improvement and learning in order to achieve its aim to deliver value for money, high quality services and a fairer future for all as set out in the Council Plan 2014-18.
4. To help do this, the council opens itself up to external challenge and review. This is through for example the council's own overview and scrutiny mechanism, through external tests of assurance on service delivery, through internal and external audit and inspection of council processes, governance and service outcomes and importantly through resident feedback to inform future policy and service design.
5. A further mechanism is through external "peer to peer" review. This is where officers and councillors from across different councils are invited into an authority to undertake a review. This could take the form of a review of a single service, a set of related services or a more general corporate exercise that looks at a number of cross-council areas including leadership and management, performance, governance, partnerships and delivery. Peer reviews are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus.
6. The LGA acts on behalf of all local government to deliver the peer review process nationally.

KEY ISSUES FOR CONSIDERATION

7. On 16 to 19 November 2015, an LGA peer review team comprising one councillor and six officers from across various local and national government bodies was invited into the council to undertake a general corporate review.
8. The review work involved a mixture of desk based research, interviews and focus group discussion with different councillors from all party groups, officers from a range of service areas, residents, partners and other stakeholders. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material they read. The scope and focus of the review is set out on page 3 and 4 of the feedback report (Appendix 1).
9. The feedback report (Appendix 1) sets out the findings from the review.

Much to be proud of: "If anyone can, Southwark can"

10. The LGA found that there is a great deal for the Council to be proud of and in particular noted that 'we heard several times during our discussions the phrase "If anyone can, Southwark can"'. They found Southwark to be highly ambitious with a huge passion and pride for the place amongst everybody they met. This was judged by the LGA as impressive and unusual in its extent.
11. The LGA noted a number of good partnerships are in place and there is a strong

commitment by the council and its partners to addressing inequalities. Further, the council demonstrates a real 'can do' attitude and confident approach, and has successfully met the financial challenge to date whilst simultaneously protecting frontline services. At the same time, significant investment has been made in infrastructure and amenities in the borough.

12. Also, the LGA team found that there is a clear strategy for exploiting the economic advantages of land values, particularly in the North of the borough with the challenge being to make sure that the opportunity is taken in a way that is seen to benefit all local people.
13. In summarising their assessment the LGA noted a number of key pointers. These are the key aspects of the team's findings that the LGA feel would deliver the greatest benefit if the council were to focus on them. These are:
 - a) Further develop the narrative for the future of the borough - being clearer how the benefits of growth assist the most vulnerable residents.
 - b) Ensure that collaborations beyond the borough have flexible geography – determined by the nature of the issue being focused on and the nature of the opportunity.
 - c) Design a future operating model that will underpin the redesign of the council.
 - d) Develop the budget approach to take a longer term view and to enable the necessary organisational re-design and transformation.
 - e) Enable the new management structure to be fully capitalised upon – building relationships, enhancing corporate working and ensuring a further development in collective leadership.
14. By its very nature and as stated by the LGA in the peer challenge report, 'the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the council is already addressing and progressing.' For example the peer review came just ahead of the autumn statement and spending review announced by the Chancellor of the Exchequer on 2 December. Some of the financial assumptions discussed on the review week were based on best guess, subsequently further clarified (although not perhaps extensively so) from government and reported to Cabinet as part of the wider budget setting process. In taking account of the LGA's observations it's important that the peer review report be analysed as a part of suite of factors and responded to accordingly.

Next steps

15. As noted within the report at Appendix 1, the peer challenge process is about highlighting positive aspects of the council and the borough as well as local challenges. The aim of the LGA has been to provide some detail on these to help the council understand and consider them and reflect further on findings before determining how best to take action. As a result, cabinet is now asked to consider the report including key pointers in paragraph 13, and ask officers to prepare relevant plans and/or adjust existing plans where appropriate.
16. Further, the Council Plan 2014-18 is now entering a mid point in delivery and it may be timely to consider any response to the peer challenge alongside a broader review of targets and actions within the plan.

17. Finally, in publishing the peer challenge report the council is inviting comment on the findings from residents, partners and other key stakeholders.

Policy implications

18. The council is committed to a fairer future for all as set out in the Council Plan 2014-18. A key organisational value is about being open, honest and accountable. The peer challenge process, undertaken by an external body in the form of the LGA, provided an opportunity for the council to open itself up to external challenge and act on any relevant findings to help support future organisational policy and service design

Community impact statement

19. 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.
20. The LGA in particular noted that there is a strong commitment by the council and its partners to addressing inequalities. The LGA also noted that the council has a good track record of engaging and involving local people with this being reflected in discussions with tenants and residents representatives, partners and elected members. A key pointer identified was the need to further develop the narrative for the future of the borough and being clearer how the benefits of growth assist the most vulnerable residents.
21. This report asks that the cabinet note the feedback from the corporate peer challenge of Southwark Council (Appendix 1), consider its findings and instruct officers to develop relevant plans and actions in response. In doing so, the actions that follow will continue to demonstrate the commitment to advance equality of opportunity for the benefit of all local people.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

22. The strategic director of finance and governance notes the recommendations in this report to note the feedback report and to instruct officers to develop relevant plans and actions in response, reporting progress through the Council Plan. Any financial consequences of these actions will be managed and reported through the council's usual governance processes.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None	N/a	N/a

APPENDICES

No.	Title
Appendix 1	Corporate Peer Challenge, London Borough of Southwark, 16 to 19 November 2015: Feedback Report

AUDIT TRAIL

Lead Officers	Eleanor Kelly, Chief Executive	
Report Author	Stephen Gaskell, Head of Strategy and Partnerships	
Version	Final	
Dated	14 January 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	No
Strategic Director of Finance & Governance	Yes	Yes
Leader of the Council	Yes	Yes
Date final report sent to Constitutional Team	14 January 2016	



Corporate Peer Challenge London Borough of Southwark

16th to 19th November 2015

Feedback Report

1. Executive Summary

There is a great deal for the London Borough of Southwark to be proud of. The council is highly ambitious for the borough and there is a huge passion and pride for the place amongst everybody we met. This was both impressive and unusual in its extent. There are a number of good partnerships in place within the borough and there is a strong commitment demonstrated by the council and its partners to addressing inequalities.

The council demonstrates a real 'can do' attitude and confident approach. It has successfully met the financial challenge to date, achieving £156m savings since 2010 whilst simultaneously protecting frontline services. At the same time, significant investment has been made in infrastructure and amenities in the borough.

There is a clear strategy on the part of the council for exploiting the economic advantages of land values, particularly in the North of the borough. The challenge for the council is making sure that the opportunity is taken in a way that is seen to benefit all local people. Linked to this, we see the need for a clearer narrative around the future of the borough. It is important to be able to articulate more clearly the regeneration and housing ambitions and the challenges that they create and are intended to address.

The Leader and Chief Executive are held in very high regard and Cabinet and Chief Officer Team are respected and seen to work well together. The recent senior management restructure is seen by managers and staff as having had a positive impact. The streamlining that has been involved is felt to have established clearer accountabilities and provided greater focus. There are very clear organisational values within the council that are widely understood.

Across the three year period from 2016/17 to 2018/19, the authority faces a projected financial gap of £96m. With the economic advantages that the borough offers, the authority is in a position to adopt a strategic economic approach, based on exploiting land values, that in turn offers the opportunity to take a more strategic approach to its budget than it does at present. This sees the council being better placed than many to approach the financial challenge from a position of being able to invest where appropriate in order to secure savings further down the line and implement change over a longer period.

The financial modelling for the regeneration programme is coherent and the resources needed at this stage are in place. The council recognises the importance of carefully monitoring the position though. The financial modelling around the Housing Revenue Account (HRA) feels less robust. Given the scale of the ambition, the council needs to undertake the work necessary to be able to reassure itself that the current thinking remains right.

Southwark Council is seen as a good place to work. The council looks after its people and is keen to aid their development, reflected in the securing of the Investors In People (IIP) Gold standard. Performance management operates well at the level of the individual and within individual services. However, there is a need for a more systematic approach to performance management at the strategic level that drives organisational improvement,

which entails managing performance through more cross-cutting measures and linking the reporting of finance and performance together.

A strategic approach to organisational change and transformation needs to be developed. As part of this, and to ensure opportunities are maximised from change, we see the need for the council to outline a future operating model for the organisation, which would serve to inform modernisation and enable it to be taken forward in a strategic way. The model and the design principles within it should be used to inform all investment and rationalisation decisions and their design.

The council is a solutions focused organisation, particularly when looking at issues centred on the borough. This becomes more challenging for it when the priorities of other organisations and places need to be considered as well. The council would benefit from considering the extent to which it is willing to do things in a way that is more aligned to the needs and approaches of others. This is not to suggest that the council needs to water down any of its ambitions. Rather, it is about recognising that the best way of fulfilling Southwark's ambitions may be through considering things more broadly and looking at them as part of a wider set of collective priorities.

2. Key pointers

The following are 'key pointers' that the peer team provided at the end of their feedback presentation. These are the key aspects of the team's findings that we suggest would deliver the greatest benefit if the council were to focus on them:

- Further develop the narrative for the future of the borough - being clearer how the benefits of growth assist the most vulnerable residents
- Ensure that collaborations beyond the borough have flexible geography – determined by the nature of the issue being focused on and the nature of the opportunity
- Design a future operating model that will underpin the redesign of the council
- Develop the budget approach to take a longer term view and to enable the necessary organisational re-design and transformation
- Enable the new management structure to be fully capitalised upon – building relationships, enhancing corporate working and ensuring a further development in collective leadership

The detail of these is contained within the main body of the report.

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge in Southwark were:

- Adrian Lythgo, Chief Executive, Kirklees Metropolitan Borough Council
- Councillor Keith Wakefield, Portfolio Holder for Resources and Corporate Functions, Leeds City Council
- Tom Whiting, Corporate Director of Resources and Commercial, London Borough of Harrow
- Adrian Smith, Director of Strategy and Commissioning (Neighbourhoods), London Borough of Lambeth
- Sue Higgins, Executive Leader, National Audit Office
- Jonathan Owen, Executive Policy Officer, London Borough of Redbridge (shadowing role)
- Chris Bowron, Peer Challenge Manager, Local Government Association

Scope and focus

The peer team considered the following five questions which form the core components looked at by all corporate peer challenges cover. These are the areas we believe are critical to councils' performance and improvement:

- Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
- Leadership of place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
- Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?

- Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

As part of this, the council asked the peer team to consider the following questions:

- Is our vision clear and understood?
- Are the right financial plans in place to ensure long term viability and is there evidence that they're being implemented successfully?
- Is political and managerial leadership effective and is it a constructive partnership?
- Is governance effective and are decision-making arrangements in place to respond to key challenges?
- Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?
- Is there more we could do in partnership to develop the right capacity and meet the financial challenges?
- Is the council well placed to capture opportunities for devolution?

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent 4 days onsite in Southwark.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit. In presenting the feedback, they have done so as fellow local government officers and elected members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the council is already addressing and progressing.

4. Feedback

4.1 Much to be proud of

There is a great deal for the London Borough of Southwark to be proud of. A huge passion and pride for the place exists amongst everybody we met. The extent of this was both impressive and unusual. Those same people also demonstrated a good understanding of the borough – its make-up, the way it is changing, the ambitions, the challenges and the opportunities.

There are a number of good partnerships in place within the borough, which see the council working well with the voluntary and community sector, business community, Southwark Clinical Commissioning Group (CCG) and the Metropolitan Police. There is a strong commitment demonstrated by the council and its partners to addressing inequalities. This is reflected in the council's 'Priority Areas' and 'Fairer Future Promises', which are outlined later in this report. The commitment and ambitions are leading to positive impacts, including improved educational attainment (Southwark is now in the top 20 of local authorities nationally for GCSE attainment), a significant and sustained reduction in the number of Looked After Children (from over 700 to around 500) and the supporting of local people into employment (over 2,700 since 2011).

The council demonstrates a real 'can do' attitude and confident approach. People are up for addressing the challenges being faced and not fazed by whatever is thrown at them. The council has successfully met the financial challenge to date, achieving £156m savings since 2010 whilst simultaneously protecting frontline services. Significant investment has been made in infrastructure and amenities in the borough, including new libraries and the refurbishing of a number of leisure centres. Since 2011, £250m has been invested in the council's existing housing stock through the 'Decent Homes' programme. The council looks after the people who work for it and is keen to aid their development, reflected in the securing of the Investors In People (IIP) Gold standard.

There is a clear strategy on the part of the council for exploiting the economic advantages of land values, particularly in the North of the borough. The challenge for the council is making sure that the opportunity is taken in a way that benefits all local people. This would include creating more employment opportunities for those furthest from the labour market, further linking jobs with local communities and ensuring that the delivery of the 1,500 new council homes that have been promised over the next three years is achieved.

4.2 Leadership of Place

The council is highly ambitious for the borough. This is reflected in the scale of the regeneration agenda, the 'Priority Areas' and the 'Fairer Future Promises'. The 'Priority Areas' include helping children to have the best start in life, providing people with access to quality affordable homes and establishing revitalised neighbourhoods. The 'Fairer Future Promises' include:

- 11,000 new council homes by 2043, with the first 1,500 completed by 2018

- More and better schools
- A guarantee of education, employment or training for every school leaver
- 5,000 more local people being supported into jobs and 2,000 new apprenticeships or training placements
- Revitalised neighbourhoods in Elephant and Castle, the Aylesbury estate and Old Kent Road

We heard several times during our discussions the phrase “If anyone can, Southwark can”. There appear to be two dimensions to this statement. The first is a justifiable confidence, based on the council’s track record of delivery to date and the many positive aspects of how the authority operates, that it can deliver the agenda it has set. The second is a recognition that both the borough and the council are in a good position with the economic advantages that the area offers and which can be exploited.

The council has a good track record of engaging and involving local people. Community Councils are well attended and are seen as important to local communities. The council’s good work around engagement and involvement was reflected in our discussions with tenants and residents representatives, partners and elected members. Going forward, we see the need for a clearer narrative around the future of the borough. We also see a need for equalities impacts within communities to be more clearly considered on a cumulative as well as a specific, project by project, basis. All of this is important in ensuring local people both are, and feel, well informed about where the borough is heading and can see what the impact is likely to be for them. There is a need to articulate more clearly the regeneration and housing ambitions and the challenges that they are intended to address but which they also create. This includes explaining how the council is using its influence and economic strategy to create employment opportunities for those furthest from the labour market. There is also a need to communicate better with those directly affected by the housing changes, with some people we spoke to feeling unclear about what would be happening to them as tenants or residents, for example around when and where they might be moving to whilst the areas they live in undergo change.

Linked to the above, we see a need for an over-arching analysis of the impact of the regeneration changes. At present, it is unclear what the demography of the borough is likely to look like as a consequence of the housing changes and economic ambitions. It is important for the council to be in a position to outline the likely demographic and equalities impacts of the changes taking place. Within all of this is an acid test that faces the council. This acid test is about delivering the 1,500 new council homes that have been promised by May 2018. Meeting this test will address any scepticism about delivery head on and hopefully switch people to acting as advocates for change.

4.3 Organisational leadership and governance

The Leader and Chief Executive are held in very high regard both within and beyond the borough. The role they play standing up for and pursuing Southwark’s interests is

recognised, and valued, by the business community, public sector partners and council staff. They operate in an open, transparent and engaging way which sets the tone for others to follow. Cabinet and Chief Officer Team are respected and are seen to work well together.

The council's governance arrangements are felt to be sound. Relationships between elected members and officers at all levels are positive, founded upon a mutual trust and respect. People are clear about their respective roles and responsibilities. Overview and scrutiny is seen to be independently-minded and effective, including by Opposition groups. That does not, however, disguise the fact that Opposition groups are unhappy that the majority group is now chairing overview and scrutiny. Innovative approaches to scrutiny can be seen, including the hosting of community events when considering the issue of female genital mutilation (FGM), and bringing in partner organisations, from the likes of health and education, to aid joined-up thinking. Scrutiny are currently undertaking a piece of work looking at the impact of the Housing and Planning Bill which is highly pertinent given the regeneration agenda.

There are very clear organisational values within the council that are widely understood:

- Treating residents as if they were a valued member of our own family
- Being open, honest and accountable
- Spending money as if it were from our own pocket
- Working for everyone to realise their own potential
- Making Southwark a place to be proud of

Staff that we spoke to at various levels of the organisation can recite these values in a way that, rather than just being words, demonstrates they know what they are about and that they believe in them. The staff survey undertaken this year revealed that 74 per cent of respondents understand the council's values. The way that they are clearly outlined and made relevant and meaningful to staff helps enormously in this. Eighty eight per cent of staff survey respondents understand how their role benefits Southwark residents.

The recent senior management restructure is seen by managers and staff as having had a positive impact. The streamlining that has been involved is felt to have established clearer accountabilities and provided greater focus. This now needs to be followed by ensuring individuals and cohorts at this level are supported and enabled to develop further. A key aspect of this is creating the means and the time to enable them to link together to build relationships and, through this, enhance corporate working. We believe middle managers would benefit from better networking opportunities and some shared development. There is also some work to be done around improving the visibility of senior management in the organisation. Progress has been made on this and there are some, including the Chief Executive, whose open and engaging approach

with staff is excellent. However, this needs to be more consistently demonstrated by all of the managerial leadership.

4.4 Financial plans

The council has managed its finances well to date and has saved £156m since 2010. At the same time as securing these savings, the council has continued to invest in priority services and amenities, including libraries and leisure. Looking ahead across the three year period from 2016/17 to 2018/19, the authority faces a projected further gap of £96m. The budget challenge process that has been running in recent months has identified how around £60m of that amount could be delivered.

We highlighted earlier in this report the phrase “If anyone can, Southwark can” and the recognition this reflects of the economic advantages that the borough offers. The authority is ahead of the curve as a consequence, being in a position to adopt a strategic economic approach, based on exploiting land values, that in turn offers the opportunity to take a more strategic approach to its budget than it does at present. This sees the council being better placed than most to approach the financial challenge from a position of being able to invest where appropriate in order to secure savings further down the line and implement change over a longer period. Being able to invest in the technology that is integral to delivering the council’s ‘digital by default’ ambitions would be an appropriate example. A further benefit for the council is that of being in a position to learn from others who have had to prioritise earlier in the economic cycle, in terms of the approach they have taken to disinvestment and avoiding the pitfalls they encountered.

There are different views within the council on how the remaining element of the £96m gap is best addressed. For some, a continuation of the existing incremental, year by year, service-based approach is preferred. For others, a cross-cutting and more strategic approach with transformation at its heart, offers better opportunities and would mean that, with new more transformative approaches identified and planned, some other potentially difficult service decisions may be able to be mitigated. Four cross-cutting themes have been identified through workshop sessions with senior managers, with each being led by a Chief Officer – demand management, multi-agency working, reducing duplication and digital by default. These have contributed to the current budget proposals to different degrees but it is recognised that none of them are acting currently as a real driver. The sense is that budget savings that are agreed will instead simply be ‘retro-fitted’ to reflect an alignment with the cross-cutting themes.

The future savings requirement, in the form of the remainder of the £96m and whatever may be required beyond 2018, will be much more challenging to deliver as a natural consequence of an ever-reducing range of options to pursue. The council’s ambitions and priorities need to be geared accordingly and this should be reflected in a much clearer Medium Term Resources Strategy.

The financial modelling for the regeneration programme is coherent and the resources needed at this stage are in place. The council recognises the importance of carefully monitoring the position though. The financial modelling around the HRA feels less robust. Given the scale of the housing ambition and an estimated £63m gap as a result

of changes to HRA funding, the council needs to undertake the work necessary to be able to reassure itself that the current thinking remains right.

4.5 Capacity and organisational design

Southwark Council is seen as a good place to work. The staff survey indicated 66 per cent of respondents would advocate the council as an employer. Seventy four per cent of respondents are proud to work for the council. There is a good track record of investing in people within the organisation, helping them to grow and develop – which is appreciated by managers and staff and is reflected in the IIP award.

The main council offices at Tooley Street are seen as a great place to be based, in terms of the quality of accommodation. With council staff working in a range of other locations throughout the borough, it is important to ensure the staff in those places feel similarly valued to those at Tooley Street. There are two aspects to this. One is ensuring their facilities are of a consistently decent standard. The other is concerned with the visibility of senior managers – which is an issue we have already touched on in this report.

The staff that we met indicated that they feel well communicated with and that they are involved and engaged. However, they also reflected that there is scope for greater consistency across the organisation and between the different tiers of management. This issue of inconsistency is borne out by the staff survey. Sixty five per cent of respondents indicated they felt their line manager would listen to their ideas and 67 per cent reported that their line manager would encourage them to find improved ways of doing things. However, only 44 per cent indicated they have the opportunity to approach and engage with senior managers and only 38 per cent felt they could be open and honest with senior managers about relevant issues. Fifty two per cent of staff indicated they feel sufficiently informed about what is going on within the council.

Whilst staff we met weren't specific in terms of examples, they indicated that they felt opportunities to work more effectively as a 'whole council' are being missed. A positive example, where the council is getting this right, and which involves also working with partners, is the joint enforcement team that is being established. It is important that other such opportunities of this type are identified and capitalised upon. As we have already highlighted, the recent senior management restructure needs to be followed by ensuring individuals and cohorts at this level are supported and enabled to develop further, including creating the means and the time to enable them to link together to build relationships and, through this, enhance corporate working. The organisational development activities being delivered by the council would also usefully be complemented by a clearer focus on collective leadership and management.

Performance management operates well at the level of the individual, with performance appraisals widely undertaken. The staff survey indicates 59 per cent of respondents regularly (as opposed to just once a year as part of an appraisal) review their learning and development needs with their line manager, whilst 66 per cent indicated they have access to the training needed to do their job well. Performance management within individual services is also seen to be good. However, there is a need for a more systematic approach to performance management at the strategic level that drives organisational

improvement that entails performance being managed through more cross-cutting measures and linking the reporting of finance and performance together.

We highlighted earlier the potential for the council to take a more strategic approach to the budget than it does at present. The current incremental approach to the budget absorbs significant time and effort managerially and politically and exacerbates staff anxieties about the future. The council is well-placed to approach the financial challenge from a position of being able to invest where appropriate in order to secure savings further down the line and implement change over a longer period than many councils. A quote that we heard during our discussions that we found particularly enlightening was:

- “Every year we find new ways to modernise”

On the one hand, this reflects the energy, enthusiasm and creativity shown by the organisation in finding answers to the budget challenge. On the other hand, it indicates that there isn't yet a strategic approach to organisational change and transformation in the council – with this resulting in the authority limiting its opportunities. To help with addressing this, we see the need for the council to outline a future operating model for the organisation, which would serve to inform modernisation and enable it to be taken forward in a strategic way. This model should articulate over-arching design principles that are consistently followed, in relation to topics such as:

- Commissioning of external partnerships
- Community capacity and behaviour change
- Internal modernisation and organisational development
- Access to services and channel shift

The model and the design principles within it should be used to inform all investment and rationalisation decisions and their design.

In order to help move change and transformation forward, the respective roles of Chief Officer Team and the Leadership Network relating to responsibility for re-design and transformation should be increasingly clarified. At present, whilst Chief Officers are responsible for leading the four cross-cutting themes highlighted earlier, such as digital by default and reducing duplication, which have change and transformation at their heart, members of the Leadership Network are also expected to be involved in delivering change. The current ‘fuzzy edges’ reflect the stage of development, with the senior management restructure just having taken effect and there not yet being a strategic approach to organisational change and transformation in the council. Clarity over respective roles and responsibilities can therefore be expected to become clearer over time.

There are several key functions that need to be enhanced to drive improvement and change within the council. IT represents a major issue in the organisation – not least with the lack of resilience in the infrastructure inhibiting people's ability to work effectively on a not infrequent basis. Greater programme management capacity is required to support an

organisational change and transformation programme by ensuring the work is planned, resources are coordinated and benefits are achieved across the council. Contracting and procurement is also an area that is felt could improve – although the newly established centralised procurement team is felt to be functioning well and making a good contribution. The quality of contracting is seen to be variable and the council should consider how to get the maximum effect from all contracts, including through more robust monitoring and management. Another area is commissioning, where there are opportunities to improve the use of evidence, needs based assessment, strategic options appraisal and post-completion evaluation.

Finally in this section, we want to highlight the need for the authority to be gearing up to address anticipated staff retention challenges. This relates to areas that many local authorities are struggling with, including Planning and social care, but the challenge within Southwark – not dissimilar to other central London boroughs – is exacerbated by what staff highlighted to us as growing anxieties about their ability to afford to be able to continue to live in the area.

4.6 Partnership and devolution

There are good partnerships in place in Southwark involving the council, voluntary and community sector, business community, CCG and police. Partnership infrastructures have been streamlined in order to aid efficiency and improve join-up. A key aspect of this is extending the remit of the secretariat function for the Health and Well-Being Board to also support the Local Safeguarding Children's Board, the Safeguarding Adults Board and the Safer Southwark Partnership.

A clearer approach to the council's strategic relationship management with the National Health Service is required. The council's relationship with the South London and Maudsley NHS Trust and King's College Hospital NHS Trust operates at several different levels – including local service provider, major local employer and influential organisation of international repute. The council needs to be clear who is best-placed to engage with them depending on the issues and circumstances.

A key focus for the council's engagement with health needs to be on ensuring the planned transformation and integration is achieved. This is starting to take shape but needs to be driven hard. Mental health is a major issue in the borough – this is recognised and moves are being made to address it but things are at a very early stage. It needs strategic focus. Public Health offers good opportunities for the borough that need to be capitalised upon by ensuring a shared understanding of the best way it can contribute is established amongst key stakeholders. A key test for the council that some people within the health sector see is the extent to which the Health and Well Being Strategy informs the council's forthcoming budget decisions.

The skills agenda in Southwark is a key area to be taken forward. Across Southwark, Lambeth and Lewisham, six per cent of local residents have never worked and 16 per cent have no qualifications. One of the council's 'Fairer Future Promises' is that by 2018 every school leaver will be guaranteed education, employment or training. The council is playing a key role in the creation of a construction skills academy in the borough, in order to enable local people to capitalise upon the employment opportunities offered by the

regeneration agenda. Something similar could potentially be explored for other sectors given, as an example, a local shortage of chefs. The extent of the small and medium sized enterprise (SME) sector in the borough means there is also significant potential benefit in looking at how to better link their skills requirements with local provision.

Further Education locally needs to be invested in as it has a vital role to play in enhancing the skills of local people and, to assist with achieving this, there is a need for clearer ownership of the issues it is facing in order to ensure they are addressed. The council has sought to play a role in this previously but no satisfactory outcome was achieved. The authority needs to look at the role the council might play going forward.

The council is a solutions focused organisation, particularly when looking at issues centred on the borough. This becomes more challenging for it when the priorities of other organisations and places need to be considered as well and shared priorities are developed that may need shared articulation. We believe collaborations beyond the borough should have flexible geography according to focus and opportunity – not least any devolution deal with government.

We also feel that the council would benefit from considering the extent to which it is willing to do things in a way that is more aligned to the needs and approaches of others. This is not to suggest that the council needs to water down any of its ambitions. Rather, it is about recognising that the best way of fulfilling Southwark's ambitions may be through considering things more broadly and looking at them as part of a wider set of collective priorities. This can be seen to be happening with the establishment of a joint committee with Lambeth and Lewisham to look at the employment and skills agenda – recognising the issues and the solutions extend beyond the boundaries of single boroughs. As another example, the case for the extension of the Bakerloo Line has the best chance of being won by looking to progress Southwark's interests as part of wider South London. These welcome collaborations are at an early stage of development and as such do not yet have the same level of maturity as the council's own ambition and programmes.

Following on from the peer challenge

Through the peer challenge process we have sought to highlight the positive aspects of the council and the area but we have also outlined some difficult challenges. It has been our aim to provide some detail on them through this report in order to help the council understand and consider them. The council's senior political and managerial leadership will therefore undoubtedly want to reflect further on the findings before determining how they wish to take things forward.

Members of the team would be happy to contribute to any further improvement activity in the future and/or to return to the authority in due course to undertake a short progress review. Heather Wills, as the Local Government Association's Principal Adviser for the region within which the council sits, will continue to act as the main contact between the council and the Local Government Association, particularly in relation to improvement and access to the LGA's resources and packages of support going forward.

All of us connected with the peer challenge would like to wish Southwark, both as a council and a place, every success in the future.

Chris Bowron
Programme Manager – Peer Support
Local Government Association

Item No. 13.	Classification: Open	Date: 27 January 2016	Meeting Name: Cabinet
Report title:		Motions Referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Council Assembly	

RECOMMENDATION

1. That the cabinet considers the motions set out in the appendices attached to the report.

BACKGROUND INFORMATION

2. Council assembly at its meetings on Wednesday 25 November 2015 agreed several motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

4. In accordance with council assembly procedure rule 2.10(6), the attached motions were referred to the cabinet. The cabinet will report on the outcome of its deliberations upon the motions to a subsequent meeting of council assembly.
5. The constitution allocates responsibility for particular functions to council assembly, including approving the budget and policy framework, and to the cabinet for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis.
6. Any key issues, such as policy, community impact or funding implications are included in the advice from the relevant chief officer.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council agenda – 25 November 2015	Report on the council's website	Lesley John Constitutional Team 020 7525 7228
Link: http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=5065&Ver=4		

LIST OF APPENDICES

Number	Title
Appendix 1	Employment and local economy
Appendix 2	Arnold Estate warm, dry and safe works programme
Appendix 3	End cuts to policing in London
Appendix 4	Greater London National Park City campaign
Appendix 5	Extend the 42 bus route
Appendix 6	Trade Union Bill
Appendix 7	Transatlantic Trade and Investment Partnership (TTIP)
Appendix 8	The Housing and Planning Bill

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Lesley John, Constitutional Officer	
Version	Final	
Dated	13 January 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Chief Executive	Yes	No
Strategic Director of Environment and Leisure	Yes	No
Strategic Director of Housing and Modernisation	Yes	No
Strategic Director of Finance and Governance	Yes	No
Strategic Director of Children's and Adults Services	Yes	No
Director of Law and Democracy	Yes	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	13 January 2016	

EMPLOYMENT AND LOCAL ECONOMY

At council assembly on Wednesday 25 November 2015, a revised motion entitled 'employment and local economy' was moved by Councillor Ian Wingfield. The revised motion was agreed and stands referred to the cabinet as a recommendation.

RECOMMENDATION

1. That supporting a strong local economy, improving skills and employment opportunities, and in particular helping some of Southwark's most vulnerable residents to access jobs is key for the council's plan to achieve a fairer future for all.
2. That despite the severe cuts to the council's funding imposed on Southwark over the last five years under the Tory/Liberal Democrat coalition government, which continue to be imposed under the Tory government, this administration has continued to invest in the borough; growing the local economy, building more homes and creating more jobs and opportunities for local people.
3. That council assembly regrets that instead of supporting people into work, the Government is continuing the coalition's policies of penalising working families by cutting tax credits, hitting more than three million families in work who will lose £1,300 next year on average, and cutting Employment and Support Allowance pushing hundreds of thousands of sick and disabled people further away from employment.
4. That council assembly welcomes the steps this administration has taken to create employment opportunities for local people, including:
 - Supporting 1,450 residents into jobs since May 2014, including nearly 300 people with a range of complex barriers to employment including physical and mental health issues, caring responsibilities and other barriers.
 - Delivering employment support to residents in partnership with local and national organisations, including InSpire St Peters, St Giles Trust, Pecan, Royal Mencap and South London and Maudsley NHS Foundation Trust.
 - Promoting employer led skills provision through initiatives like the business forum and the creation of a new construction skills centre, due to open next year.
5. That council assembly welcomes the council's support for local businesses, including:
 - Supporting 24 business projects with £382,000 through the High Street Challenge.
 - Supporting Southwark employers to access £268,000 worth of finance to help their business to grow.

- Providing direct access to council services for businesses through the council's online business portal.
 - Supporting small local businesses to take on young people through the Southwark Employment and Enterprise Development Scheme (SEEDS), helping local employers to stimulate business growth and generating sustainable jobs and apprenticeships for young people.
6. That council assembly welcomes this administration's commitment to giving young people in Southwark the opportunity to fulfil their potential by:
- Creating 2,000 new apprenticeships to give young people the opportunity to develop their skills and become work-ready.
 - Guaranteeing opportunities for every school leaver in Southwark to learn, work or train through the youth guarantee.
 - Introducing the Southwark apprenticeship standard to guarantee quality apprenticeships and ensure secure employment, a fair wage, quality training provision and mentoring support for apprentices.
7. That council assembly also welcomes the council's partnership work with neighbouring boroughs Lambeth and Lewisham, bringing in excess of £1 million worth of funding into the three boroughs to get residents up-skilled and into work through the 'pathways to employment' project, and establishing a joint committee to deliver a joined-up approach to employment and skills.
8. That council assembly calls on the cabinet to:
- Continue work on the youth guarantee, to ensure every young person in Southwark has the opportunity for employment, education or training.
 - Continue to invest in skills directly through council apprenticeships, and work with local businesses and partners to expand apprenticeships, particularly focusing on industries like construction where there are job opportunities in the borough.
 - Work in partnership with businesses and organisations in the borough to promote the London Living Wage, and encourage the take up of apprenticeships.
 - Continue working collaboratively with the voluntary and community sector (VCS) to secure employment for the borough's most vulnerable residents, and recognise the role of volunteering in Southwark for leading to employment opportunities.
9. That council assembly recognises that national employment programmes do not always provide the right support at the right time to help people with more acute needs get back into work in places like Southwark. Therefore council assembly calls on the cabinet to work with other local authorities to campaign for greater devolution of employment and skills funding and powers to local government.

APPENDIX 2**ARNOLD ESTATE WARM, DRY AND SAFE WORKS PROGRAMME**

At council assembly on Wednesday 25 November 2015, a motion entitled 'Arnold Estate warm, dry and safe works programme' was moved by Councillor Hamish McCallum and seconded by Councillor Eliza Mann. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Welcomes the improvements currently underway on the Arnold Estate as part of the warm, dry and safe programme.
2. Notes that although the kitchens and bathrooms programme was brought forward to April 2015, the warm, dry and safe works on the Arnold Estate started before that, so it was not possible to bring the kitchens and bathrooms programme into the scope of the work.
3. Notes that the council is spending £303.9m on housing investment works during 2015/16, which is significantly more than the council has ever spent before in a year.
4. Regrets however that the impact of the Chancellor's post-election decision to impose rent reductions on councils and housing associations without compensation, which will result in a net loss of £62m to the HRA over the next four years, unfortunately means that the council has to slow the proposed major works programme from that originally envisaged.
5. Notes that no decision has yet been taken on when the kitchens and bathrooms work will take place at the Arnold Estate, as all proposals from 2017/18 onwards are currently being consulted on and a final decision will not be taken until March 2016, and therefore asks that Cabinet consider carefully the views on the programme set out by the tenants and residents of Arnold Estate carefully before taking its decision in March.
6. Calls on the cabinet to ensure that despite the significant financial challenge, the kitchens and bathrooms programme is still delivered to all council properties, including the Arnold Estate.

APPENDIX 3**END CUTS TO POLICING IN LONDON**

At council assembly on Wednesday 25 November 2015, a revised motion entitled 'end cuts to policing in London' was moved by Councillor Jon Hartley and seconded by Councillor Kath Whittam. The revised motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation

RECOMMENDATION

That council assembly notes:

1. As a result of the spending review in 2010 the Metropolitan Police Service has faced cuts of almost £600 million, totalling 20% of its budget.
2. The 'safer neighbourhood team' (SNT) model introduced by the previous Labour Mayor was widely welcomed by communities and saw each ward allocated a dedicated team of six officers (one sergeant, two police constables (PCs) and three police community support officers (PCSOs)).
3. The introduction of Boris Johnson's local policing model dismantled SNTs reducing them to just a single dedicated PC and PCSO per ward, demonstrating the impact of a Tory Mayor on London and Londoners' safety.
4. Since May 2010, as a result of government cuts, London has lost 3,170 dedicated neighbourhood PCSOs, a cut of over 70% compared with May 2010. In Southwark 110 PCSOs have been lost since 2010.
5. In December the Metropolitan Police Service management board will consider proposals to scrap neighbourhood PCSOs all together, resulting in a loss of over 1,000 officers if approved. In Southwark this proposal could mean losing all of the few remaining PCSOs in the borough.
6. That whilst PCSOs have been informed of the Met's intention to make this decision, there has been no meaningful consultation with boroughs, the public or PCSOs about the impact of scrapping PCSOs.

That council assembly believes:

7. The introduction of neighbourhood policing teams transformed local policing, increased public confidence and provided an integral link between communities and the police.
8. The £600 million of cuts handed down from government have devastated the police service in the capital despite promises from the Mayor of London and Home Secretary that they would not hit the frontline.
9. Proposals to scrap all of London's neighbourhood PCSOs will have a profound impact on the shape of London's police force and should be subject to full public consultation if approved by the Metropolitan Police Service management board.

That council assembly resolves:

10. That the council consult residents on any proposed changes to its own community warden scheme.
11. To call on the Metropolitan Police Service Commissioner to engage with local authorities to find alternatives to the badly thought-out proposals to scrap neighbourhood PCSOs, particularly in light of the chancellor's announcement that there will be no further budget cuts to policing this year. Including retaining at least one dedicated PCSO in each of the 21 wards across Southwark, as well as keeping the existing structure.
12. To call on the Mayor of London to set out the true impact of government cuts and engage in meaningful consultation with Londoners about the future of policing in the capital, including the option of not reducing the council tax precept next year to ensure PCSO numbers can remain at current levels in Southwark by raising extra funding for the Metropolitan Police.

APPENDIX 4**GREATER LONDON NATIONAL PARK CITY CAMPAIGN**

At council assembly on Wednesday 25 November 2015, a motion entitled 'Greater London national park city campaign' was formally moved and seconded by Councillors James Barber and Rosie Shimell. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly:

1. Congratulates the council on the amount of open and green space available and maintained for residents in Southwark.
2. Acknowledges the health, environmental and leisure benefits of parks, green spaces and water in built-up urban areas.
3. Notes that Southwark has a large number of parks and green spaces we can be immensely proud of, including a record number of Green Flag parks, and that resident satisfaction with Southwark parks is very high.
4. Notes that parks in Southwark already have the planning protection required to ensure that they are not under threat.
5. Notes that Southwark is a leading borough in London for parks and green spaces and that the council is continuing to invest in parks open spaces, while many local authorities are scaling back investment because of budget cuts.
6. Welcomes the council's work to ensure that standards in Southwark parks continue to improve against a very difficult backdrop of central government cuts.
7. Notes that there is no real detail on the potential benefits and risks of a Greater London National Park City for local authority parks and it is not yet clear what the implications of the proposals would be on Southwark's parks and open spaces.
8. Calls on the cabinet to ensure that at a time of ever-growing budgetary pressure, the council focuses on protecting investment in Southwark's parks and green spaces, continuing to improve standards and fulfilling the manifesto promise to increase the number of Green Flag parks in the borough.

EXTEND THE 42 BUS ROUTE

At council assembly on Wednesday 25 November 2015, a motion entitled 'extend the 42 bus route' was formally moved and seconded by Councillors Lorraine Lauder and Tom Flynn. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation

RECOMMENDATION

1. That council assembly notes that the 42 bus route is a key route in Southwark linking the south-west to the north-east of the borough and providing a much needed direct link north across the river for our residents.
2. That council assembly recognises that residents in Camberwell and Walworth currently have to put up with an inadequate 42 bus service, which is unreliable and overcrowded, with people often being left at bus stops. This route does not run enough services and currently terminates at Sunray Avenue rather than the Sainsburys, which makes it difficult for residents travelling to the shop who have mobility issues or small children.
3. That council assembly therefore calls on cabinet to lobby Transport for London:
 - To deliver more frequent and reliable services
 - To turn the route into a double decker in order to increase capacity for passengers
 - To extend the southern terminating point to Sainsburys East Dulwich
4. That council assembly further notes that Transport for London has already announced a consultation on the extension of the 42 bus route to Sainsbury's East Dulwich for next month, including whether a double-decker is supported by both passengers and local residents.

THE TRADE UNION BILL

At council assembly on Wednesday 25 November 2015, a motion entitled 'the Trade Union Bill' was formally moved and seconded by Councillors Charlie Smith and Sarah King. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation

RECOMMENDATION

1. That council assembly recognises the positive contribution that trade unions and trade union members make in our workplaces. This council values the constructive relationship that we have with our trade unions and we recognise their commitment, and the commitment of all our staff, to the delivery of good quality public services.
2. That council assembly notes with concern the Trade Union Bill which is currently being proposed by the government and which would affect this council's relationship with our trade unions and our workforce as a whole. Council assembly rejects this bill's attack on local democracy and the attack on our right to manage our own affairs.
3. That council assembly further notes that human rights groups Liberty, Amnesty International and the British Institute of Human Rights have all condemned the Bill as an attack on the basic right to protest and that the Chartered Institute of Personnel and Development has branded this law an 'outdated response that could have potentially counter-productive consequences.'
4. That council assembly is clear that facility time, negotiated and agreed by us and our trade unions to suit our own specific needs, has a valuable role to play in the creation of good quality and responsive local services. Facility time should not be determined or controlled by government in Westminster.
5. That council assembly is happy with the arrangements we currently have in place for deducting trade union membership subscriptions through our payroll. We see this as an important part of our positive industrial relations and a cheap and easy to administer system that supports our staff. This system is an administrative matter for the council and should not be interfered with by the UK government.
6. That council assembly resolves to support the campaign against the unnecessary, anti-democratic and bureaucratic Trade Union Bill.
7. That council assembly calls on cabinet to support the campaign against the unnecessary, anti-democratic and bureaucratic Trade Union Bill and to seek to continue its own locally agreed industrial relations strategy and take every measure possible to maintain its autonomy with regard to facility time and the continuing use of check-off.

APPENDIX 7**TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP)**

At council assembly on Wednesday 25 November 2015, a motion entitled 'Transatlantic Trade and Investment Partnership' was formally moved and seconded by Councillors Gavin Edwards and Helen Dennis. The motion was agreed and stands referred to the cabinet as a recommendation.

RECOMMENDATION

1. That council assembly notes that there has been no impact assessment about the potential impact of a Transatlantic Trade and Investment Partnership, currently being negotiated by the EU and USA, on local authorities, and that there has been no scrutiny of the negotiating texts by local government and no consultation with local government representatives.
2. That council assembly believes that TTIP could have a detrimental impact on local services, employment, suppliers and decision-making. In particular, TTIP could effectively prevent public services from being brought back in-house, which could have a negative impact on Southwark where significant improvements have been made by bringing services back in-house, such as the council's revenues and benefits service in 2011.
3. That council assembly notes that Labour MEPs have been campaigning to ensure that, should a trade agreement between the EU and the USA be concluded, it does not in any way limit the ability of public authorities, whether at local, national or European level, to act for the public interest. Council assembly welcomes the amendments to the recently adopted European parliament resolution successfully moved by Labour MEPS for a full exclusion of all public services, present or future, from the scope of the agreement, as well as a clear rejection of any type of measures that could undermine public authorities' autonomy and sovereignty, including at local level, and their commitment to veto any agreement that fails to address these concerns.
4. That council assembly believes that a thorough impact assessment of TTIP on local authorities must be undertaken before the negotiations can be concluded.
5. That council assembly calls on the cabinet to:
 - Write to the Secretary of State for Communities and Local Government, local MPs and London MEPs, raising our serious concerns about the impact of TTIP on local authorities and the secrecy of the negotiating process.
 - Write to the Local Government Association to raise our serious concerns about the impact of TTIP on local authorities and ask them to raise these with government on our behalf.
 - Join with other local authorities and local campaigners to raise awareness about our concerns over TTIP and call for an impact assessment on the impact of TTIP on local authorities.

THE HOUSING AND PLANNING BILL

At council assembly on Wednesday 25 November 2015, a late motion entitled 'the Housing and Planning Bill' was formally moved and seconded by Councillors Richard Livingstone and Ben Johnson. The late motion was agreed and stands referred to the cabinet as a recommendation.

RECOMMENDATION

That council assembly notes:

1. That the Housing and Planning Bill is currently being debated in Parliament, and if passed would threaten the provision of affordable homes for rent and buy through:
 - a) forcing 'high-value' council homes to be sold on the open market
 - b) extending the right-to-buy to housing association tenants, and
 - c) undermining Section 106 requirements on private developers to provide affordable homes.
2. That there is no commitment in the Bill that affordable homes will be replaced like-for-like in the local area.
3. That whilst measures to help first-time buyers are welcome, the 'starter homes' proposals in the Bill will be unaffordable to families and young people on ordinary incomes in most parts of the country, will not preserve the taxpayer investment and will be built at the expense of genuinely affordable homes to rent and buy.
4. That the Bill undermines localism by taking new wide and open-ended powers for the Secretary of State over councils and local communities, including the ability to override local plans, to mandate rents for social tenants, and to impose a levy on stock-holding councils, violating the terms of the housing revenue account self-financing deal.
5. That the Bill, whilst introducing some welcome measures to get to grips with rogue landlords, does not help with the high rents, poor conditions and insecurity affecting many of England's private renters - including one in four families with children - and does nothing to help arrest the recent rise in homelessness.

That council assembly calls on cabinet:

6. To analyse and report on the likely impact of the forced sale of council homes, the extension of right-to-buy and the 'starter homes' requirement on the local availability of affordable homes.
7. To analyse and report on any further likely impacts of the Bill on Southwark.
8. To use this information to:
 - a) write to the Secretary of State with our concerns regarding the Bill

- b) set up an urgent meeting between the Leader of the Council and the Chief Executive with the local Members of Parliament to raise our concerns, and
- c) make public our concerns, including by publishing the above information on the council's website and promoting through the local press.

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