

Cabinet

Tuesday 19 July 2016
4.00 pm

Ground Floor Meeting Room GO1A, 160 Tooley Street, London SE1 2QH

Membership

Councillor Peter John OBE (Chair)
Councillor Stephanie Cryan
Councillor Fiona Colley
Councillor Maisie Anderson
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Johnson Situ
Councillor Victoria Mills
Councillor Mark Williams
Councillor Ian Wingfield

Portfolio

Leader of the Council
Deputy Leader and Cabinet Member for Housing
Finance, Modernisation and Performance
Public Health, Parks and Leisure
Communities and Safety
Adult Care and Financial Inclusion
Business, Employment and Culture
Children and Schools
Regeneration and New Homes
Environment and the Public Realm

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Contact

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

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council
Date: 11 July 2016



Cabinet

Tuesday 19 July 2016
4.00 pm

Ground Floor Meeting Room GO1A, 160 Tooley Street, London SE1 2QH

Order of Business

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| | PART A - OPEN BUSINESS | |
| | MOBILE PHONES | |
| | Mobile phones should be turned off or put on silent during the course of the meeting. | |
| 1. | APOLOGIES | |
| | To receive any apologies for absence. | |
| 2. | NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT | |
| | In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting. | |
| 3. | NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED | 1 |
| | To note the items specified which will be considered in a closed meeting. | |
| 4. | DISCLOSURE OF INTERESTS AND DISPENSATIONS | |
| | Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting. | |

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| 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 Wednesday 13 July 2016. | |
| 6. | MINUTES | 2 - 15 |
| | To approve as a correct record the minutes of the open section of the meeting held on 7 June 2016. | |
| 7. | DEPUTATION REQUESTS | |
| | To consider any deputation requests. The deadline for the receipt of deputations is midnight Wednesday 13 July 2016. | |
| 8. | FGM - A REPORT FROM THE OVERVIEW AND SCRUTINY COMMITTEE | 16 - 17 |
| | To consider recommendations from the overview and scrutiny committee and for the relevant cabinet member to report back within eight weeks. | |
| 9. | A JOINT MENTAL HEALTH STRATEGY FOR SOUTHWARK | 18 - 19 |
| | To consider recommendations from the overview and scrutiny committee and for the relevant cabinet member to report back within eight weeks. | |
| 10. | COUNCIL PLAN ANNUAL PERFORMANCE REPORT 2015/16 | 20 - 33 |
| | To note the council's performance for 2015/16 against the council plan 2014-2018. | |
| 11. | LONDON LIVING WAGE SYMPOSIUM REPORT AND RECOMMENDATIONS | 34 - 59 |
| | To note and endorse the 'London Living Wage Symposium report', following the council's London Living Wage Symposium which took place in March 2016. | |
| 12. | REVENUE OUTTURN REPORT 2015-16, INCLUDING TREASURY MANAGEMENT | 60 - 76 |
| | To note the outturn position for general fund 2015/16 and the key adjustments and reserve movements included within the final position. To approve the general fund budget movements that exceed £250,000. | |

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| 13. | CAPITAL OUTTURN REPORT FOR 2015-16 AND CAPITAL PROGRAMME REFRESH FOR 2016-17 TO 2024-25 | 77 - 100 |
| | To note the capital investment for the general fund and housing investment programme for 2015/16. To approve virements and variations to the general fund and housing investment programme and the re-profiling of the budgets in line with projected expenditure for future years. | |
| 14. | MAJOR WORKS STATUS REPORT INCORPORATING WARM, DRY AND SAFE | 101 - 113 |
| | To note the status of the housing investment programme and the current warm, dry and safe commitments. | |
| 15. | NEW HOMES DELIVERY PROGRAMME | 114 - 139 |
| | To note the progress at the end of May 2016 on the new build programme and interim target to deliver 1500 homes by 2018 and the business plan that supports the delivery of these homes. | |
| 16. | SOUTHWARK COUNCIL'S RESPONSE TO THE KEY HOUSING ASPECTS OF THE HOUSING AND PLANNING ACT 2016 | 140 - 154 |
| | To agree Southwark Council's proposed mitigation actions in response to the Housing and Planning Act 2016. To also agree the communication and engagement plan. | |
| 17. | APPROPRIATION OF LAND AT BOURNEMOUTH CLOSE FROM HOUSING TO PLANNING PURPOSES | 155 - 166 |
| | To confirm that the land at Bournemouth Close that is currently held for housing purposes is no longer required for these purposes and to approve the appropriation of this land to planning purposes. | |
| 18. | MOTIONS REFERRED FROM COUNCIL ASSEMBLY 16 MARCH 2016 | 167 - 171 |
| | To consider motions on the following: | |
| | <ul style="list-style-type: none"> • Building more affordable homes in Southwark • Transport improvements. | |
| 19. | GATEWAY 2: CONTRACT AWARD FOR THE PARKS GROUND MAINTENANCE SERVICE | 172 - 186 |
| | To approve the award of the contract to maintain the council's parks and open spaces to Quadron Services Limited commencing from October 2016 for a period of seven years, with an option to extend. | |

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| 20. | DISPOSAL OF COUNCIL'S FREEHOLD INTEREST AT 99-161 ILDERTON ROAD, LONDON SE16 3JZ | 187 - 191 |

To grant an option to acquire the council's freehold interest in land at 99-161 Ilderton Road.

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| 21. | SALE OF 42 HARPER ROAD, LONDON SE1 6AD | 192 - 197 |
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To agree the sale of the freehold interest in 42 Harper Road, London SE1 6AD.

OTHER ITEMS

The following item is also scheduled for consideration at this meeting.

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| 22. | KIPLING GARAGES, WESTON STREET, SE1 - HOUSING GRANT | |
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DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING

EXCLUSION OF PRESS AND PUBLIC

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

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

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

PART B - CLOSED BUSINESS

| | | |
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| 23. | GATEWAY 2: CONTRACT AWARD FOR THE PARKS GROUND MAINTENANCE SERVICE | |
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| 24. | DISPOSAL OF COUNCIL'S FREEHOLD INTEREST AT 99-161 ILDERTON ROAD, LONDON SE16 3JZ | |
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| 25. | SALE OF 42 HARPER ROAD, LONDON SE1 6AD | |
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**DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE
START OF THE MEETING AND ACCEPTED BY THE CHAIR AS
URGENT**

Date: 11 July 2016

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

Cabinet 19 July 2016

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require that the council give a 28 notice period for items to be considered in private/closed session. This has been implemented through the publication of the council's forward plan.

The council is also required under these arrangements to give a further five days notice of its intention to hold the meeting or part of the meeting in private/closed session and give details of any representations received in respect of the private meeting.

This notice issued in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 is to confirm that the cabinet meeting to be held on 19 July 2016 at 4.00pm, Council offices, 160 Tooley Street, London SE1 2QH will be held partly in closed session for consideration of the following items listed on the agenda:

- Item 23:** Gateway 2: Contract Award for the Parks Ground Maintenance Service
- Item 24:** Disposal of Council's Freehold Interest at 99-161 Ilderton Road, London SE16 3JZ
- Item 25:** Sale of 42 Harper Road, London SE1 6AD

The proper officer has decided that the agenda papers should not be made available to the press and public on the grounds that they involve the likely disclosure of confidential or exempt information as specified in categories 1 - 7, of the Access to Information Procedure Rules of the Constitution. The reason for both reports is that they contain information falling within category 3: information relating to the financial affairs of any particular person (including the authority holding that information).

In most cases an open version of a closed report is produced and included on the agenda.

No representations have been received in respect of the items listed for consideration in closed session. Any representations received after the issuing of this notice will be reported at the meeting.

Ian Millichap,
Proper Constitutional Officer

Dated: 11 July 2016



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 7 June 2016 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John OBE (Chair)
Councillor Stephanie Cryan
Councillor Maisie Anderson
Councillor Fiona Colley
Councillor Richard Livingstone
Councillor Victoria Mills
Councillor Johnson Situ
Councillor Mark Williams
Councillor Ian Wingfield

1. APOLOGIES

Apologies for absence were received from Councillor Barrie Hargrove. Apologies for lateness were received from Councillor Peter John.

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

There were none.

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

There were no closed items considered at this meeting. However, cabinet considered a closed appendix circulated in respect of item 8, Scrutiny Review of Southwark's Non-residential property.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. PUBLIC QUESTION TIME (15 MINUTES)

Public Question from Fay Walker

Given infrastructure at Canada Water is already at capacity, can you guarantee that further residential development will not be allowed before all necessary provision has been made in terms of transport, GPs surgeries, schools, leisure facilities etc?

Response from Cabinet Member for Regeneration and New Homes

The council is expecting to receive planning applications which will deliver its vision for the highest quality new town centre at Canada Water which will deliver quality shopping and public realm, jobs, homes and new open spaces. The applicants will be required to submit material in support of the application including details of the impact on transport and other local services for assessment by the Local Planning Authority [LPA]. The LPA will consult relevant statutory agencies responsible for services such as TfL, NHS Southwark, and Southwark Children's Services, and the outcome of this process will form part of the report which will be considered by the planning committee. In anticipation of the application the council is working actively with its partners to plan services to meet the additional demand created through the anticipated development. We are confident that these measures summarised below will meet planned growth at Canada Water; however we will continue to monitor the impact of development through the planning process and modify plans as necessary.

Transport

Our current approach is to address capacity through a multimodal interventions as follows;

- TfL have increased Jubilee line trains to 30 per hour at peak times in 2015, and have committed to increasing this to 36 per hour serving Canada Water station during the busiest periods by 2019. This upgrade will result in one train every 2 minutes at peak periods. The opening of the Elizabeth line (formerly Crossrail) in 2018 and improved services on the Overground will also help to relieve congestion. Canada Water station is experiencing higher than normal levels of usage at the moment due to works at London Bridge Station, and these will be completed in 2018.
- The council has recognised that traffic congestion around Lower Road and Jamaica Road is a problem for residents on the peninsular. The council continues to work with TfL to bring forward plans for improving this highway corridor. Rotherhithe roundabout has now been included in TfL's better junctions programme which will provide investment to transform this unsafe and unwelcoming section of the local highway network.
- TfL are considering options to improve bus routes to better meet the needs of residents and to improve capacity for the future. The plans will be set out in a "bus network plan" to be published later this year. It is expected to focus on improved services for Canada Water station and local shops. The plans will include improvements to roads and infrastructure and measures to improve bus routes such as the 188.
- The council is currently working with TfL on their proposals for a new Cycle Superhighway running from Tower Bridge to Greenwich via Surrey Quays, and on extending the Santander Cycle Hire scheme through Bermondsey and Rotherhithe, as well as the proposed cycle and pedestrian bridge linking the peninsular with Canary Wharf.

Schools

The council considers education as one of its priorities and has taken steps to make sure there are sufficient school places in Rotherhithe. The council keeps under constant review the demand for school places; this includes anticipated population growth from developments. Based on these projections the council is in the process of implementing a significant investment programme to meet anticipated school place demand. The investment programme includes expansion of Albion, Redriff and Rotherhithe Primary Schools and the building of a new primary school on the former Galleywall Primary School site. The council will continue to monitor the impact of development to ensure local schools can meet anticipated demand. We also support local residents who are calling for Bacon's College to move to a more local admissions policy.

Health

The council is working with NHS Southwark to plan provision of GP surgeries at Canada Water. The Surrey Docks Health Centre was recently provided new premises to accommodate an additional 5,000 patients, and we are working with the NHS on a proposal to re-house the Albion Street Health Centre into new and larger premises close by. The council and NHS Southwark will continue to monitor the impact of development to ensure local facilities can meet anticipated demand.

Leisure

The council is currently consulting about plans for a new leisure centre on a site within the proposed town centre. The proposal would be significantly larger than the existing Seven Islands facility and would comprise an eight lane pool, learner pool, four courts sports hall, three studios and a 150 station gym. The council's cabinet will make a final decision on whether to proceed with the preferred site later this year.

Supplemental question

Fay Walker asked a supplemental public question on how the proposed numbers of new residents would be planned for by the council and external agencies.

Councillor Mark Williams confirmed that the Canada Water masterplan would go into greater detail, including how transport would be improved throughout the area and where funding would come from.

Public Question from Toby Eckersley

What lessons have been learned from the report and recommendations of the Local Government Ombudsman in respect of the council's maladministration and failure to comply with the law in the matter of the compulsory purchase and eviction of a Heygate leaseholder?

Response from Cabinet Member for Regeneration and New Homes

The Ombudsman did criticise the council for being a day late in paying the leaseholder concerned advance compensation.

As a result of the Ombudsman's findings, a compensation payment was made to the leaseholder together with a written apology.

The lesson to be learned is to tighten up on recording and dissemination of documentation

internally. The procedure that applied to advance payments of compensation is being superseded by revised provisions contained in the recent Housing and Planning Act 2016 and these will be applied in future cases.

Supplemental question

Toby Eckersley asked whether, following the Ombudsman's report, proper compliance should be moved towards immediately.

Councillor Mark Williams confirmed that the council were proceeding with this, and that the council had found the Ombudsman's report very helpful.

6. MINUTES

RESOLVED:

That the open minutes of the meeting held on 15 March 2016 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

The chair acknowledged receipt of a deputation request from the Aylesbury Leasehold Action Group. As the group were in correspondence with council officers on the issues raised, it was advised that this should continue before cabinet considers whether or not to hear their request. The deputation procedure rules provide that when a request has an alternative means of expressing their views through recognised channels that this option should be followed in the first instance.

8. SCRUTINY REVIEW OF SOUTHWARK'S NON-RESIDENTIAL PROPERTY

RESOLVED:

1. That the recommendations below be noted and a report be brought back by September 2016:
 - a) That a new policy should be introduced which makes available to the public information about the non-residential properties Southwark is renting and leasing out. The register should include the name of the tenant, the annual rent, the amount of any up front premium paid, the date the agreement was signed and the date the agreement is due for renewal. This should be phased in over two years
 - b) That officers should be instructed to introduce a robust documentation management system for all documents relating to the non-residential portfolio
 - c) That officers should be instructed to introduce a robust system for monitoring lease renewal dates and the repair and maintenance of properties
 - d) That the director of regeneration be asked to carry out a review which should include checking that appropriate process controls are in place throughout the

property portfolio

- e) To ensure that the Asset Management Plan includes a framework which allows flexibility for officers to negotiate rents. This should include clarity about deviation from market rents and ensure that checks are put in place where such decisions are made.

9. TIME TO CARE: A FUTURE VISION OF CARE IN SOUTHWARK. A REPORT FROM THE HEALTHY COMMUNITIES SCRUTINY SUB-COMMITTEE

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

RESOLVED:

That the recommendations be noted and that the cabinet member for adult care and financial inclusion brings back a report to cabinet by September 2016, in order to respond to the overview and scrutiny committee.

10. UPDATE ON CHILDREN'S CENTRES PROGRAMME

RESOLVED:

1. That the progress in implementing a new model of managing the delivery of children's centres in Southwark following changes in national policy be noted.
2. That grants to lead agencies for the delivery of the children's centres programme in line with the model as set out in paragraph 32 of the report be approved.

11. AYLESBURY ESTATE REGENERATION PHASE 2

RESOLVED:

That the new approach to agreeing valuations of property with affected homeowners on the Aylesbury Estate from Phase 2 onwards to include a non-binding arbitration process, as set out in the report be agreed, if requested by the leaseholder or freeholder.

12. DRAFT OLD KENT ROAD AREA ACTION PLAN

RESOLVED:

1. That the draft Old Kent Road Area Action Plan (Appendix A) and the proposed changes to the adopted policies map (Appendix B) for public consultation be approved.
2. That the integrated impact assessment (Appendix C), the consultation plan (Appendix D) and Habitats Regulations assessment (Appendix E) be noted.

13. COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE AND DRAFT ADDENDUM TO THE ADOPTED SECTION 106 AND COMMUNITY INFRASTRUCTURE LEVY SUPPLEMENTARY PLANNING DOCUMENT (2015)

RESOLVED:

1. That the Community Infrastructure Levy (CIL) preliminary draft charging schedule (Appendix A) and the draft "Regulation 123 List" (the list of infrastructure items which will not be funded by section 106 planning obligations) (Appendix B) be approved for public consultation.
2. That the draft addendum to the adopted Section 106 and Community Infrastructure Levy Supplementary Planning Document (2015) (Appendix C) be approved for public consultation.
3. That the draft infrastructure plan (Appendix D), equalities analysis (Appendix E), consultation plan (Appendix F), SEA screening assessment (Appendix G) and Habitat Regulations Assessment (Appendix H) be noted.

14. POLICY FOR CONSIDERING INTERVENTION UNDER THE TOWN AND COUNTRY PLANNING ACT 1990 TO ENABLE REDEVELOPMENT TO PROCEED

RESOLVED:

1. That it be agreed to consider using the provisions of s227 of the Town & Country Planning Act 1990 on a case by case basis to enable stalled developments to proceed.
2. That the principles set out in Appendix A of the report to evaluate applications to use the provision of s227 of the Town & Country Planning Act 1990 be adopted.

15. FAIRER FUTURE PROCUREMENT STRATEGY FOR SOUTHWARK COUNCIL

RESOLVED:

1. That The Fairer Future Procurement Strategy be approved. This replaces the contracts and procurement strategy in the medium term resources strategy.
2. That the introduction of a strategic assessment (gateway zero) into the procurement governance process for service contracts over £10m be approved.
3. That the next steps for enhancing our commitment and approach to social value in procurement as outlined in paragraphs 23 to 32 of the report be noted.
4. That the additional actions to combat the practice of 'blacklisting' as detailed in paragraphs 33 to 42 of the report be endorsed.
5. That it be noted that there will be consequential amendments to the constitution, including the contract standing orders, following the approval of the Fairer Future

Procurement Strategy to reflect updates required as highlighted in the report.

16. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - CONTRACTOR SERVICES FOR THE DELIVERY OF COMMERCIAL WAY NEW HOMES DELIVERY

RESOLVED:

Decision of the Cabinet

1. That the procurement strategy to undertake an OJEU tendering process for one of the New Homes Delivery Phase 2 sites (as noted in paragraph 3 of the report) – Commercial Way (two sites bordering Cronin Street) be approved. The total estimated construction works contract sum of the project is £16,735,230. It is estimated that the length of the individual build contracts will be for approximately 18 to 24 months.

Decision of the Leader of the Council

2. That the Gateway 2 decision for Commercial Way be delegated to the chief executive for the reason outlined in paragraph 28 of the report.

17. WORKFORCE DATA REPORT

RESOLVED:

1. That the progress made against the council's workforce strategy 2013-16 be noted.
2. That the workforce reports attached as appendix one and two of the report be noted and that these reports:
 - a) Demonstrate that the council continues to reflect the diversity of the borough in the makeup of its workforce and the levels of change that have taken place have not impacted negatively on the diversity of the workforce;
 - b) Demonstrate that the council has protected frontline staff despite the level of savings that have been made due to reductions in central government funding;
 - c) Suggest a picture of productive and well motivated staff with low levels of sickness, low levels of staff complaints and good rates of staff retention and that this supports the results of the staff survey and the LGA peer review.
 - d) Suggest that the council is an attractive employer given the high numbers of applications that the council receives;
 - e) Will inform the work on the refreshed workforce strategy, suggesting some areas requiring further consideration and action for example in encouraging staff to declare disabilities so that the council can monitor our commitment to employing and retaining staff with disabilities.
3. That it be noted a refreshed workforce strategy will come to the 1 November 2016 cabinet meeting, which will incorporate actions coming out of this report and will

support the delivery of the refreshed council plan.

18. THAMES WATER - REFUND OF OVERPAYMENTS AND FUTURE ARRANGEMENTS

RESOLVED:

1. That the council proceeds with immediate refunds to current tenants, with interest calculated under the provisions of the Water Resale Order 2006, the refunds themselves covering the period 1 April 2001 to 28 July 2013, and with interest covering the period 1 April 2001 to 30 June 2016.
2. That the strategic director of housing and modernisation be instructed to make necessary arrangements for refunds to former tenants covering the periods outlined in paragraph 1 to take place during the course of 2016 and beyond if required.
3. That it be agreed that the preferred option is to terminate the council's contractual agreement with Thames Water.
4. That the strategic director of housing and modernisation be instructed to consult with tenants on the proposal to terminate the contractual agreement with Thames Water, and to provide information regarding likely timescales, their personal responsibilities regarding water charges, and the options available to them once termination has been implemented.

19. PROGRESS REPORT ON MY SOUTHWARK HOMEOWNERS AGENCY

RESOLVED:

That the progress being made on the creation of the new My Southwark Homeowners service as agreed by Cabinet in December 2015 be noted.

20. MOTIONS REFERRED FROM COUNCIL ASSEMBLY 16 MARCH 2016

RESOLVED:

Low water pressure in Bermondsey

That the motion referred from council assembly as a recommendation to cabinet, set out below, be noted:

Council Assembly:

1. Notes with concern ongoing reports from residents and businesses about low water pressure affecting residents across the borough, which is causing problems for residents with daily essentials, including boilers, showers and washing machines.
2. Further notes that Thames Water has acknowledged that the low pressure is a deliberate strategy to reduce burst water mains in the area.
3. Believes that it is unacceptable that thousands of Southwark residents and

businesses, especially those on higher floors, should have to suffer a reduction in water pressure while still being required to pay for a full service.

4. Notes that the council has raised this issue with Thames Water and that Thames Water has apologised for the impact on residents and has agreed to increase water pressure in Rotherhithe following an investigation into over 150 properties in the area.
5. Welcomes the announcement last week from Thames Water that it has increased water pressure in the area following pressure from local councillors and after an additional survey found that the problem was much more extensive than originally thought.
6. Further notes that the council has installed booster pumps in 25 council buildings to improve water pressure.
7. Calls on the cabinet to:
 - ensure that all residents living in blocks where the council is the freeholder also benefit from this return to normal water pressure; and
 - continue working with Thames Water to resolve low water pressure issues for residents across the borough.

East Street Market

That the motion referred from council assembly as a recommendation to cabinet, set out below, be noted:

1. That council assembly celebrates the rich diversity, cultural heritage and many opportunities within the East Street Market, which is one of London's oldest, largest and busiest markets and has been used by local people for decades.
2. That council assembly recognises that improvements are needed to revive the market, to encourage new traders into empty shop units and to create an easier and more sociable shopping experience for the public, including improvements to street cleaning around the market and blocks surrounding East Street.
3. That council assembly welcomes the £207,000 awarded to East Street Market from Southwark Council and the Greater London Assembly (GLA) to regenerate and develop the market.
4. That council assembly calls on the cabinet to work closely with market traders and local businesses to encourage a stronger working partnership and to bring forward improvements to the market which build on the character of the market, encourage growth, and help attract a wider range of customers.

21. APPOINTMENTS TO OUTSIDE BODIES 2016/17

RESOLVED:

1. That the appointments to the outside bodies listed in Appendix A of the report for the

2016/17 municipal year be agreed as follows:

Age UK London

Councillor Richard Livingstone

Better Bankside Board

Councillor Mark Williams

Canada Water Consultative Forum

Councillor Mark Williams
Councillor Kath Whittam
Councillor Stephanie Cryan
Councillor James Okosun

Central London Forward

Councillor Peter John

Centre for Literacy in Primary Education

Councillor Catherine Rose

Creation Trust

Councillor Mark Williams
Councillor Lorraine Lauder
Councillor Paul Fleming

Cross River Board

Councillor Mark Williams

Crystal Palace Community Development Trust

Councillor Jon Hartley

Great London Enterprise Limited

Councillor Mark Williams

Groundwork London, Local Authority Strategic Input Board

Councillor Ian Wingfield

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

Councillor Bill Williams

Kings College Hospital NHS (Council of Governors)

Councillor Kieron Williams

London Road Safety Council (LRSC)

Councillor Ian Wingfield
Councillor Charlie Smith

London Youth Games Limited

Councillor Maisie Anderson
(Deputy: Councillor Evelyn Akoto)

Millwall for All

Councillor Leo Pollak

North Southwark Environment Trust

Councillor Kath Whittam

Potters Fields Park Management Trust

Councillor Peter John
Eleanor Kelly, Chief Executive

South Bank Partnership

Councillor Johnson Situ
Councillor Adele Morris
Councillor David Noakes
Councillor Maria Linforth-Hall

South Bank and Bankside Cultural Quarter Directors Board

Councillor Octavia Lamb

South Bermondsey Big Local Partnership Steering Group

Councillor Richard Livingstone
Councillor Sunny Lambe

South London Gallery Trustee Limited

Councillor Cleo Soanes
Councillor Radha Burgess
Councillor Maria Linforth-Hall

South London and Maudsley (SLaM) NHS Trust Members Council

Councillor Tom Flynn

Southwark Construction Skills Centre (“the Centre”)

Councillor Johnson Situ

Southwark and Lambeth Archaeological Excavation Committee (SLAEC)

Councillor Leo Pollak
(Deputy: Bob Skelly)

Southwark Cathedral Education Centre

Councillor Cleo Soanes

Safer Neighbourhood Board (Southwark)

Councillor Barrie Hargrove

Waterloo Quarter Business Alliance – Southwark (Business Improvement District)

Councillor David Noakes

22. NOMINATIONS TO PANELS, BOARDS AND FORUMS 2016/17**RESOLVED:**

1. That the allocation of places to the panels and boards and forums set out in Appendix A of the report for the 2016/17 municipal year be agreed as follows:

Joint Partnership Panel (Trade union consultation)

Councillor Peter John
Councillor Fiona Colley

Homeowners Service Charge Arbitration Tribunal

(Members to act as a pool)

Councillor Sandra Rhule
Councillor Sunny Lambe
Councillor Evelyn Akoto
Councillor Jon Hartley
Councillor Tom Flynn
Councillor Kath Whittam
Councillor Lorraine Lauder
Councillor Dora Dixon-Fyle
Councillor Anood Al-Samerai
Councillor Maria Linforth-Hall
Councillor Eliza Mann
Councillor David Hubber

Southwark Safeguarding Adults Board

Councillor Richard Livingstone

Southwark Safeguarding Children's Board

Councillor Victoria Mills

Standing Advisory Council on Religious Education (SACRE)

Councillor Sandra Rhule
 Councillor Sunny Lambe
 Councillor Evelyn Akoto
 Councillor Maria Linforth-Hall

Tenancy and Leasehold Arbitration Tribunals

Councillor Lorraine Lauder
 Councillor Sandra Rhule
 Councillor Paul Fleming
 Councillor Evelyn Akoto
 Councillor Jon Hartley
 Councillor Tom Flynn
 Councillor Kath Whittam
 Councillor Dora Dixon-Fyle
 Councillor Anood Al-Samerai
 Councillor Maria Linforth-Hall
 Councillor Eliza Mann
 Councillor David Hubber

Southwark Tenant Management Organisation Committee

Councillor Stephanie Cryan
 Councillor Lucas Green
 Councillor Karl Eastham
 Councillor Sandra Rhule
 Councillor Ben Johnson

Meeting ended at 5.50 pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 15 JUNE 2016.

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

| | | | |
|------------------------------------|--------------------------------|---|---------------------------------|
| Item No. 8. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | FGM – A report from the Overview and Scrutiny Committee | |
| Ward(s) or groups affected: | | All | |
| From: | | Overview and Scrutiny Committee | |

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Attached is the final report arising from the scrutiny review of FGM in the London Borough Southwark.
3. The Education and Children’s Services Scrutiny Sub-Committee decided to conduct a review into FGM to help address the high prevalence of FGM in Southwark and make recommendations to the Cabinet, the Southwark Children’s Safeguarding Board and NHS Southwark Clinical Commissioning Group (CCG). The review decided to concentrate primarily on girls and young women, given the remit of the committee, although some of the recommendations relate to mothers, the wider family and the community, in order to better safeguard girls. The review set out to address these issues in particular:
 - Promote good practice in tackling FGM
 - Bring together statutory partners and the community in finding solutions to safeguarding girls from FGM
 - Establish a clearer picture of the prevalence and risk to Southwark girls.
4. The Overview & Scrutiny Committee considered the sub-committee’s report at its meeting on 4 April 2016. The committee welcomed the report and the valuable work of the sub-committee.

EDUCATION & CHILDREN’S SERVICES SCRUTINY SUB-COMMITTEE RECOMMENDATIONS

5. The sub-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 |
|---|--|--------------------------------|
| Education and Children's Services Scrutiny Sub-Committee | Scrutiny Team 160 Tooley Street London SE1 2QH | Shelley Burke 020 7525 7344 |
| Link: http://moderngov.southwark.gov.uk/ieListMeetings.aspx?CId=380&Year=0 | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix A | FGM – report of the Education and Children's Services Scrutiny Sub-Committee (circulated separately) |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Lead Officer | Shelley Burke, Head of Overview & Scrutiny | |
| Report Author | Julie Timbrell, Scrutiny Project Manager | |
| Version | Final | |
| Dated | 8 July 2016 | |
| Key Decision? | No | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Director of Law and Democracy | N/a | N/a |
| Strategic Director of Finance and Governance | N/a | N/a |
| Chief Officers | N/a | N/a |
| Cabinet Member | N/a | N/a |
| Date final report sent to Constitutional Team | 8 July 2016 | |

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 9. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | A Joint Mental Health Strategy for Southwark | |
| Ward(s) or groups affected: | | All | |
| From: | | Overview and Scrutiny Committee | |

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Attached is the final report arising from the joint scrutiny review of Mental Health Strategy for Southwark by the education & children's services scrutiny sub-committee and the healthy communities scrutiny sub-committee in the London Borough Southwark.
3. The education & children's services scrutiny committee and the healthy communities committee carried out a joint inquiry into the development of the Joint Mental Health Strategy for Southwark. This is being created jointly between Southwark Council and the Southwark Clinical Commissioning Group.
4. This report brings together the recommendations from both Committees as a single report for the cabinet member and Clinical Commissioning Group to consider.
5. The overview & scrutiny committee considered the sub-committee's report at its meeting on 4 April 2016. The committee welcomed the report and the valuable work of the sub-committee.

EDUCATION & CHILDREN'S SERVICES AND HEALTHY COMMUNITIES SCRUTINY SUB-COMMITTEE RECOMMENDATIONS

6. The sub-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 |
|---|--|--------------------------------|
| Education and Children's Services Scrutiny Sub-Committee & Healthy Communities agenda papers | Scrutiny Team 160 Tooley Street London SE1 2QH | Shelley Burke 020 7525 7344 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=308&MId=5111&Ver=4 | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix A | A Joint Mental Health Strategy for Southwark. A Joint Report of the Education & Children's Services Scrutiny Sub-committee and the Healthy Communities Scrutiny Sub-committee (circulated separately). |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Lead Officer | Shelley Burke, Head of Overview & Scrutiny | |
| Report Author | Julie Timbrell, Scrutiny Project Manager | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | No | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Director of Law and Democracy | N/a | N/a |
| Strategic Director of Finance and Governance | N/a | N/a |
| Chief Officers | N/a | N/a |
| Cabinet Member | N/a | N/a |
| Date final report sent to Constitutional Team | 7 July 2016 | |

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 10. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Council Plan Annual Performance Report 2015/16 | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Peter John, Leader of the Council | |

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

When the LGA’s peer review team visited Southwark late last year they found a council with a ‘can-do approach’ and a great deal to be proud of. Ambitious, innovative and confident, we want the very best for our residents, and put their needs at the heart of everything we do. Not only have we delivered £156m savings over the last five years while also protecting frontline services, we are leading the way in transforming the borough, making Southwark a place that everyone can be proud to call home.

This year has been another year of success, delivered against a tough economic backdrop. We were one of just six councils in the country, and the only London council, to be shortlisted for Local Authority of the Year at the annual MJ awards. Although we missed out on the top prize, I am still proud that in the last year more than nine out of ten council homes were considered decent – the highest rate in 10 years. Our rents continue to be one of the lowest in London, and remain at roughly one third of market rents for the area.

We want every child to have the best start in life, and in the borough, the majority of Southwark’s secondary schools now see 70 per cent or more students secure at least five good GCSEs or equivalent, and 91 per cent of our Schools are rated “good” or better by Ofsted. And when you leave school, Southwark is by your side throughout your life. For example we have continued to invest in jobs. Since 2014 almost 2,500 residents have started new jobs as a result of our support programmes, and over 600 new apprenticeships have been created.

The Castle Leisure Centre is now open, and free gym and swim is now offered to all 18s and under and those over 60. In 2015-16 over 9,700 people registered to access the free service. We have received accreditation from the World Health Organisation as an age friendly borough and are investing in our library service with the new Camberwell Library opening this year.

As well as libraries, Southwark has continued to invest in regeneration throughout the borough. Our programme of work to revitalise neighbourhoods is on track as regeneration continues to transform the Elephant to deliver an improved place and tangible public benefit.

We are improving our recycling rates which are now the best in inner London, and we have diverted over 99 per cent of waste away from landfill in 2015-16. In 2015-16 we introduced a 24/7 weekend Noise Service, ensuring residents experiencing noise nuisance can have problems addressed any time of the week.

This council has continued its ambitious programme. I am proud of all that we have achieved, but know there is more that we must do to improve the borough and truly deliver a fairer future for all.

RECOMMENDATIONS

That Cabinet:

1. Notes the council's performance over 2015/16 against the Council Plan 2014-2018.
2. Notes that a refreshed Council Plan 2014-18 will be considered by Cabinet in September 2016.

BACKGROUND INFORMATION

3. In February 2015 council assembly approved the Council Plan 2014-18. This sets out how the council would seek to realise its Fairer Future for All vision. The Council Plan was agreed in a context of significantly reduced revenue funding to the council. Ten fairer future promises were agreed with a further set of objectives outlined in performance schedules for each cabinet member portfolio area.
4. The Council Plan 2014-18 identified a number of principles that underpinned our Fairer Future for all vision and guided the promises and commitments that were agreed through the plan. These were:
 - Promise 1 - Value for money: We will continue to keep Council Tax low by delivering value for money across all our high quality services
 - Promise 2 - Free swimming and gyms: We will make it easier to be healthier with free swimming and gyms for all residents and will double the number of NHS health checks.
 - Promise 3 – Quality affordable homes: We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.
 - Promise 4 - More and better schools: We will meet the demand for primary and secondary school places and drive up standards across our schools so at least 70 per cent of students at every secondary get at least five good GCSEs.
 - Promise 5 - Nurseries and childcare: We will help parents to balance work and family life including investment in our children's centres to deliver more quality affordable childcare and open two new community nurseries.
 - Promise 6 - A greener borough: We will protect our environment by diverting more than 95 per cent of waste away from landfill, doubling the estates receiving green energy and invest in our parks and open spaces.

- Promise 7 - Safer communities: We will make Southwark safer with increased CCTV, more estate security doors and a Women's Safety Charter. We will have zero tolerance on noisy neighbours.
 - Promise 8 - Education, employment and training: We will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships.
 - Promise 9 - Revitalised neighbourhoods: We will revitalise our neighbourhoods to make them places in which we can all be proud to live and work, transforming Elephant and Castle, the Aylesbury and starting regeneration of the Old Kent Road.
 - Promise 10 - Age friendly borough: We want you to get the best out of Southwark whatever your age so we will become an age friendly borough including the delivery of an Ethical Care Charter and an older people's centre of excellence.
5. A Fairer Future Annual Performance Report 2014-15 was presented to cabinet in June 2015 that noted progress made over the first year of the Council Plan. During 2015-16 the council has monitored performance against the ten promises and the commitments in the Council Plan, with performance data reviewed on a quarterly basis.

KEY ISSUES FOR CONSIDERATION

6. This annual performance report summarises the second year of delivery against the Council Plan and in line with our fairer future principle of being open, honest and accountable, this report and the full cabinet portfolio performance schedules will be available on the council's website.
7. Progress against our fairer future promises is on track and some promises have been met entirely, or in part as summarised below:
- Promise 1 - Value for money: Staying true to our budget principles, in February council assembly approved a budget for 2016-19 where the largest majority of savings will relate to efficiencies and better use of resources, with only £6m of the total £69m related to service reductions. This is against a backdrop of having to reduce our budget by a third since 2010 due to the unprecedented reduction in government funding. Throughout this time there have been no increases to council tax, which was again the case in 2015/16.
 - Promise 2 - Free gym and swim is now offered to disabled residents, residents aged 18 and under and those aged over 60. In 2015-16 over 9,700 people registered to access the free service. Also, in February 2016 cabinet approved the rollout of the scheme so that from July all Southwark residents will be able to swim and use the gym for free at all Southwark leisure centres (all day on Fridays and from 2pm on weekends). Since 2014-15 almost 16,800 free NHS health checks have been completed.
 - Promise 3 – Quality affordable homes: Since 2014, 159 Council homes have been completed as part of the new council homes programme with further sites for more than 1,200 homes identified. We continue to

improve our existing housing stock. The number of decent homes increased by 11,254 since May 2015, with 91 per cent of council homes considered decent in 2015-16 - making this the highest decency rate in 10 years.

- Promise 4 - More and better schools: In 2015-16, every child was offered a primary school place (where applications were made on time). The opening of two new primary schools in the borough also brings more choice to families. The majority of Southwark's secondary schools saw 70 per cent or more students secure at least five good GCSEs or equivalent, and 91 per cent of schools were rated "good" or better by Ofsted.
 - Promise 5 - Nurseries and childcare: We continue to invest in the borough's children's centres and opened two new community nurseries in 2015. Of the 1,687 two year olds eligible for free childcare places in 2015-16, 1,162 (69%) took up the offer, showing an increase of 13 per cent against the previous year.
 - Promise 6 - A greener borough: 99 per cent of waste was diverted from landfill this year and we continue to work with developers in the area to ensure the use of renewable energy in new homes. 23 of our parks have been awarded Green Flag status and 91 per cent of residents are satisfied with our parks and open spaces.
 - Promise 7 - Safer communities: We continue to use CCTV to improve the safety of public spaces – this year over 15 per cent of crimes detected on CCTV led to an arrest. Our Door Entry Investment Programme has also led to safer residential blocks and estates, with 250 households benefiting from refurbished entry door systems. Our Women's Safety Charter was adopted by 81 licensed premises this year, and our Statement of Licensing Policy encourages new licensed premise to sign up to the Charter.
 - Promise 8 - Education, employment and training: Since 2014 almost 2,500 residents have started new jobs as a result of our support programmes, and over 600 new apprenticeships have been created.
 - Promise 9 - Revitalised neighbourhoods: Our programme of work to revitalise neighbourhoods is on track as regeneration continues to transform the Elephant. The new Camberwell Library also opened this year; whilst work is almost complete on Camberwell Green. Regeneration of the Old Kent Road is progressing well – trader engagement is on-going and shop front improvements have begun. Since inception, over £600k of high street challenge grant has been invested in 35 projects across the borough.
 - Promise 10 - Age friendly borough: We are making sure all our services are age friendly and have received accreditation from the World Health Organisation as an age friendly borough.
8. The full cabinet member performance schedules, which outline our progress in detail against the objectives in the Council Plan 2014-18, will be published on the council's website (see background papers) and provide a baseline for the a refreshed Council Plan later this year.

Community impact statement

9. The purpose of this report is for cabinet to note delivery against the Council Plan 2014-18. No specific equality analysis has been undertaken on this report as there are no impacts arising from the report itself.
10. Future decisions made on the basis of the performance highlighted in this report may require further equality analysis to be undertaken and more detailed consideration of the impact on local people and communities as appropriate. The Forum for Equalities and Human Rights and Southwark's Equality and Human Rights Panel were engaged in the development of the initial Council Plan 2014-18 and will be engaged in the refresh of the Council Plan.

Financial implications

11. There are no immediate resource implications arising from this report. Any additional funding required will be subject to financial appraisal and reported through the council's budget setting process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

12. It was previously a requirement for local authorities to publish a best value performance plan. The Local Government and Public Involvement in Health Act 2007 removed the powers of the Secretary of State to specify performance indicators and standards for local authorities, the duty on authorities to meet such standards and to publish best value performance plans.
13. However, a local authority is still under a general duty of best value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The Council Plan is one of the ways the council can demonstrate that it is achieving this requirement.
14. No specific equality analysis has been undertaken for this report as there are no impacts on the community arising from the report itself but cabinet is reminded in paragraph 10 of the requirement to have due regard to the public sector equality duty set out in s.149 Equality Act 2010 in its future deliberations and conclusion.

Strategic Director of Finance and Governance (FC16/009)

15. This report is requesting cabinet to note the council's performance over 2015/16 against the Council Plan 2014-2018 as detailed in the report.
16. The strategic director of finance and governance notes that there are no resource implications arising from this report and any additional funding required in future will be subject to separate financial appraisal and will need to be incorporated within the council's budget setting process.
17. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|---|
| Cabinet portfolio performance schedules Q4 2015/16 | Southwark Council 160 Tooley Street London SE1 2QH | Alex Irvine – alex.irvine@southwark.gov.uk |
| Link: http://www.southwark.gov.uk/downloads/200293/a_fairer_future | | |
| Fairer Future Annual Performance Report 2014/15 | Southwark Council 160 Tooley Street London SE1 2QH | Alex Irvine – alex.irvine@southwark.gov.uk |
| Link: http://moderngov.southwark.gov.uk/documents/s54706/Report%20Fairer%20future%20annual%20performance%20report.pdf | | |
| Fairer Future Annual Performance Report 2014/15 | Southwark Council 160 Tooley Street London SE1 2QH | Alex Irvine – alex.irvine@southwark.gov.uk |
| Link: http://www.southwark.gov.uk/downloads/download/4181/council_plan_2014-18 | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix 1 | Council Plan Annual Performance Report 2015-16 |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Peter John, Leader of the Council | |
| Lead Officer | Eleanor Kelly, Chief Executive | |
| Report Author | Nasmin Yeahia, Senior Strategy Officer | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| | Officer Title | Comments Sought |
| | | Comments Included |
| | Director of Law and Democracy | Yes |
| | Strategic Director of Finance and Governance | Yes |
| | Cabinet Member | Yes |
| | Date final report sent to Constitutional Team | 7 July 2016 |

Council Plan 2014-18

Annual Performance Report

Our progress in 2015/16

Foreword



When the LGA's peer review team visited Southwark late last year they found a council with a 'can-do approach' and a great deal to be proud of. Ambitious, innovative and confident, we want the very best for our residents, and put their needs at the heart of everything we do. Not only have we delivered £156m savings over the last five years while also protecting frontline services, we are leading the way in transforming the borough, making Southwark a place that everyone can be proud to call home.

This year has been another year of success, delivered against a tough economic backdrop. We were one of just six councils in the country, and the only London council, to be shortlisted for Local Authority of the Year at the annual MJ awards. Although we missed out on the top prize, I am still proud that in the last year more than nine out of ten council homes were considered decent – the highest rate in 10 years. Our rents continue to be one of the lowest in London, and remain at roughly one third of market rents for the area.

We want every child to have the best start in life, and in the borough, the majority of Southwark's secondary schools now see 70% or more students secure at least five good GCSEs or equivalent, and 91% of our Schools are rated "good" or better by Ofsted. And when you leave school, Southwark is by your side throughout your life. For example we have continued to invest in jobs. Since 2014 almost 2,500 residents have started new jobs as a result of our support programmes, and over 600 new apprenticeships have been created.

The Castle Leisure Centre is now open, and free gym and swim is now offered to all 18s and under and those over 60, in 2015-16 over 9,700 people registered to access the free service. We have received accreditation from the World Health Organisation as an age friendly borough and are investing in our library service with the new Camberwell Library opening this year.

As well as libraries, Southwark has continued to invest in regeneration throughout the borough. Our programme of work to revitalise neighbourhoods is on track as regeneration continues to transform the Elephant to deliver an improved place and tangible public benefit.

We are improving our recycling rates which are now the best in inner London, and we have diverted over 99 per cent of waste away from landfill in 2015-16. In 2015-16 we introduced a 24/7 weekend Noise Service, ensuring residents experiencing noise nuisance can have problems addressed any time of the week.

The council has continued its ambitious programme. I am proud of all that we have achieved, but know there is more that we must do to improve the borough and truly deliver a fairer future for all.

Councillor Peter John, Leader of the Council

July 2016

Quality affordable homes

Good quality affordable homes are essential to maintaining strong communities and making this a borough which all residents are proud to call home.

In 2014 we set out a range of commitments to improve the number of homes in the borough and ensure quality housing is available across the Southwark.

We said that we would:

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



How we've performed in 2015-16

Since 2014, 159 Council homes have been completed as part of the new council homes programme with further sites for more than 1,200 homes identified. Consultation is underway to help identify even more sites.

We continue to improve our existing housing stock. The number of decent homes increased by 11,254 since May 2015, with 91 per cent of council homes considered decent in 2015-16 - making this the highest decency rate in 10 years.

Our selective and additional licensing policies intend to improve quality within the private rented sector and prevent rogue landlords from operating in the borough.

In December 2015 we took the innovative step to create MySouthwark Homeowners Board, a new homeowner agency that operates at arms length from the council and will act as an independent leaseholder and freeholder management company.

We recruited over 100 resident housing inspectors in 2015-16; the vast majority of residents surveyed are satisfied with the repairs made to their homes.

Our award winning approach to reducing illegal subletting of council homes has resulted in 198 subletted homes recovered this year.

Council rents in Southwark continue to be one of the lowest in London, and remain at roughly one third of market rents for the area.

Best start in life

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

In 2014 our commitments established a number of ways that we would support children, young people and their families achieve their full potential.

We said that we would:

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

How we've performed in 2015-16

We continue to invest in the borough's children's centres and opened two new community nurseries in 2015.

Standards in secondary schools continue to rise with almost 74 per cent of all secondary school pupils achieving five or more A*-C grades at GCSE, placing us in the top quartile in 2015-16. 91 per cent of Southwark schools are rated "good" or better by Ofsted. We have also identified sites for two new secondary schools in the south of the borough. We continue to work with schools to ensure all students have the best possible chance of achieving good GCSE results.

Of the 1,687 of two year olds eligible for free childcare places in 2015-16, 1,162 (69%) took up the offer, an increase of 13 per cent against the previous year.

In 2015-16, every child was offered was offered a primary school places (where applications were made on time), mirroring the success of previous years.

All Southwark primary schools now offer free fruit to children; we continue to support healthy active lives amongst children and are reviewing all our existing playgrounds to decide which areas need investment.

In autumn 2015 the Early Year Pupil Premium was claimed for the first time and saw schools access the premium on behalf of 771 children. The Families Matter Strategy also launched this year, outlining a common approach and activity to deliver early help to families.

From April 2016 all foster carers and adopters in Southwark will have their council tax paid.

Since 2014/15 over 2,300 secondary school children have received a free library card to enable and the Southwark Scholarship Scheme has awarded 24 scholarships since 2014; over 100 applications for the scheme have been received for awards in 2015-16.

The findings and recommendations of the Childcare Commission were considered in by Cabinet this year, and we are working on an action plan to take forward activity

Strong local economy

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

The commitments we established in 2014 sought to improve the economic wellbeing of residents, support town centres, and help businesses thrive.

We said that we would:

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

How we've performed in 2015-16

Staying true to our budget principles, in February 2016 council assembly approved a budget for 2016-19 where the largest majority of savings relate to efficiencies and

better use of resources, with only £6m of the total £69m related to service reductions. Throughout this time Council taxes in Southwark have remained low, with no increases in 2015/16.

Over 1,300 Southwark students completed work experience in 2015-16. Alongside the opportunity for work experience, our young entrepreneurs project and employer led learning activities saw participation from 780 young people.

More 16-18 year olds in the borough are also taking part in learning and training with the proportion of young people not in employment, education and training at 2.5%, compared to the London average of 3.1%. We are exploring ways to deliver scholarships to local young people to study art foundation courses.

Over 500 eleven year olds have opened a credit union account with a £10 opening deposit from the council. Plans are underway to further bolster the scheme and ensure more young people develop good financial habits; this is further supported by financial literacy programmes operating in the majority of our secondary schools

The Southwark Business Forum meets regularly and has pushed for improvements in the further education offer borough-wide, supported the Living Wage Symposium held in March 2016 and also the Careers Fair that took place April 2016. .

The High Street Challenge funded thirteen projects this year to help transform and improve town centres. We continue to support our town centres by using Article 4 Direction legal powers to make it harder for pawnbrokers, betting shops and pay day lenders to open on our high streets, and by offering an hour of free parking in shopping parades. Our strategy to deliver 500 affordable spaces by 2018 was also approved in 2015, making sure our businesses have the space to grow.

Since 2014 almost 2,500 residents have started new jobs as a result of our support programmes, and over 600 new apprenticeships have been created.

The Blue Bermondsey BID continues to deliver activity in the BID area. Renewal ballots for Team London Bridge and We Are Waterloo took place in October 2015 and January 2016, both ballots were in favour of renewing the BIDs for further five year terms.

Healthy active lives

For people to lead healthy lives, we need to tackle the root causes of ill health and reduce the inequalities that limit the lives of too many in our society. We will work across the council and with partners to reduce health inequalities and improve people's lives.

Through the commitments we made in 2014 we hope to enable more people to make healthy choices and support our partners to offer the best possible care to our residents.

We said that we would:

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



How we've performed in 2015-16

Free gym and swim is now offered to disabled residents, residents aged 18 and under and those aged over 60. In 2015-16 over 9,700 people registered to access the free service.

Our innovative new cycling strategy has now been agreed and delivery is underway. Southwark is now a 20mph borough, and we continue to lobby TfL to extend the cycle hire scheme into more parts of the borough.

Implementation of the Ethical Care Charter has resulted in all providers we work with offering a guaranteed hours contract to the 660 carers they collectively employ.

Nineteen out of 25 of our providers of home care services to council-supported clients now meet all essential care standards. The Council continues to work with all providers to improve standards for vulnerable residents.

The joint Voluntary Sector Commission with Lambeth submitted its report to Cabinet in 2015. The full report and recommendations were agreed and a new Voluntary Sector Strategy will be developed in partnership with the voluntary sector and CCG for approval later in 2016..

Since 2014 almost 16,800 free NHS health checks have been completed.

We are making sure all our services are age friendly and have received accreditation from the World Health Organisation as an age friendly borough.

Twenty-three of our parks now meet Green Flag standards; Nunhead Green, Salisbury Row, Kingstairs Gardens and Goose Gardens all achieved the standard in 2015-16.

'Play Streets' now operate on 35 streets across the borough, encouraging children to play outdoors in a safe environment during holidays.

Cleaner greener safer

We want people to feel safe in their borough, to walk down clean streets and to know that their borough is leading the way when it comes to things that matter like recycling and reducing landfill waste.

Our commitments aim to prevent and mitigate the effects of crime and anti-social behaviour, and improve the environment and street scene in Southwark.

We said that we would:

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

How we've performed in 2015-16

Levels of litter on our streets have declined this year, we have also rolled a targeted communications campaign to encourage more dog owners to clean up after their pets, or face enforcement.

Our recycling rates are the best in inner London, and we diverted over 99 per cent of waste away from landfill in 2015-16.

In 2015-16 we introduced a 24/7 weekend Noise Service, ensuring residents experiencing noise nuisance can have problems addressed any time of the week.

We continue to use CCTV to improve the safety of public spaces – this year over 15 per cent of crimes detected on CCTV led to an arrest. Our Door Entry Investment Programme has also led to safer residential blocks and estates, with 250 households benefiting from refurbished entry door systems.

Our Women's Safety Charter was adopted by 81 licensed premises this year, and our Statement of Licensing Policy encourages new licensed premise to sign up to the Charter.

In line with our Domestic Abuse Strategy we trained six domestic abuse champions in 2015/16, and have seen an increase in the number of people receiving specialist support whose risk of harm has been reduced.

A three year estate deep clean programme continues to run, with third of all estates deep cleaned each year during the summer; additional activity takes places on Estate Action Days.

After a community-led campaign against the 300 Southwark police officers and police community support officers cut since 2010, over 2000 signatures were delivered to the Mayor of London in 2014-15.

Working with developers, we plan to increase the number of homes receiving green energy from the South East London Combined Heat and Power

This year we invested over £9m into roads, and made vital investments in our libraries to ensure they offer the best service to users.

Despite our campaign, the government is going ahead with the super-sewer. We are now working to reduce the impact that the sewer will have on residents.

Revitalised neighbourhoods

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

Our commitments intend to improve places and spaces, and harness Southwark's vibrancy.

We said that we would

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

How we've performed in 2015-16

Our programme of work to revitalise neighbourhoods is on track as regeneration continues to transform the Elephant to deliver an improved place. The new Camberwell Library also opened this year; whilst work is almost complete on Camberwell Green.

Regeneration of the Old Kent Road is progressing well – trader engagement is on-going and shop front improvements have begun. Whilst plans are on track to



improve town centre with most of the on site activity taking place in 2016-17.

In February 2016 Cabinet agreed the Diversity Standard for community engagement; 10 organisations signed up to the Standard in 2015-16.

We continue to review the best value approach to securing a civic centre in Walworth.

After winning the commitment from the Mayor, we've continued to campaign and won Government backing for the extension of the Bakerloo line.

Planning permissions and funding for improvements to Greendale in East Dulwich were secured this year, following consultation with local stakeholders on our proposed plans.

We are on track to open a new cash point in Nunhead, and have received planning permission for improvement works at Peckham Rye Park. Working with BT we are taking steps to bring superfast broadband to Rotherhithe.

Designs for a pedestrian crossing at the junction of Borough High Street and Marshalsea Road alongside other improvements to the junction have commenced, with works likely to be delivered in 2016/17

| | | | |
|------------------------------------|--------------------------------|---|---------------------------------|
| Item No. 11. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | London Living Wage Symposium Report and Recommendations | |
| Ward(s) or groups affected: | | All wards | |
| Cabinet Member: | | Councillor Johnson Situ, Business, Employment and Culture | |

FOREWORD – COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR BUSINESS, EMPLOYMENT AND CULTURE

As part of our council’s vision to create a fairer future for all in Southwark, we’ve committed to paying the London Living Wage and encouraging others to do the same. The Living Wage is important to us because we believe a “fair days work deserves a fair days pay”, we see the impact of low wages across our residents lives. People in low paid employment can struggle in maintaining healthy diets, heating their homes properly and living fulfilled lives. That’s why the council has successfully implemented a Living Wage pay policy for people directly employed by the council and is committed to doing the same throughout our supply chain.

Whilst we are proud of our achievements, we recognise our residents can’t afford for us to be complacent. To address this, we organised a successful Living Wage Symposium to examine the wider context of the Living Wage and the challenges of implementing an effective Living Wage policy for businesses. The symposium allowed people from across different disciplines to collaborate on potential solutions to the challenges of paying the Living Wage.

This report represents the learning from the symposium and the council’s commitment to using our role as a community leader by encouraging and supporting other local businesses to pay the London Living Wage.

RECOMMENDATIONS

1. That cabinet note and endorse the ‘London Living Wage Symposium report’ at Appendix 1, following the council’s London Living Wage Symposium which took place in March 2016.
2. That cabinet note and endorse the recommendations within the report that seek to contribute to a higher-wage economy, and specifically those recommendations for local government, which should:
 - Celebrate good practice in their local area and lead by example by becoming a Living Wage accredited employer
 - Make local arguments for pay and productivity, helping businesses to understand how they can gain more value from their workforce through a living wage policy
 - Align local skills with the productivity agenda, ensuring further and higher education provision is linked to employer need and demand
 - Join up pay campaigns with other cost of living issues, including housing.

BACKGROUND INFORMATION

3. In November 2012, cabinet agreed that Southwark Council would become an accredited Living Wage employer. This means that all directly employed council staff are paid at least the London Living Wage and the council expects the London Living Wage to be adopted by contractors and sub-contractors through all procurement activity.
4. The Living Wage is a voluntary minimum hourly pay rate. In order to reflect the true and changing cost of living, it is set independently through the Living Wage Foundation and is updated annually. The Living Wage is calculated by independent experts based on the basic cost of living in the UK, using pre-set indicators determined by public opinion on what is needed to ensure a decent standard of living. There are two Living Wage rates to recognise the higher costs associated with living in London. The current London Living Wage is £9.40 an hour while the UK Living Wage is £8.25 an hour.
5. The Living Wage is based in grassroot activism and maintains strong links to voluntary principles. Unlike the government's mandatory 'National Living Wage', employers choose to pay the Living Wage on a voluntary basis. Accredited employers are responsible for updating their pay policy as the wage changes.
6. Southwark Council is one of thirteen London Boroughs who are Living Wage Foundation accredited. The council has made good progress to embed the principles of the Living Wage in all parts of the organisation but we are ambitious to go beyond the accreditation criteria and use our role as convener and influencer to further the London Living Wage for the benefit of local businesses and residents.
7. Since becoming a Living Wage accredited employer the council has focused its activity on ensuring all directly employed staff are paid the London Living Wage and has embedded the London Living Wage into procurement policy.
8. Beyond this the council has successfully implemented local initiatives to encourage take up of the Living Wage. Particular success has come through the council's:
 - SEEDS project
 - Southwark Apprenticeship Standard
 - Southwark Business Forum.
9. The **Southwark Employment, Enterprise and Development Scheme (SEEDS)** aims to stimulate business growth with local employers while at the same time generating sustainable employment opportunities for young people. The project helps small, local businesses give young Southwark residents one year job opportunities or apprenticeships that are paid at the London Living Wage. The businesses receive a subsidy to help pay the London Living Wage as well as being offered mentoring and support to help their business grow. At the end of the 12 month contract, the employer will be supported to either take on their fully trained employee or to help them to find further employment with their new skills. Over 30 young people with significant barriers to employment have so far been employed at London Living Wage under the scheme.
10. The council implemented the **Southwark Apprenticeship Standard** in March

2015. The standard seeks to promote a better quality of employment and training for Southwark apprentices. One of the criteria employers must meet is to pay their apprentices at least the London Living Wage. Since its introduction, over 150 apprentices have been recruited under the Standard by employers across the borough.

11. The **Southwark Business Forum** was established in May 2015, bringing together major corporate employers based in the borough to discuss the key issues facing business locally and identify opportunities for aligning corporate responsibility agendas with local priorities across the borough. Many of the participants are Living Wage employers and the issue of cost of living, including housing costs, has been raised as an area of concern. It is partly to take these debates forward that the council set up the Living Wage Symposium.
12. Most recently, in February 2016 the cabinet also adopted the **Southwark Diversity Standard**, for roll-out with key partners and suppliers across the borough. This includes a commitment to paying London Living Wage where appropriate to do so, reinforcing the council's leadership role in promoting the London Living Wage in Southwark.

KEY ISSUES FOR CONSIDERATION

13. To further our ability to implement an effective London Living Wage policy locally, the council organised a London Living Wage Symposium in March 2016.
14. The symposium was convened in partnership with the Living Wage Foundation and hosted by Helen Hayes MP at the House of Commons. It brought together over 50 people from employers, business groups, local government, trade unions, community groups, charities and think tanks to debate some of the key issues around the Living Wage and help to identify tangible steps for different groups to help implement effective London Living Wage policy.
15. The symposium sought to discuss three core issues, in the London context:
 - The relationship between the Living Wage, benefits system and housing
 - The challenges for business in paying the living wage and the benefits and costs of paying the Living Wage
 - The employee's perspective, which is often excluded from the discourse.
16. The report from this symposium is at Appendix 1. The report addresses how living wage policy and campaigns can work effectively at national and local levels. It sets out the key messages from the debate that took place during the symposium, grouped by themes. It goes on to propose a set of recommendations for government, local authorities, businesses, employees and consumers to help develop approaches to developing and implementing Living Wage policies that deliver benefit for all.
17. The council is now in a position to move forward with those recommendations from the report that apply to local authorities. We have already progressed well in implementing many of these, and now have the opportunity to go further in reinforcing the council's commitment to promoting the London Living Wage locally. The key recommendations for the council are as follows:
18. **Celebrate good business practice in the local area.** As a longstanding Living

Wage employer and local champion for the Living Wage, the council will play an active role in celebrating the national Living Wage Week and encourage local businesses and residents to do the same. The Living Wage Symposium report will be used as a launchpad to engage businesses and wider stakeholders in the Living Wage debate. Through existing initiatives such as the Southwark Apprenticeship Standard, SEEDS and the Southwark Diversity Standard the council will continue to promote the payment of London Living Wage directly with local employers.

19. **Make local arguments for higher pay and productivity.** The council communicates with local businesses through the Southwark Business Forum and networks including the five Business Improvement Districts and the Chamber of Commerce. Through these relationships the council will engage with local businesses to better understand the productivity, pay and skills challenges they are experiencing. In particular, we will focus on helping smaller businesses understand how they can gain more value from their workforce through a Living Wage policy.
20. **Align local skills provision with the productivity agenda.** The Leader of the Council is currently chairing the Central London Area Based Skills Review, convened by the Department for Business, Innovation and Skills. This review aims to establish the appropriate set of institutions to offer high quality skills provision based on the current and future needs of learners and employers within the local area. It is proposed that the council uses the outcomes from this review to support its growing role in ensuring that further and higher education provision is linked to employer needs and demand. In particular, to take the opportunity to influence skills provision towards higher-skill, higher-pay career outcomes and to support relationships between skills providers and employers, in support of a locally-led agenda for enhanced learner progression, higher productivity and pay.
21. **Join up pay campaigns with other local cost of living issues, including housing.** Officers from across council departments will continue to work together with local partners to understand the impacts of government welfare reform and housing legislative changes on low-paid residents, and work together to develop activity that will mitigate negative consequences for those in low paid employment.
22. In addition to progressing with the recommendations as set out the report, the council will continue to work with other key private and public sector stakeholders, including business, schools, colleges and other partner organisations, to set out the benefits of paying the London Living Wage and in doing so contribute to a higher-wage, higher skill economy that works for all.

Policy implications

23. The council's leadership has made a strong commitment to promoting a 'Fairer Future' for all residents. Through implementing the recommendations set out in this report, the council will be able to deliver against the promises of a strong local economy as set out in the council plan.

24. The project will also deliver against the Council's Economic Wellbeing Strategy's ambitions:
- We will increase and improve employer engagement, making sure residents receive training relevant to the jobs market and to employer needs
 - Local skills provision and training is of the highest quality and backed by a local college of choice with strong employer and community links
 - Business needs are better understood across the council and our services are more accessible
 - Families in challenging circumstances and vulnerable residents are independently able to manage their money better.
25. As well as the policies set out above, by implementing these recommendations the council will be able to respond to welfare changes and universal credit as we help residents become less reliant on welfare and more financially resilient.
26. Additionally, the council recently committed to implementing the 'Southwark Diversity Standard'. One of the key commitments in this standard is to 'Ensure that (where it is appropriate to do so) all our workers and subcontractors in Southwark are paid at least the London Living Wage, or where employed outside London, at least the Living Wage'. Implementing the recommendations set out in this report will complement this commitment.

Community impact statement

27. It is intended that community benefits will accrue through the implementation of the recommendations set out within paragraphs 18 to 21. Paragraph 31 confirms that the symposium had comprised a wide cross-section of representatives from the administrative, commercial and voluntary sectors.
28. Due regard has been paid to the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 specifically; to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity; and foster good relations between people with protected characteristics and those who do not.
29. The purpose of this report is to set out the way in which the council will promote the implementation of living wage pay policies in order to promote socio-economic equality in Southwark, in particular for the benefit of low-paid residents, apprentices and young people engaged in local employment initiatives.

Resource implications

30. There are no additional costs to the council to implementing these recommendations, any additional costs will be met through existing departmental budgets.

Consultation

31. The recommendations in this report arise from the council's London Living Wage Symposium, held on 2 March 2016. Developed and convened in partnership with the Living Wage Foundation and supported by Southwark Citizens, the

symposium was attended by more than 50 people representing large and small employers, business groups, local government, trade unions, community groups, charities and think tanks.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

32. This report requests that cabinet note and endorse the London Living Wage Symposium report at Appendix 1.
33. The key recommendations arising from the symposium report are summarised within paragraphs 18 to 21 and are consistent with the various corporate initiatives described within paragraphs 9 to 12 and current corporate policy as noted in paragraphs 23 and 24. Cabinet is advised that:-
- There is a presumption that the London Living Wage will apply to all new contracts for the provision of services or works, which are to be performed either on council premises, or in the Greater London area;
 - In such contracts, the London Living Wage will apply to all relevant staff working directly on the contract in question, and will also apply to any relevant staff employed by sub-contractors;
 - In the planning of all contracts, the appropriateness and best value/cost implications of including the LLW must be considered on a case-by-case basis.

Strategic Director of Finance and Governance (FC16/003)

34. This report is requesting cabinet to note and endorse the 'London Living Wage Symposium report' at Appendix 1 and agree the steps set out in paragraphs 18 to 21 of this report.
35. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report.
36. It is also noted that staffing and any other cost connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|---|--------------------------------|
| Economic Wellbeing Strategy 2012-2020 | Strategy and Partnerships Team (Local Economy) , Hub 4, 5 th Floor, 160 Tooley Street, London, SE1 2QH | Danny Edwards 020 7525 5105 |
| Link: http://www.southwark.gov.uk/download/downloads/id/8013/economic_wellbeing_strategy | | |

APPENDICES

| No. | Title |
|------------|-------------------------------------|
| Appendix 1 | London Living Wage Symposium Report |

AUDIT TRAIL

| | | | |
|---|---|------------------------|--------------------------|
| Cabinet Member | Councillor Johnson Situ, Employment, Business & Culture | | |
| Lead Officer | Stephen Gaskell, Head of Strategy and Partnerships | | |
| Report Author | Nick Wolff, Principal Strategy Officer Liz Gardiner, Senior Strategy Officer | | |
| Version | Final | | |
| Dated | 7 July 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 | Yes | Yes |
| | Cabinet Member | Yes | Yes |
| | Date final report sent to Constitutional Team | | 7 July 2016 |

APPENDIX 1

Local action towards a Living Wage

A report on Southwark's London Living Wage Symposium

Foreword

Councillor Johnson Situ, Cabinet Member for Business, Employment and Culture, Southwark Council

As part of our council's vision to create a fairer future for all in Southwark, we've committed to paying the London Living Wage and encouraging others to do the same. The Living Wage is important to us because we believe a "fair days work deserves a fair days pay", we see the impact of low wages across our residents lives. People in low paid employment can struggle in maintaining healthy diets, heating their homes properly and living fulfilled lives. That's why the council has successfully implemented a Living Wage pay policy for people directly employed by the council and is committed to doing the same throughout our supply chain.

Whilst we are proud of our achievements, we recognise our residents can't afford for us to be complacent. To address this, we organised a successful Living Wage Symposium to examine the wider context of the Living Wage and the challenges of implementing an effective Living Wage policy for businesses. The symposium allowed people from across different disciplines to collaborate on potential solutions to the challenges of paying the Living Wage.

This report represents the learning from the symposium and the council's commitment to using our role as a community leader by encouraging and supporting other local businesses to pay the London Living Wage.

Professor Peter Fleming, Professor of Business and Society at City University, London and Chair of the London Living Wage Symposium

Formulating and delivering a real living wage has become one of the most important challenges facing business and society in the United Kingdom today. Following the 2008 financial crisis, low-paid work has come to define employment in many communities today, with rising living costs far outstripping income growth. This is detrimental not only to low wage earners but society as a whole, since it reduces the talent pool, undermines faith in the economy and creates a wider atmosphere of desperation.

Southwark Council are to be warmly congratulated for organising the London Living Wage Symposium. The event held at House of Commons brought together a variety of stakeholders, including businesses in the hospitality industry, affordable accommodation advocates and economists. It seems to me that a clear consensus was reached regarding the need for concerted action by businesses, labour organisations and local government. In particular, the negative effects of ultra-low waged work was seen to be interconnected with other troubling trends; related to personal debt, a disenfranchised youth, accommodation poverty, gender issues and broader questions around equality and social justice. A real living wage is one – but a central – part of fostering fairer and more inclusive society today.

One conclusion from the symposium resounds in my mind: no city can hope to be socially and economically sustainable if it relies on an unsustainable employment model. Moreover, the worrying trends we have been witnessing over the past few years are no longer confined to lower socio-economic groups but increasingly the middle class, which is slowly being hollowed out by corrosive living standards and income stagnation.

I believe the symposium was an extremely positive development since it opened up this crucial issue for considerate and progressive debate among a number of important stakeholders. This, and future forums, will be vital for providing a workable template that will hopefully end the unnecessary and damaging wage insecurity that is currently beleaguering the wonderful city of London and communities beyond. In this respect, this initiative by Southwark Council is a leading light in envisaging a type of economy that is truly for the betterment of all.

Introduction

Over the last few years there has been much research and commentary on the impact of the Living Wage. And over recent months, with the introduction of the new National Living Wage, this debate has taken on fresh impetus.

Southwark Council has been an accredited Living Wage employer since 2012, ensuring Living Wage is paid to all staff, including those employed by contractors. The council has gone further, taking a leadership role through local programmes to promote the take up of the Living Wage. But we, and others, want to do more. In order to do so we recognise the need to further explore the complex issues surrounding wage policy, to inform effective local action to support payment of the London Living Wage.

To bring together key voices in the Living Wage debate in London, Southwark Council organised a Living Wage Symposium, held at the House of Commons on 2 March 2016. Over 50 people attended from employers, business groups, local government, trade unions, community groups, charities and think tanks to debate some of the key issues around the Living Wage and to identify tangible steps to help different organisations implement a London Living Wage policy.

The symposium set out to debate three core issues, specifically in the London context:

- The relationship between the Living Wage, benefits system and housing
- The challenges for business in paying the living wage and the benefits and costs of paying the Living Wage
- The employee's perspective, which is often excluded from the discourse

The symposium was hosted by Helen Hayes, MP for Dulwich and West Norwood, and chaired by Professor Peter Fleming of City University, London. On the panel were:

Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Employment, Business and Culture of Southwark Council

Sarah Vero, Director, Living Wage Foundation

Jennifer O'Donnell, Founder and Director, Jane Jefferson Cleaning

Ben Southwood, Head of Research, the Adam Smith Institute

Anne Golden, Regional Vice President and London General Manager, Morgan's Hotel Group

Jessica Studdert, Deputy Director, New Local Government Network

John Bibby, Policy Officer, Shelter

This short report is intended for all those interested in how living wage policy and campaigns can work effectively at national and local levels. It sets out the key messages from the debate, grouped by themes. It also proposes a set of recommendations for government, local authorities, businesses, employees and consumers to help develop approaches to the Living Wage that deliver benefit for all.

Direct quotes used in this report are drawn from symposium panel members and delegates.

Throughout the report the 'Living Wage' is used to mean the voluntary Living Wage of £9.40 per hour in London and £8.25 per hour outside London as set by the Living Wage Foundation. The 'National Living Wage' is used for the statutory rate of £7.20 per hour introduced from April 2016 for employees aged over 25. The 'National Minimum Wage' refers to the pre-April 2016 statutory minimum wage levels ranging from £6.70 per hour to £3.30 per hour, which is still paid to employees under the age of 25.

Unpicking the benefits and costs of the London Living Wage

Employees and the Living Wage

For many employees, the London Living Wage alleviates household financial pressures and leads to greater satisfaction in the workplace. Independent research, commissioned by the Living Wage Foundation, has found that 75% of employees reported increases in work quality as a result of receiving the Living Wage¹. 50% of employees felt that the Living Wage had made them more willing to implement changes in their working practices; enabled them to require fewer concessions to effect change; and made them more likely to adopt changes more quickly.

“When I spoke to one of my employees about what they love about the living wage their response was “for my customers I go the extra mile”.”

But despite the obvious benefits of an increase in income, implementing a living wage policy that ensures that employees benefit is a challenge. The rapid and continuous increase in housing costs in particular can reduce the impact of the London Living Wage for those in the private rented sector (PRS).

“2.7m people in London live in the private rented sector, in fact one in four families with children live in PRS. The median rent for a two bed property in London is over £17,000 a year; which, if you were a single earner living in London and earning the London Living Wage, it would take all of your after tax earnings from the Living Wage.”

Paying the Living Wage can influence the choices made by employees over their working patterns when adjustments to their benefits are taken into account. This can add to the challenge of implementing a change in pay policy that is fair and beneficial to all employees. In implementing the Living Wage both employers and employees have had to think about working patterns and impacts on benefit entitlements.

“The Living Wage allows people to choose how they work... I have an employee who chose to go part-time so she can maintain benefit claims. We worked out that she had a £100 increase on working part-time. It’s all linked to housing costs and housing benefits.”

The complexity of in-work benefits therefore makes it difficult for researchers and policy makers to determine the impact of the Living Wage on household income. Importantly, the Living Wage can contribute towards a person’s financial resilience and independence as they become less reliant on in-work benefits and, consequently, further changes to the system would be less likely to affect them.

“For the people who are the very poorest, moving from the National Minimum Wage to the London Living Wage may not help them as much as you think; because of the tapers and changes to benefits that kick in if your earnings increase. It’s incredibly complex and differs from household to household.”

¹ www.economist.com/news/britain/21631137-more-companies-find-paying-living-wage-makes-sense-honest-living

That said earning the London Living Wage may cushion people from future welfare changes.”

Younger employees who are under 25 face particular challenges as they are not entitled to the new National Living Wage. Younger people also face other challenges with the proposed changes to housing benefit entitlement for younger people. From next year, people under the age of 21 will no longer be entitled to housing benefit. For those who aren't able to live with parents, this will have a significant impact on their household income exacerbated by a lower minimum wage for younger people.

“The minimum wage, being less than the London Living Wage, is not enough to live on. Unless a young person has no responsibilities, children or dependents and lives at home with a supportive, financially stable family, their living costs are the same as someone a few years older. It's completely prohibitive to their career development, to earn so much less. For apprentices, who can be on as little £3.30 per hour, this problem is exacerbated even further. The young person just can't get by if they accept that kind of work, no matter how good an opportunity it might be from a career development point of view, they are left with no choice but to decline a job offer. The crazy rents in Southwark and London are the final straw.”

Employers recognise these challenges and are also aware of the potential trade-off between non-financial benefits that employees may be offered such as free training, meals, discounts and travel, and increases in direct wages. Engaging employees in the conversation is key.

“I think that there is a danger that employers will be benchmarked purely on the wages that they supply, when we think about all the hidden benefits that lots of different employers or sectors offer their employees it would be easy to have one company to pay the London Living Wage but their employees may not be as well off as a total package of employee benefits. There has to be a way to encompass the London Living Wage into a wider benchmark for what it is like to be a good employer.”

Employers and the Living Wage

Many employers have seen the positive impacts of implementing a Living Wage policy. Research² has shown that productivity increases and human resource costs, such as recruitment and training, decrease. Independent research commissioned by the Living Wage Foundation has found that in London more than 80% of employers believe that the Living Wage had enhanced the quality of their staff's work, while absenteeism had fallen by approximately 25%. Two thirds of employers also reported a significant positive impact on recruitment and retention within their organisation. 70% of employers felt that the Living Wage had increased consumer awareness of their organisation's commitment to be an ethical employer.

² www.economist.com/news/britain/21631137-more-companies-find-paying-living-wage-makes-sense-honest-living

“The benefits of paying the Living Wage are significant. I’ve seen big savings in time and cost. Recruitment, initial and on going training. I get a much better quality and quantity of candidates that come to me and we don’t have to spend loads of time training them. The administration is significantly reduced. Also sickness and unauthorised absences reduce significantly.”

For employers, the financial cost of paying for the London Living Wage is the most challenging aspect of the policy; businesses are overwhelmingly in support of the principle of the London Living Wage as it means that their staff are more likely to be able to live closer to work and be more productive. Focus is shifting to the practical implications of implementing a living wage policy.

“People are viewing low pay in a very different way, people are saying how can we sit down and work out how to tackle this, how can we find practical pathways rather than seeing it as a policy issue. It’s now being seen as a very practical issue where people can make changes.”

Some key cost barriers remain, particularly in labour intensive sectors, where pay tends to be lowest; changes in hourly rate to lower paid staff can have a knock-on effect on pay throughout the organisation.

“If you think of a typical shift for a worker, if they are working for eight hours and paid National Minimum Wage and if we were to introduce London Living Wage; it’s not just bringing in people who are below that level [...], but we then have to increase the wages of those who supervise them and then in turn increase the wages of managers of the supervisory level. So it has a far more reaching consequence and is something that would cost the industry a lot of money.”

But recent policy changes encouraging a higher wage economy may help unlock some sectors that have typically been seen as particularly challenging for the Living Wage campaign.

“Retail is in a very different place to three or four years ago when people were saying ‘that’s a nice idea but we could never afford it’ now people are saying ‘we want to do it, how can we afford it?’”

Other barriers to raising pay exist within the structure of the labour market. In particular the agency model of employment, where agencies sub-contract to self-employed staff to divest themselves of costly employment obligations, and ‘zero hours’ contracts where labour costs are kept to a minimum through ultra-flexible working hours. In sectors where these models are commonplace, this can put Living Wage employers at a significant price disadvantage.

“Delivering on fair pay has been one of my biggest challenges, and the reason for that is I’m operating in a black and grey market. Cash in hand is rife in the cleaning industry. People are set up as self-employed and agencies sub-contract the work to the cleaner, that means that they don’t give the cleaner any rights [...] Sometimes people will think that they are paying their cleaner a living wage through going through an agency but if you haven’t got any stability how can you survive?”

However, businesses that lead the way in implementing Living Wage in particular sectors can also set themselves apart and gain a competitive edge. This can be driven by consumer choice at individual customer levels or in the business to business field by becoming a supplier to a Living Wage accredited client.

“One year ago we asked all of our customers if they’d like to be transferred to the London Living Wage rate and 30% of our customers said that they’d come over immediately, and within around three months we’ve started to see that half of new business enquiries came from London Living Wage customers and now that is around four out of five. This is a choice that consumers are making.”

“It started with the financial and legal sector in London; they were paying their in-house catering and cleaners the London Living Wage. Then the FM [facilities management] companies started coming to us and saying, ‘what we can see is where we have franchises where people are paid the London Living Wage we are seeing the benefits, people are a lot happier, there is lower staff turnover, how can we work with you to get more?’”

Productivity and the Living Wage

Wages are directly linked to productivity. Increases in productivity (the relationship between inputs and outputs in an economy) over time generally result in wage growth and, *vice versa*, investment in higher skilled, higher paid jobs usually leads to increases in productivity. However, since the 2008 crisis and subsequent recessions, economic growth has become separated from productivity in the UK; while GDP has increased, income and productivity levels have barely recovered. This has led to debate over the nature of an economy where workers do not see or feel the benefits of growth in their pay packets. This ‘productivity puzzle’ has been written and talked about a lot in recent months, and it is widely recognised that until there is a rise in productivity, further growth will be constrained and the impact of Britain’s economic growth will not deliver its full potential.

“The point of optimism is productivity, no one has a strong idea of why there is a ‘productivity puzzle’... most research has shown that the reason why wages have peaked over the last few years is because productivity has stalled. Future productivity should go into future wages, so hopefully this will be a driving force.”

Part of the challenge lies in encouraging employers to incentivise and value workers’ productivity through increased pay, where businesses are not accustomed to doing so.

“The issue of the Living Wage cuts to the heart of how we recognise, award and value hard work in our society. And sometimes we are good at capturing value and sometimes we aren’t. Some sectors are good at capturing value and some sectors are less good. Areas like retail, tourism and leisure are particularly bad and lower paid. [...] so I think we need to think about different sectors [...] and how incentives work in different sectors. We understand how

incentives work in banking and other industries and it's probably no different in lower wage sectors."

One solution to increasing productivity may lie in raising the skills of the workforce. Linking the skills agenda to productivity, and hence pay, can be explored at national and local levels. In London, where skills provision and funding is under review, there is an immediate opportunity to move the agenda on to raising productivity when engaging businesses with demand-led skills programmes.

"Looking at how we can link skills provision in, there's lots of evidence that in particular smaller SMEs [small and medium enterprises] and employers fear paying more money and don't see the value it will bring to their workforce; if you can align paying the Living Wage with raising productivity on a firm by firm or organisation basis that could be more powerful... the crucial thing in terms of making the argument on an individual business basis is something that local authorities could play a really strong role in."

The role of national and local government and regulations

Since the introduction of a National Minimum Wage in 1999, central government has had a direct role in the low pay debate. Alongside this, decisions made across a range of other policy areas affect people's take-home incomes, how pay is negotiated, the cost of living and the cost of employment to businesses, all of which directly or indirectly influences wage levels across the economy. The advantages and disadvantages of being paid or paying the London Living Wage are therefore linked to legislative and policy measures that can act as push and pulls for both employers and employees. Understanding the context of the rules and regulations which individuals and businesses operate within is important to understand how businesses, who want to pay the London Living Wage, can do so and staff can understand the implications of the London Living Wage to their household income.

The introduction of the higher minimum wage level of £7.20, known as the 'National Living Wage', is a substantial shift from the previous approach to setting the minimum wage level and brings the definition of what makes a 'living wage' firmly into the domain of national political debate. For some commentators this is a risk.

"The Living Wage has been taken out of the hands of independent technocrats and has been turned into a political football. [...] When the Low Pay Commission were setting the National Minimum Wage its rises were intentionally defined by economic circumstances and by what they thought would not lead to unemployment [...]. Now that it's become more of a political issue, people will campaign on 'we will raise the National Minimum Wage more than they will'. And already the OBR [Office for Budget Responsibility] thinks that the April 2016 rise will lead to 60,000 fewer jobs and these will be distributed at the lower end of the labour market and lower skilled jobs. I worry about a politically charged National Minimum Wage."

However, for the present the London Living Wage remains voluntary and aspirational, setting a message about what a minimum decent pay level should be in London.

"National Minimum Wage hasn't kept up with the real cost of living, I think that it's right that the government needed to do something to address this [...] the National Minimum Wage is worth far less now than when it was first introduced. I think it's right that the Government says that there needs to be a strong National Minimum Wage and it needs to be enough to live on."

And as the new National Living Wage goes some way to closing the gap between the mandatory minimum wage and the London Living Wage, this will have an impact both on employees and employers.

"A higher minimum wage makes the Living Wage more affordable [...] we've made progress by working with employers who see themselves as leaders."

But affordability barriers remain, particularly for smaller businesses. Government business regulations do not always encourage smaller businesses to be 'good' employers, smaller businesses can feel hamstrung by different rules and regulations and unable to afford to provide the employment benefits that they would want to.

VAT rates have also worked against a lot of businesses, as VAT is not paid on profit but turnover, and for a lot of smaller businesses their largest outgoing is their wage bill.

“It’s very, very tough. As a small business you are treated exactly the same as a big business. I want to be an employer and not an agency, but the costs associated with that are high. Sick pay is a huge threat to my business, if I have two or three employees on long term sick at the same time I could go out of business. Also VAT thresholds on turnover not on profit is a problem for high cost businesses.”

The relationship between different factors that influence in-work poverty, including pay, employment conditions, benefits and the cost of living are complex. And at times it can feel that public policy is at odds with what different policy makers aim to achieve. For example, successive rounds of legislation have created conditions for the growth of agency working and zero-hours contracts as a way of achieving a flexible labour market, incentivising job creation and reducing out-of-work benefits. However this approach may not necessarily help the government achieve wider aims for a high-wage, high-productivity economy.

“We need to think about how our welfare system creates different incentives and disincentives... Working Tax Credits solved a problem at the time, to link benefits to being in work. But now we have an in-work poverty issue and public perceptions on poverty that need to be tackled... we have a system where the Treasury’s vision is of a high wage low welfare economy but we also have the DWP system which is about getting people any work, it doesn’t matter about wages. We have to look at the whole system and the way they work together.”

“The Treasury is missing out on a lot of money from the self-employment agency model.”

And for the wider economy, the cumulative impacts of policy and legislative changes on business culture can be significant.

Particularly in the last eight years there’s been a retrenchment, a short termism, thinking about the bottom line... lots of businesses have retrenched in different ways and then it’s hard to make the argument to lift your eyes over the horizon to invest in staff... The challenge for the UK is it doesn’t have to be like this. The average German worker is nearly 30% more productive than the average British worker and low wage sectors like retail are more productive in other countries. Linking the value you can get to paying staff the Living Wage to productivity and skills is critical.

Policy makers will also need to consider how to manage the impact of ever-increasing housing costs for those outside of the social sector. And with ‘pay to stay’ proposals in the Housing and Planning Act, people may become affected who were previously protected from steep increases in rents.

“We are seeing businesses, particularly in London, start to lobby against the high cost of housing in London... I think that reflects the fact that London

won't operate properly as a place to raise a family or as a place to do business if people can't afford to live here or if people are travelling for too long, or the cost of commuting is too high."

The role of local government

The role of local government in influencing pay locally is less clearly defined but councils can be highly effective in promoting Living Wage with employers at the local level.

"The local role and local arguments can be more compelling, the Living Wage Foundation shows that a stronger grassroots flavour and shape to campaigning can build quite a compelling argument... we can talk about national legislation and its role but when you are making an argument about how money is earned and spent in local economies that can be more powerful in terms of taking that ethical argument and bringing it into practical focus."

Local government has had some success in implementing living wage pay policies for directly employed staff and staff within their supply chains. Thirteen of 33 London boroughs are accredited London Living Wage Employers. Some authorities have had success in implementing business rate subsidy programmes, where small businesses would receive a discount on their business rates if they become accredited Living Wage Employers. Other authorities have used business forums and Business Improvement Districts to get the message to local businesses about the London Living Wage. In Southwark, the council has developed the Southwark Apprenticeship Standard which promotes London Living Wage as a core element of a good quality apprenticeship.

"[Adopting the London Living Wage is] a really big statement about the extent to which the council values the people who work for us, but we are also able to extend that to contractors who work for the council as well. [We need to] see ourselves as a big employer and a big spender in the local area and we have the ability to lead by example and make a big difference."

Small businesses are by far the largest group of employers in London and they also face the greatest barriers to paying London Living Wage. In response, Southwark Council has developed SEEDS (Southwark Employment and Enterprise Development Scheme), a programme where a local small business is supported to give young Southwark residents one year job opportunities or apprenticeships that are paid at the London Living Wage. Businesses receive a subsidy to help pay the London Living Wage, as well as being offered mentoring and support to help their business grow.

"Typically start-up businesses struggle to pay the National Minimum Wage, but they are potentially the biggest job creators in the economy. There are challenges for people who are trying to grow their business too rapidly increasing wages without some sort of compensatory scheme, such as Southwark's SEEDS programme."

As local government gain more responsibilities regarding adult skills provision, there will be a growing role for councils to convene conversations about what local employers need in order to increase productivity in their workforce. Local authorities will need to continue building

relationships with businesses to ensure strong links between adult education providers and employers, so they can provide their residents with the skills needed for well-paid career paths.

“At the moment our skills system is very qualifications-led and not employer or demand focused. Employers, through business forums and local conversations, need to be articulating what skills requirements they have. This is very different, this needs to be linked to what skills providers are putting on. Linking this up locally will meet the requirements, present and future.”

Involving the right stakeholders

Employers, policy makers, employees and consumers all have a role to play in the implementation of the London Living Wage.

“If we are going to tackle the problems that are affecting vulnerable people living in in-work poverty we need to look at things in the round, because if housing costs are rising exponentially employers can’t be expected to keep picking up that cost.”

Dialogue between business and policy makers

Moving from the principle of a ‘living wage’, which is generally accepted as desirable, to the practicalities of implementation, requires genuine dialogue between policy makers and business. This is particularly true in low-wage sectors, where the challenges can be greater.

“We believe that if we are consulted with we can get there. Nobody in the industry, who I’ve spoken to, is saying that we don’t want to be part of this. I think it’s about listening to all of our issues and letting us come to the table and be part of the discussion.”

“Employers aren’t the enemy here... we need a joined up approach that involves employers.”

Encouraging customers’ influence on businesses

There has been a recent shift in the way that the London Living Wage has been implemented; it is not only sectors that already pay their employees a higher wage that are seeking to become accredited. Examining the way in which consumer habits are influencing the take up of Living Wage can be beneficial to businesses looking to implement it themselves.

“Nationwide have done some YouGov polling and they found that 85% of consumers said that they would prefer to shop with a London Living Wage employer. We also know that in professional services, graduates want to go and work for London Living Wage employers and they see that as something that, even though they aren’t probably going to be earning the Living Wage, it’s actually impacting on people throughout the company and how they feel about their employer and workforce.”

“Consumers are coming to me because I pay the London Living Wage and I’m a recognised Living Wage Foundation service provider... the customer can choose the rate.”

Building business to business relationships

Businesses from various sectors are encouraged to work together to implement the London Living Wage. The Living Wage Foundation has been helping different organisations link up with each other to help each other overcome challenges and find innovative solutions to difficulties in implementing a living wage policy.

Similarly, business to business sales can grow between Living Wage accredited companies as procurement policies change for Living Wage accredited organisations. For example, the accreditation of councils has seen a change in traditionally low-wage sectors, such as facilities management and domiciliary care, as providers have been asked to come up with solutions that mean that their staff are paid the Living Wage within existing contractual budgets.

“We are encouraging businesses to work with other Living Wage employers and we’ve seen some of our larger accredited employers are sourcing things like tea and coffee from smaller bespoke companies that pay the London Living Wage, making them a market leader.”

“It can be top down, where contracts are tendered on the basis of Living Wage. Or it can be bottom up where contractors can tender with two options.”

Joining up government departments

As discussed previously, there can be apparent contradictions between policy objectives across government departments relating to cost of living, wages, benefits, the labour market and productivity, which add to the complexity of implementing a London Living Wage.

“The patchwork of policies will always leave out lots of people as we are not looking at their final outcomes but just looking at individual interactions in society and missing so much of what is important”

Dialogue between employers and employees

Many larger employers consult with staff to ensure that their employee benefits are what staff want, this is seen as good practice and should continue. Staff should be consulted on the benefits they receive and how they are valued alongside their wages.

“There is a danger that in trying to be a good employer you are trying to please everyone... employees need to be asked what they would value.”

While the Living Wage is supported by trade unions, in sectors where unions do not have significant membership, forums for facilitating dialogue with employees need to be created as part of the process.

“In the private sector there are fewer trade unions and less representation; when there is a strong union we will work with them but we’ve recognised that some places will not have this and in these cases we’ve worked directly with employees.”

While the Living Wage Foundation and others have succeeded in engaging with employees who are already paid the Living Wage to reflect upon their experiences and celebrate the Living Wage, it is widely recognised that the low-paid employee’s voice is often missing from debates on pay. One of the objectives of the symposium was to hear directly from employees who were earning below the Living Wage or who had experienced directly the difference it can make; regrettably, in this aspect we were

unsuccessful. Despite great efforts from the council and partners to find people affected by low pay willing to take part, it was evident that it is incredibly difficult for employees who are not paid the Living Wage to speak up publicly about their situation. The very nature of being in low paid work, for many, means that time is precious and cannot be devoted to campaigning for higher wages. In addition, employment can be precarious, which adds to the element of fear of speaking out about their employer. While no surprise, this once again highlights a significant challenge for the Living Wage campaign in sectors where trade union membership is uncommon.

Recommendations

The following recommendations are based on the insights, set out in this report, captured over the course of the symposium. One of the recurring themes of the debate was the emphasis on the complexity and range of circumstances any one individual or business might face when addressing the Living Wage; we cannot therefore hope to assemble solutions for every issue raised in these pages. Nor is it within the scope of this report to look beyond what was discussed on the day or into the wider landscape of current and forthcoming policy concerning the economy, welfare reform or housing. We would encourage anyone with an interest in reading more about the Living Wage debate to start with the extensive work done by the Living Wage Foundation, the Resolution Foundation and others on the subject.

Our recommendations below contribute to that wider debate. We hope they can lead to purposeful conversations and practical action at all levels, as we seek to develop higher-wage, higher skill economies that work for all.

For national government

Join up policy making: The symposium highlighted the breadth of policy areas that affect the implementation and impact of the Living Wage for businesses and workers. Often there is significant tension between different policy outcomes. Drawing departments together in support of the objective of a high-wage, high skill, high productivity, high tax and low welfare economy is a substantial challenge, but one that must be addressed.

Reduce the barriers to business: Specific barriers holding back employers from moving to a higher wage model include undercutting by agency and zero hours employers, and the tax and regulatory costs particularly affecting small businesses. Addressing these issues is directly within the gift of government and could make a substantial difference in the ability of smaller businesses, and businesses in low-pay sectors, to make the move to the Living Wage.

For local government

Celebrate good business practice in their local area and lead by example by becoming a Living Wage accredited employer: Clearly the first step for any local authority in support of the Living Wage is to become accredited with the Living Wage Foundation. This sets a local example and also influences their local economy through the payment of the Living Wage under externally procured contracts. Local authorities are also well positioned to convene influential local businesses in dialogue over pay, and to celebrate good practice where it takes place locally.

Make local arguments for pay and productivity: As part of their regular conversations with local businesses, local authorities can use their role as a community leader to convene and engage with businesses at grassroots levels to better understand the associations between productivity and pay. In particular, helping smaller businesses understand how they can gain more value from their workforce through a Living Wage policy.

Align local skills provision with the productivity agenda: Local authorities have a growing role in ensuring that further and higher education provision is linked to employer needs and demand. In particular local authorities have the opportunity to influence skills provision towards higher-skill,

higher-pay career outcomes and to support relationships between skills providers and employers to drive workforce up-skilling, in support of a locally-led agenda on higher productivity and pay.

Join up pay campaigns with other local cost of living issues, including housing: In parts of the country, most significantly in London, the issue of pay is but one part of a wider cost of living crisis for many people. Local authorities are ideally placed to work with local partners to understand the impacts of low pay, benefit and housing changes on residents. This knowledge may then be brought to bear on local stakeholder conversations and on the commissioning of services and support to mitigate impacts.

For business

Engage in the policy debate on pay and cost of living at national / regional / local level: The symposium clearly highlighted the benefit of dialogue between businesses and policy makers and the need to create more spaces where this can take place. Many businesses may perceive that they are trapped in a low-pay business model by economic forces outside their control and feel unable to engage with policy debates taking place in other spheres. Local and national business networks, local authorities, the Living Wage Foundation and others provide forums for open dialogue on pay and related issues. Taking the opportunity to engage with debate on pay and communicating the challenges business face in setting Living Wage pay policies can only encourage a more collaborative approach to pay policy and business regulations, and help expose businesses to potential solutions to what they may perceive as their low pay trap.

Consider links between skills, wages and productivity: One solution to increasing productivity, and hence enabling a higher wage economy, may lie in raising the skills of the workforce. Individual businesses will already be looking towards improving their productivity levels and should also be considering what this means for the skills requirements of their current and potential workforce. Additionally, businesses should consider whether a change in pay policy may in itself help drive productivity increases, given the available evidence to suggest that it can do so.

Get involved in the skills provision agenda to represent business needs: It has been recognised that where higher level and specialist skills are concerned, potential employees do not always have the right skills to match emerging business demand. Increasingly, the skills offer will be shaped locally, meaning that local organisations will gain more responsibility in having conversations with employers about the skills need of their business and ensuring that local further and higher education institutions make provision for this need. Business will have a key role in speaking up about their skills requirements in order to collaborate on any future skills provision.

Open dialogue with employees over pay and wider work benefits: Implementing a change in pay policy that benefits all employees is a challenge to business. Many businesses offer a variety of staff benefits (for example travel, lunches and discounts) that are valued by some staff but also represent a cost to the business. In order to assess the potential benefits in adopting a Living Wage pay policy, employers should consult staff on how to increase pay in the context of the wider benefits on offer, recognising that all employees face different individual and family circumstances, which will affect differently how they value in-kind benefits and increases in direct wages.

Find out how others have implemented a Living Wage policy: Leaders in sectors previously seen as impregnable to the Living Wage, such as retail, hospitality and domestic cleaning are now showing how it can be achieved and setting themselves apart from competitors. Business to business communication is encouraged and facilitated by the Living Wage Foundation. Any business that is aligned in principle but uncertain about the practicalities of becoming a Living Wage employer should be reassured that there will be someone who has done it before to explain how it can be achieved.

For employees

Engage in dialogue with employers about pay and benefits: To implement a good pay policy, employers need to hear what it is that their employees value in their pay and benefits and how they want to be rewarded for their hard work. Of course some employers are better than others at listening and, particularly in sectors with low union membership, the risk of speaking up can be very real. Trade unions and local grassroots organisations like London Citizens can support employees to engage in the wider debate on pay and open a dialogue with their employers around the Living Wage.

Make pay policy an issue across the organisation: Higher paid employees can also influence low pay practices within organisations by lending their voice to support the Living Wage for lower paid colleagues and making pay a key corporate responsibility issue. This can extend to making personal choices about where to work, for those in higher-skilled positions for whom the choice is available.

For consumers

Make low pay a consumer choice: Working conditions in other countries have been a consumer cause with some success, influencing corporate practice in fashion, agriculture consumer electronics and other sectors. The symposium highlighted a growing movement making low pay a consumer issue in the UK. The Living Wage Foundation is taking steps to make consumer choices to use Living Wage businesses easier with a [map](#) linking to all Living Wage employers across the UK.

Acknowledgements

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The Living Wage Foundation and Southwark Citizens for their support and collaboration in organising the London Living Wage Symposium, Helen Hayes MP for hosting the symposium at the House of Commons, the panel and audience members for their informed contributions, and Professor Peter Fleming for his excellent chairing of the debate.

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|------------------------------------|--------------------------------|---|---------------------------------|
| Item No. 12. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Revenue Outturn Report 2015-16, including Treasury Management | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Fiona Colley, Finance, Modernisation and Performance | |

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE

The 2015-16 revenue outturn report shows that we have continued to meet our increasingly difficult budget that was set this year, including the challenge of implementing a £30m savings target.

However, as set out in the previous report, 2015-16 has been a testing year with ongoing budget pressures in temporary accommodation and expenditure on no recourse to public funds requiring the utilisation of the in year contingency.

Further, service cost pressures, particularly for children’s and adults’ services and the in year 6% cut in Public Health Grant, has exacerbated the need to release reserves earmarked for these anticipated pressures.

Moving into 2016-17, additional attention will be placed on monitoring these budget pressures as we aim to continue on our promises to Southwark residents for a fairer future; continuing to keep council tax low by delivering value for money across all our high-quality services.

RECOMMENDATIONS

1. That the cabinet notes the favourable general fund outturn position for 2015-16 of £679,000.
2. That the cabinet notes the key adjustments and reserve movements included within this final position including :
 - the use of £4.0m contingency to partially address cost pressures for both temporary accommodation and no recourse to public funds (NRPF);
 - the utilisation of the agreed £6.163m reserve movement to balance the 2015-16 budget;
 - the planned use of departmental and corporate reserves of £15.443m to support service priorities, capital, regeneration, modernisation and other key projects;
 - the treasury management position statement for 2015-16;
 - the housing revenue account (HRA) outturn deficit position for 2015-16.
3. That the cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.

BACKGROUND INFORMATION

4. This report sets out the outturn position for both the general fund and housing revenue account for the 2015-16 financial year.

General Fund

5. On 25 February 2015 the council agreed a net balanced general fund budget of £283.2m. This budget assumed no increase in council tax for the year and included a further planned contribution from corporate reserves of £6.2m to mitigate the impacts of continued reductions in government funding and demand pressures on services. In addition, the budget assumed planned use of corporate and departmental reserves to support services and key council initiatives, including the introduction of a council-wide enhanced voluntary redundancy scheme.
6. As part of the setting of this balanced budget, the council approved decisions including gross efficiencies and savings of £30m within the general fund for 2015-16. These savings were necessary in order to offset reductions in government funding and increased demand for services. Cabinet received regular reports throughout the year to monitor the overall budget position including these savings.

Housing Revenue Account

7. On 27 January 2015, cabinet approved an increase in tenants' rents and service charges of 2.2% in line with government guidance of CPI +1%. In addition, £5.4m of efficiency savings and £5.5m of income measures were required in order to set a balanced budget for 2015-16. This enabled the HRA to:
 - meet unavoidable commitments and increase revenue support for the housing investment programme (HIP);
 - meet the investment needs of the existing stock; and
 - contribute to the delivery of 11,000 new council homes.

KEY ISSUES FOR CONSIDERATION

General fund outturn position

8. The outturn position for general fund services can report a favourable variance for the year of £679k. This was after the planned use of corporate reserves (£6.163m) and the use of other departmental and financial risk reserves set aside to support demand pressures across services (net £15.443m). Table 1 below shows the outturn position by department for 2015-16.

Table 1: General fund outturn position for 2015-16

| General fund | Original budget £'000 | Budget movement £'000 | Revised budget £'000 | Spend in year £'000 | Variance before use of reserves £'000 | Net movement in reserves £'000 | Total use of resources £'000 | Variance after use of reserves £'000 |
|--|--------------------------|--------------------------|-------------------------|------------------------|--|-----------------------------------|---------------------------------|---|
| Children's and adults services/ Public Health | 183,602 | 1,535 | 185,137 | 203,864 | 18,727 | -17,143 | 186,721 | 1,584 |
| Environment and leisure | 67,481 | 1,393 | 68,874 | 73,413 | 4,539 | -4,540 | 68,873 | -1 |
| Housing and modernisation | 36,604 | 25,177 | 61,781 | 72,990 | 11,209 | -5,491 | 67,499 | 5,718 |
| Chief executive's department | 11,735 | -4,720 | 7,015 | 9,193 | 2,178 | -2,180 | 7,013 | -2 |
| Finance and governance | 21,887 | -1,231 | 20,656 | 21,920 | 1,264 | -1,231 | 20,689 | 33 |
| Corporate | 10,587 | -22,586 | -11,999 | -31,152 | -19,153 | 15,142 | -16,010 | -4,011 |
| Support cost recharges | -46,508 | 432 | -46,076 | -46,076 | 0 | 0 | -46,076 | 0 |
| Contingency | 4,000 | 0 | 4,000 | 0 | -4,000 | 0 | 0 | -4,000 |
| Total general fund services | 289,388 | 0 | 289,388 | 304,152 | 14,764 | -15,443 | 288,709 | -679 |
| Use of reserves to underwrite base budget | -6,163 | 0 | -6,163 | 0 | 6,163 | -6,163 | -6,163 | 0 |
| Net revenue budget | 283,225 | 0 | 283,225 | 304,152 | 20,927 | -21,606 | 282,546 | -679 |

9. Appendices A and B detail the final quarter's movements for cabinet to approve or note as appropriate. Earlier budget movements have been included in the quarter 1, quarter 2 and quarter 3 reports to Cabinet.
10. The following key areas of activity report for the year are outlined below. The overall impact of these transactions are reported in full within the draft statement of accounts which were signed off by the S151 Officer on 30 June 2016 and are now subject to external audit.
- Contingency (paragraphs 11 to 13)
 - Temporary Accommodation (paragraph 14 to 18)
 - No recourse to public funds (paragraphs 19 to 21)
 - Children's and Adults Services and Public Health (paragraphs 22 to 28)
 - Voluntary redundancy (paragraphs 29 to 30)
 - Reserves (paragraphs 31 to 38)
 - Direct revenue funding of capital (paragraph 39)
 - Savings (paragraphs 40 to 41)
 - Collection Fund (paragraphs 42 to 47)
 - HRA (paragraphs 48 to 51)
 - Treasury Management (paragraphs 52 to 55)

Contingency

11. The 2015-16 budgets included £4m for contingency. Contingency has been provided primarily to mitigate the inherent risks within the significant savings targets contained within the base budget. Where appropriate it has also been available to meet unforeseen costs that may arise during the year that cannot be contained by other management action.
12. As reported previously for 2015-16, there have been significant pressures on both temporary accommodation and no recourse to public funds (NRPF) budgets, despite management action. The outturn position on these pressure areas shows final adverse variances of £1.8m for temporary accommodation and £4.0m for NRPF, totalling £5.8m.
13. In these circumstances, and given general success in achieving planned savings targets, the £4.0m contingency budget has been used as the first call on funding these two pressures. The remaining £1.8m adverse variance has been offset by unforeseen calls on other council reserves.

Temporary Accommodation

14. Previous monitoring reports alerted cabinet to the significant financial pressure presented by increasing temporary accommodation demand and consequent costs. This pressure is believed to have been caused not least by recent legislative changes especially with regard to welfare benefit, the costs of housing in inner London and population movements.
15. Demand for temporary accommodation has continued to rise over the last few years. By the end of 2015-16 the council had responsibility for 544 placements compared with previous averages of around 195.
16. Limited use of privately leased accommodation has helped to meet some demand, but for many providers this is no longer financially viable given the impact of welfare benefit reforms. Void properties and hostel accommodation have also helped to alleviate restrictions on the supply side, which helps to ameliorate the impact through the HRA.
17. Despite these measures, the impact of meeting the council's statutory obligations for homelessness incurred an additional cost in year of £1.9m (estimated £2.3m in Q3), to be funded through a combination of contingency and financial risk reserves.
18. Moving forward, and in recognition of the continued recent trend of rising demand and costs, the council agreed to increase the budget provision for temporary accommodation from 2016-17.

No Recourse to Public Funds

19. Despite a thorough review of long standing cases and the introduction of a more rigorous assessment process, the caseload for NRPF has remained consistently high. Management action is beginning to have an impact and expenditure in future years is expected to be contained, albeit within an increased budget provision agreed by the council as part of the Policy and Resources Strategy for 2016-17 and beyond.

20. The final outturn position for no recourse to public funds reported total spend for the year is £6.56m. This exceeded the 2015-16 base budget provision after use of earmarked reserves by around £4m.
21. This adverse variation has been funded through a combination of contingency and financial risk reserves.

Children's and Adults' Services (including Public Health)

22. Children's and Adults' Services represents the largest proportion of the council's budget and accordingly have repeatedly set out to achieve significant budget efficiencies and savings. In 2015-16, these amounted to £17.5m, including the special challenge of working more closely with health partners. The outturn position reports an adverse variation for Children's and Adults' Services and Public Health in 2015-16 of £1.584m, after the planned use of earmarked departmental and corporate reserves. This reflects the service pressures in social care being experienced across London and more widely across the country.
23. The impact of meeting statutory obligations for children in need and at risk, families in crisis, vulnerable adults and carers was a significant challenge requiring management action throughout the year and immense efforts by staff to deliver high quality care and support at best value. The 2015-16 financial year presented increased pressure and uncertainty for many local families, people with disabilities and their carers in regard to welfare reform with additional call on support from the council. The closure of Government programmes such as the Independent Living Fund meant that vulnerable people lost access to funding that had previously helped to address inequalities and they needed additional support direct from the council.
24. Legislative reforms in regard to 'staying put' for children in care into adulthood and additional support for people with disabilities and carers were welcome but regrettably were not fully funded by Government causing financial burden on the council. Additionally, Government's indefinite postponement of part II of the Care Act, namely reform of social care funding, caused significant concern and low confidence in the sector with some providers closing services in Southwark, as elsewhere. Managing these events safely and sensitively required appropriate resources.
25. Helping to manage pressures within the local NHS acute services by providing timely and good quality support in the community, seven days a week, placed additional pressure on social care services and associated budgets such as community equipment. However, local performance was excellent and directly benefited Southwark residents.
26. An in-year budget cut to Public Health amounting to £1.63m, and in the context of the council still having to operate to novated NHS contracts that transferred over with the function, put a significant financial burden on the council beyond the ring-fenced Public Health budget. Management action was taken immediately but was limited in what it could achieve in-year in such circumstances.

27. In 2015-16, the department undertook several reviews of services, engaging service users, carers, care staff, trade unions, partners and stakeholders in order to agree plans for modernisation and to achieve improved outcomes and best value. Efficiencies were achieved in-year with more to follow from 2016-17 as agreed plans are fully implemented in ways that appropriately mitigate risk and treat people with dignity and respect.
28. Ensuring the opportunities created in Southwark were available to all residents, including care leavers, people with disabilities and carers was an important aspect in support provided by the department, as was protecting quality of care and safeguarding our most vulnerable residents. The position will need to be monitored robustly through 2016-17 as service demands will continue at a high level and new savings in adult social care are delivered by the council in partnership with the Southwark CCG and others.

Voluntary Redundancy

29. The council is committed to taking measures to avoid compulsory redundancies where possible and appropriate. In the context of continued reductions in government funding, the council offered for the first time in 2015-16 a voluntary redundancy scheme available to all staff.
30. As far as possible, the costs of the scheme have been contained within departmental budgets as staffing costs reduce as the redundancies occur. Any shortfalls for a department have been met through allocations from reserves. The net revenue contribution as set out in Appendix B amounted to approximately £5.228m after making appropriate capital contributions for the pension costs relating to early retirement.

Reserves

31. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are designated and maintained to fund:
 - Corporate Projects and Priorities
 - Service review and Improvement Reserves (Departmental)
 - Capital Programme and other Capital Investment Reserves
 - Strategic Financing, Technical Liabilities and Financial Risks Reserves
32. For 2015-16, a net total of £15.443m was drawn from reserves to support service priorities, capital, regeneration, modernisation (including voluntary redundancies) and other key projects.
33. The budget approved by council for 2015-16 also included a planned release of corporate reserves of £6.163m. This call on reserves again provided some cushioning of the general fund budget during a period of significant funding reductions and service pressures and the contribution has been made in full.
34. The total net movements in earmarked reserves for the key designations are set out below and further detail included in Appendix D.

Table 2: Summary of earmarked reserves

| Summary of earmarked reserves | Balance as at 31/3/2015 £000 | Net movement in reserves £000 | Balance as at 31/3/2016 £000 |
|---|---|--|---|
| Corporate projects and priorities | 16,866 | (7,294) | 9,572 |
| Service reviews and improvements | 27,922 | (9,921) | 18,001 |
| Capital programme and other capital investment | 30,345 | (3,523) | 26,822 |
| Strategic financing, technical liabilities and future financial risks | 29,645 | (868) | 28,777 |
| Total | 104,778 | (21,606) | 83,172 |

35. Corporate projects and priorities reserves are held to fund those future activities that will enable the council to operate more efficiently and effectively. They include resources held to meet the cost of ongoing reorganisation and restructuring that the council must undertake to modernise and improve service levels and operational efficiency of the council's activities.
36. Service reviews and improvements represent resources held that can be directly linked to services provided.
37. Capital programme and other capital investment reserves are held to fund one-off expenditure that may be incurred over more than one year and by its nature is not appropriate to be included within annual revenue budgets, to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, land acquisitions and other significant one-off costs associated with these projects.
38. Strategic financing, technical liabilities and future financial risks reserves are in the main held to mitigate future financial risks that may arise. Such risks include taxation risks, legislative and funding changes including actions involving the Greater London Authority and other government bodies, risks as a result of unavoidable changes in accounting practice, and circumstances inasmuch as they represent uninsured risks. They also include balances that are held for technical accounting reasons.

Direct revenue funding of capital

39. For accounting and control purposes, where it is proposed that reserves are released to meet capital expenditure, they are at first released into revenue and a direct contribution from revenue is then made to capital. In 2015-16 a total of £4.945m was used for this purpose, in addition to a further £246k from departmental budgets, giving a total of £5.191m.

Savings

40. The £30.0m savings included in the 2015-16 budget have largely been achieved. Where savings have slipped substitute savings or reserves have been used to support departmental budget positions.

41. Management action is being taken to address any savings that have been difficult to deliver and the impact on 2016-17 budgets will be reported through budget monitoring, and if necessary as part of 2017-18 budget setting.

Collection fund

42. The Collection Fund represents the accumulated surplus or deficit for Business Rates and Council Tax. Both taxation schemes are designed to be self balancing; an estimate of any accumulated surplus or deficit is made each year and factored into the following year's tax requirement. In this way, most of the benefit or burden of any in-year variance is received or borne by taxpayers in the following year.
43. Monies received into the Collection Fund are distributed between the council and its preceptors based on their respective shares.

| | Council Tax | Business Rates |
|--------------------------|--------------------|-----------------------|
| Southwark Council | 75.6% | 30.0% |
| Greater London Authority | 24.4% | 20.0% |
| DCLG | | 50.0% |

44. Whilst the Collection Fund is a single entity, for reporting purposes it is split between Council Tax and Business Rates. In-year performance is set out below (all figures are Southwark's share only).
45. **Council Tax.** The surplus carried forward from prior years was reduced by £758k during 2015-16. There remains a surplus of £3.719m on the account and the majority of this has been factored into setting the Council Tax for 2016-17.
46. The remaining surplus on the Council Tax element of the fund is attributable to a number of positive factors, such as:
- Improved collection rates
 - Increased home building
 - Reductions in discounts and exemptions
 - Reductions in Council Tax Support.
47. **Business Rates.** The Business Rates fund has been in deficit since 2013-14 when the council needed to create a provision for losses on appeals. In 2015-16 the council made an in-year surplus of £5.722m against a budget of £3.944m. This surplus reduces the deficit carried forward to £2.740m and it is anticipated that the fund will return to a minimal surplus in 2016-17. Subject to external factors impacting on business rates income such as the 2017 revaluation, appeals and market conditions this will place Southwark in a good position to continue to utilise business rate income to support the council's funding pressures in 2017-18.

Housing revenue account (HRA)

48. The outturn for 2015-16 shows a net deficit of £3.3m requiring a drawdown of reserves to support the unprecedented level of capital investment made to the existing housing stock and delivery of new council homes as part of the council's Fairer Futures promises. In addition, there was need to make provision for water refunds to tenants following the Thames Water judgement in the High Court,

which found the council to be a water reseller under the provisions of the Water Resale Act 2006. The need to spend on landlord responsibilities to manage, maintain and improve the housing stock remains high and consumes the largest proportion of HRA resources. The adoption of an enhanced voids specification has driven up acceptance rates and transformed satisfaction levels to over 90%.

49. All operational areas of the HRA have been managed within budget and financing and overhead costs minimised, which has substantially mitigated the impact of these exceptional events and is testament to the robustness of the HRA business planning framework and the underlying budget position remains positive. It has also been possible to manage the programme without taking on new debt, albeit the planned level of internal debt repayment has had to be scaled back temporarily, but will be reinstated to budgeted levels in subsequent years.
50. The cumulative area-based rent debit raised (including residential, garages and TMOs) was £227.3m, which was marginally lower than budget (£0.7m), with collection performance at 99.96%. Homeowner income, comprising both revenue and capital (which is intrinsically linked to levels of activity within the investment programme), totalled £43m billing against a budget of £32.3m, with collection performance higher than target (£38.9m vs £34.5m).
51. The ring-fenced nature of the HRA requires that surpluses/deficits are carried forward between years and at 31 March 2016 HRA reserves stand at £16.6m (against £25.9m at the end of 2014-15), of which around two-thirds is specifically earmarked for investment in the stock alongside the modernisation and improvement of services. The remainder is held against unforeseen events in line with the council's medium-term resource strategy. Given the size and complexity of the HRA and HIP, this is considered to be below the optimal level required and presents a moderate risk, which will be managed through subsequent budget planning rounds.

Treasury management

52. The council holds its cash in money market instruments diversified across major banks, building societies, and bonds issued by the UK government and supranational entities. The investment priorities are capital preservation and liquidity. The investments themselves are managed by an in-house operation and two investment firms. In the year to 31 March 2016 the sum invested averaged £238m and the balance at 31 March 2016 stood at £144m.
53. The average return on investments in 2015-16 was 0.77% (0.73% 2014-15). Base rates have been held at 0.50% since 2009 and monetary policy since then has intensified investors' search for yields, driving yields lower.
54. The council has balances remaining on long term loans to pay for investment in housing and general fund capital spend carried out many years ago when rates were high. The loans are all from the Public Works Loans Board (PWLb, the local authority lending arm of the government) at fixed rates. In 2015-16 loans of £6.4m (all General Fund) fell for repayment and were paid off. The balance remaining on all PWLB loans at 31 March 2016 was £463m (£371m HRA and £92m General Fund).

55. Following the establishment of the Municipal Bonds Agency the council has an alternative to the PWLB. Any future borrowing the council needs will be from whichever source is the cheaper having regard to any conditions.

Community impact statement

56. This report monitors expenditure on council services, compared to the planned budget agreed in February 2015. Although this report has been judged to have nil or a very small impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities. Community impact was considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|---|------------------------------|
| Policy and Resources 2015-16 to 2017-18: Cabinet 27/01/15 | 160 Tooley Street PO Box 64529 London SE1P 5LX | Fay Hammond 020 7525 0614 |
| Link: http://moderngov.southwark.gov.uk/documents/b50005416/Supplemental%20Agenda%20No.%201%20Tuesday%2027-Jan-2015%2016.00%20Cabinet.pdf?T=9 | | |
| Housing Revenue Account budget: Cabinet 27/01/15 | 160 Tooley Street PO Box 64529 London SE1P 5LX | Ian Young 020 7525 7849 |
| Link: http://moderngov.southwark.gov.uk/documents/s51225/Report%20HRA%20Budget%20015-16.pdf | | |
| Revenue Monitoring Report for Quarter 1 2015-16, including Treasury Management | 160 Tooley Street PO Box 64529 London SE1P 5LX | Fay Hammond 020 7525 0614 |
| Link: http://moderngov.southwark.gov.uk/documents/s56455/Report%202015-16%20-%20Q1%20Monitor.pdf | | |
| Revenue Monitoring Report for Quarter 2 2015-16, including Treasury Management | 160 Tooley Street PO Box 64529 London SE1P 5LX | Fay Hammond 020 7525 0614 |
| Link: http://moderngov.southwark.gov.uk/documents/s57895/Report%20and%20appendix%20015-16%20-%20Q2%20Monitor.pdf | | |
| Revenue Monitoring Report for Quarter 3 2015-16, including Treasury Management | 160 Tooley Street PO Box 64529 London SE1P 5LX | Fay Hammond 020 7525 0614 |

| Background Papers | Held At | Contact |
|---|---------|---------|
| Link: http://moderngov.southwark.gov.uk/documents/s59755/Report%20and%20appendices%20Q3%20Revenue%20Monitoring%20Report.pdf | | |

APPENDICES

| No. | Title |
|------------|---|
| Appendix A | Interdepartmental Budget movements to be approved, £250k and above and movements to be noted. |
| Appendix B | Net movements to and from corporate and departmental reserves in 2015-16 for quarter four |
| Appendix C | Movements in reserves for financial year 2015-16 |
| Appendix D | Extract from draft Statement of Accounts 2015-16. |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Cabinet member | Councillor Fiona Colley, Finance, Modernisation and Performance | |
| Lead officer | Duncan Whitfield, Strategic Director of Finance and Governance | |
| Report author | Jennifer Seeley, Director of Finance | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | Yes | |
| 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 | N/a | N/a |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 7 July 2016 |

APPENDIX A

Interdepartmental movements to be approved for quarter 4

| | Department From | Amount £ | Department to | Amount £ | Description of the budget movement | | |
|---------|---------------------------|-------------|---------------|-------------|--|--|-----------|
| Approve | Finance and Governance | (2,351,114) | | | Net changes to departmental budgets following management restructure on 1 October 2015 | | |
| Approve | Housing and Modernisation | (572,588) | | | | | |
| Approve | Environment and Leisure | (113,597) | | | | | |
| Approve | | | | | | Children's and Adult Services/ Public Health | 405,044 |
| Approve | | | | | | Chief Executive | 2,199,788 |
| Approve | | | | | | Support Costs | 432,467 |

Interdepartmental movements to be noted for quarter 4

| | Department From | Amount £ | Department to | Amount £ | Description of the budget movement |
|------|-------------------------|-------------|-------------------------|-------------|------------------------------------|
| Note | Finance and Governance | (35,100) | Environment and Leisure | 35,100 | Insurance |
| Note | Environment and Leisure | (64,286) | Chief Executive | 64,286 | Depreciation adjustment |

APPENDIX B

Net movement in reserves to be approved for quarter 4

| | From | Amount £ | Analysis of Appropriations by Category | | | | | | | | | |
|---------|--------------------------------------|---|---|--------------------------|--------------------------------------|------------------------------------|------------------|--------------------|-------------------------------------|--------------------|--------------------|---------------------|
| | | | Buildings/ Regeneration/ Capital £ | Social Care/ BCF £ | Revenue Cost of Redundancies £ | Welfare/ Hardship/ SESS £ | Contingency £ | MRP £ | Corporate and Modernisation £ | DSG £ | Total £ | |
| Approve | Appropriations | Children's and Adults/ Public Health | 12,277,519 | (1,363,688) | (4,717,831) | (5,168,000) | - | - | - | (1,028,000) | - | (12,277,519) |
| Approve | Appropriations | Dedicated Schools Grant | 4,781,000 | - | - | - | - | - | - | - | (4,781,000) | (4,781,000) |
| Approve | Appropriations | Housing and Modernise | 4,239,213 | (1,172,300) | (41,412) | (1,877,621) | (720,661) | - | - | (427,219) | - | (4,239,213) |
| Approve | Appropriations | Environment and Leisure | 4,540,208 | (1,985,225) | - | (2,554,983) | - | - | - | - | - | (4,540,208) |
| Approve | Appropriations | Chief Executive | 2,065,054 | (419,847) | (1,740,664) | 114,473 | - | - | - | (19,016) | - | (2,065,054) |
| Approve | Finance and Governance | Appropriations | 6,325,379 | - | 439,566 | 237,000 | 1,904,880 | - | 5,000,000 | (1,256,067) | - | 6,325,379 |
| Approve | Direct revenue funding of capital | Appropriations | 3,273,675 | (747,552) | - | 4,021,227 | - | - | - | - | - | 3,273,675 |
| Approve | Appropriations | Insurance | 7,433,259 | (7,433,259) | - | - | - | - | - | - | - | (7,433,259) |
| Approve | Appropriations | Contingency | 4,000,000 | - | - | - | - | (4,000,000) | - | - | - | (4,000,000) |
| | Total Appropriations | | (29,737,199) | (13,121,871) | (6,060,341) | (5,227,904) | 1,184,219 | (4,000,000) | 5,000,000 | (2,730,302) | (4,781,000) | (29,737,199) |

APPENDIX C

Movements to and from reserves in 2015-16

| Department | Total Taken from Reserves £000 | Total Added to Reserves £000 | Net Movement £000 |
|---|--------------------------------------|------------------------------------|----------------------|
| Children's and Adults' Services (Core)/ Public Health | (9,920) | 2,611 | (7,309) |
| DSG funded services | (8,093) | - | (8,093) |
| Total Children's and Adults' Services/ Public Health | (18,013) | 2,611 | (15,402) |
| Environment and Leisure | (4,540) | - | (4,540) |
| Housing and Modernise | (5,992) | 501 | (5,491) |
| Public Health | (1,741) | - | (1,741) |
| Chief Executive's Department | (2,319) | 139 | (2,180) |
| Finance and Governance (excluding Corporate) | (1,270) | 39 | (1,231) |
| Minimum Revenue Provision | - | 5,000 | 5,000 |
| Insurance | - | 7,433 | 7,433 |
| Technical Corporate Budgets | - | 7,501 | 7,501 |
| Other Corporate Budgets | (1,161) | 1,314 | 153 |
| Capital | (9,081) | 4,136 | (4,945) |
| Total Finance and Governance | (11,512) | 25,423 | 13,911 |
| Total | (44,117) | 28,674 | (15,443) |
| Budgeted use of reserves to support 2015/16 revenue budget | (6,163) | - | (6,163) |
| Total Reserve Movements at Outturn | (50,280) | 28,674 | (21,606) |

APPENDIX D

EARMARKED RESERVES

| CORPORATE PROJECTS AND PRIORITIES RESERVES | | | |
|---|------------------------------------|-----------------|------------------------------------|
| | Balances as at 31 March 2015 | Net movement | Balances as at 31 March 2016 |
| | £000 | £000 | £000 |
| Southwark emergency support scheme | 3,100 | (607) | 2,493 |
| Modernisation, service & operational improvement | 5,110 | (2,753) | 2,357 |
| Fair and valued treatment of staff | 3,707 | (2,216) | 1,491 |
| Southwark scholarship scheme (including Youth Fund) | 465 | 313 | 778 |
| Business support fund | 725 | (215) | 510 |
| Voluntary sector transition fund | 391 | - | 391 |
| Community engagement & Links development | 428 | (39) | 389 |
| Internal audit & anti fraud | 356 | - | 356 |
| Revenue grants | 164 | - | 164 |
| Neighbourhood fund | 149 | 2 | 151 |
| Artefacts replacement & security reserve | 183 | (66) | 117 |
| Community safety schemes | 106 | - | 106 |
| DWP community budget | 100 | (19) | 81 |
| Welfare hardship fund | 800 | (721) | 79 |
| Adaptations and capital works | - | 79 | 79 |
| Community restoration fund | 30 | - | 30 |
| Contract realignment (low paid staff) | 1,052 | (1,052) | - |
| Total | 16,866 | (7,294) | 9,572 |

| SERVICE REVIEWS AND IMPROVEMENTS RESERVES | | | |
|--|---|-------------------------|---|
| | Balances as at 31 March 2015 | Net movement | Balances as at 31 March 2016 |
| | £000 | £000 | £000 |
| Dedicated schools grant reserve | 13,427 | (4,781) | 8,646 |
| BCF Risk Reserve | - | 2,388 | 2,388 |
| Childcare Provision for under 2 year olds | 1,526 | - | 1,526 |
| Organisational development | 1,152 | (41) | 1,111 |
| Cycling Safety | 1,000 | - | 1,000 |
| Special Education Needs & Disabilities grants | 739 | 66 | 805 |
| Highways | 746 | - | 746 |
| Local flood risk | 628 | - | 628 |
| Highways winter maintenance | 576 | - | 576 |
| Temporary Accommodation Strategy | - | 300 | 300 |
| Workforce development (adults services) | 222 | - | 222 |
| Member development | 182 | - | 182 |
| Blackfriars trust allocation | 138 | - | 138 |
| HR transformation | 394 | (300) | 94 |
| Prevention of illegal tobacco distribution | 91 | - | 91 |
| Youth service | 70 | - | 70 |
| Street trading account | (522) | - | (522) |
| Learning disability & social care reform | 2,950 | (2,950) | - |
| Public Health | 1,741 | (1,741) | - |
| OT clients adaptations | 886 | (886) | - |
| Children's Services restructure | 440 | (440) | - |
| Managed accounts | 351 | (351) | - |
| Children's & Families Bill | 300 | (300) | - |
| School improvement | 200 | (200) | - |
| General litigation costs | 172 | (172) | - |
| Environmental health & community safety | 142 | (142) | - |
| SSF PFI equalisation St Michael's | 120 | (120) | - |
| Education Standards | 76 | (76) | - |
| Early Years Review | 60 | (60) | - |
| Ofsted inspection | 50 | (50) | - |
| Interserve employment project | 50 | (50) | - |
| Other reserves individually less than £100k | 15 | (15) | - |
| Total | 27,922 | (9,921) | 18,001 |

| CAPITAL PROGRAMME AND OTHER CAPITAL INVESTMENT RESERVES | | | |
|--|---|-------------------------|---|
| | Balances as at 31 March 2015 | Net movement | Balances as at 31 March 2016 |
| | £000 | £000 | £000 |
| Aylesbury development | 6,441 | - | 6,441 |
| Planned preventative maintenance & building compliance | 5,912 | (627) | 5,285 |
| IT and customer service development | 3,171 | - | 3,171 |
| Regeneration & development | 2,835 | (657) | 2,178 |
| BSF PFI transition | 1,866 | (235) | 1,631 |
| Contracts realignment (capital) | 1,396 | - | 1,396 |
| Capital contingency | 2,369 | (1,080) | 1,289 |
| Modernisation, service & operational improvement | 1,783 | (680) | 1,103 |
| Tate Modern commitment | - | 1,000 | 1,000 |
| Schools capital programme contribution | 2,193 | (1,383) | 810 |
| Schools sprinkler systems | 750 | - | 750 |
| New homes bonus grant capital allocation | 704 | - | 704 |
| Exchequer services development | 550 | - | 550 |
| Legal case management system | 300 | - | 300 |
| Canada Water | 75 | 139 | 214 |
| Total | 30,345 | (3,523) | 26,822 |

| STRATEGIC FINANCING, TECHNICAL LIABILITIES AND FUTURE FINANCIAL RISKS RESERVES | | | |
|---|---|-------------------------|---|
| | Balances as at 31 March 2015 | Net movement | Balances as at 31 March 2016 |
| | £000 | £000 | £000 |
| Planned contribution to support General Fund budget 2016/ | - | 6,283 | 6,283 |
| Insurance | 6,449 | (1,073) | 5,376 |
| Interest and debt equalisation | 4,000 | - | 4,000 |
| New Homes Bonus funded LEP Programme | - | 3,685 | 3,685 |
| Waste PFI equalisation reserve | 3,892 | (971) | 2,921 |
| Financial risk & future liabilities | 1,076 | 1,616 | 2,692 |
| Business rate retention risk | 2,500 | - | 2,500 |
| Council tax and housing benefits subsidy equalisation | 1,000 | - | 1,000 |
| Schools in financial difficulties, schools closures and academe | 332 | - | 332 |
| Legal and contractual risks | 713 | (541) | 172 |
| Queen's Road lease smoothing | (184) | - | (184) |
| Planned contribution to support General Fund budget 2015/ | 6,163 | (6,163) | - |
| Future Government funding risk reserve | 1,900 | (1,900) | - |
| Social care demand pressures | 1,804 | (1,804) | - |
| Total | 29,645 | (868) | 28,777 |

| | | | |
|--------------|----------------|-----------------|---------------|
| Total | 104,778 | (21,606) | 83,172 |
|--------------|----------------|-----------------|---------------|

| | | | |
|------------------------------------|--------------------------------|---|---------------------------------|
| Item No. 13. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Capital Outturn Report for 2015-16 and Capital Programme Refresh for 2016-17 to 2024-25 | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Fiona Colley, Finance, Modernisation and Performance | |

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE

As we continue to deliver on our fairer future promises the council made a total of £314.26m capital investment during 2015-16 as set out within detail of this report.

This included £70.66m General Fund expenditure on new and upgraded public infrastructure such as the new Castle Leisure Centre, Camberwell Library and The Green community centre and major investment in our schools to create 345 new primary school places to meet the needs of local families.

Further, our fairer future promise for quality, affordable homes is being met through an investment of £243.6m in the housing investment programme this year. This significant investment has ensured that the proportion of council homes meeting decency standards has risen to 91.3%; we have provided 1,200 council homes with a new kitchen and/or bathroom; we have build 75 new council homes at Willow Walk and now have 194 further council homes under construction with an approved pipeline of over 1,200 council homes by 2018.

Looking forward, this commitment to investing in Southwark’s council homes, infrastructure, schools and communities is continuing with our ongoing ambitious capital investment programme.

RECOMMENDATIONS

That cabinet:

1. Notes that during 2015-16 there was a capital investment in the borough of £70.66m for General Fund and £243.6m for the Housing Investment Programme (HIP). This represents a 44% increase in investment in housing when compared to previous years.
2. Notes the 2015-16 capital investment in delivering the fairer future promises set out below (paragraphs 12-20).
3. For 2015-16, note that the general and housing capital programmes has been fully funded from capital receipts, reserves, revenue, planned use of capital reserves, section 106 funds and external contributions. There was no additional borrowing required.

4. Notes the general fund capital programme for the period 2016-17 to 2024-25 total programme of £527.88m detailed in Appendix A and D. Resources of £98.31m to be identified to fund this programme over this period.
5. Notes the housing investment programme for the period 2016-17 to 2024-25 of £1,147.8m as detailed in Appendix B; and that work is ongoing to ensure this programme is fully funded.
6. Approve the virements and variations to the general fund and the housing investment capital programme as detailed in Appendix C.
7. Approve the re-profiling of the budgets in line with projected expenditure for future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D.

BACKGROUND INFORMATION

8. The ambition and scale of the capital programme being managed within the council is immense and with a total forecast spend of nearly £2 billion the capital programme represents a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and or do business in the borough.
9. This report sets out:
 - key capital achievements over 2015-16
 - financing of the 2015-16 programme
 - overall programme changes that impact on the future capital programme budget from 2016-17 onwards
 - departmental narratives for the capital outturn 2015-16 and the overall programme.

KEY ISSUES FOR CONSIDERATION

10. In meeting the council's fairer future promises the council made a total of £314.26m capital investment during 2015-16; comprising of £70.66mm General Fund and £243.6m Housing Investment Programme.
11. Although the final position was lower than forecast at quarter 3 (£80.3m GF and £261.2m HIP), this represents 44% accelerated spending for the HIP in comparison with previous years expenditure.

Capital Expenditure in 2015-16 by Service Department:

| Service | Budget £000 | Actual £000 | Re-profiling to future years £000 |
|----------------------------------|----------------|----------------|--------------------------------------|
| Children's & Adults' Services | 22,555 | 23,301 | 746 |
| Southwark Schools for the Future | 728 | 728 | 0 |
| Finance and Governance | 50 | 50 | 0 |
| Environment and Leisure | 17,328 | 11,630 | (5,698) |
| Housing General Fund | 10,515 | 8,525 | (1,993) |
| Total General Fund | 80,156 | 70,664 | (9,492) |
| Housing Investment Programme | 261,236 | 243,582 | (17,654) |

Key Capital Achievements 2015-16

12. The capital programme has successfully delivered the fairer future promises as set out below.
13. Value for money: We will continue to keep council tax low by ensuring that all our high quality services offer value for money.
 - Update of the council's IT infrastructure and networks to support the efficient delivery of council services.
14. Access to health for all: We will provide free swimming and gyms for all residents. We'll double the number of NHS health checks. And we'll extend bike hire across the borough.
 - Castle Leisure centre opened on 20 May 2016.
 - Peckham Pulse redecoration of the pool halls, the replacement of the pool hall air handling unit and the re-grouting of the pool wet side floor tiles.
 - Southwark Athletics Track and Centre completed May 2016
15. Quality affordable homes: We will improve housing standards and build more homes of every kind, including 11,000 council homes - with 1,500 built by 2018. We will make all council homes warm, dry and safe. And we will start rolling out our kitchen and bathroom quality guarantee.
 - By March 2016 the homes decency has risen to 91.3%.
 - Over 1,200 council homes have been provided with a new kitchen and/or bathroom as part of the kitchen and bathroom guarantee
 - A further 194 council homes on site and an approved pipeline of over 1,200 council homes by 2018.
 - Willow Walk completed and delivered 75 new council homes; 21 social rent and 54 temporary accommodation.
 - Investment in the regeneration of East Dulwich, Elmington and Wooddene Housing Estates.
 - Completion of the adaptation of 62 homes utilising the disabled facilities grants.
 - Five Hidden Homes were completed in 2015-16.
16. More and better schools: We will meet demand for primary and secondary school places. We will drive up standards across our schools, so that 70 per cent of students at every secondary school get five good GCSEs.
 - 345 temporary and permanent places were completed in 2015-16.
 - £3.8m invested in the schools maintenance programme and £1.3m on ICT upgrades and adult education premises.
17. More and better nurseries and childcare: We will help parents to balance work and family life, by opening two new community nurseries and investing in our children's centres.
 - £700k capital investment in places for 2 year old children.

18. A greener borough: We will protect our environment by diverting more than 95 per cent of waste away from landfill, doubling the number of estates receiving green energy and investing in parks and open spaces.
- Environmental improvements and traffic calming in Hadfields working with partners at Lambeth Council
 - Expenditure on the Cleaner Greener Safer (CGS) programme was £1.83m and delivered 218 projects.
19. Safer Communities: We will make Southwark safer with increased CCTV, more estate security doors and a Women's Safety Charter. We will have zero-tolerance on noisy neighbours.
- The investment of £1.9m of capital investment in CCTV investment since 2013/14 has supported the service to exceed the target number of arrests from CCTV detections.
20. Education, Employment and Training: We will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships.
- As at the end of 2015/16, 642 apprenticeship have been created, these are generated through a number of routes, including S106 agreements and ensuring that, as part of our approach to procuring capital works, bidders proposals for apprenticeships and the use of local labour are considered.
21. Revitalised neighbourhoods: We will make our neighbourhoods places that we can all be proud to live in, transforming areas such as Elephant and Castle, Aylesbury and the Old Kent Road.
- Opening of the new Camberwell Library in November 2015.
 - 91 footway schemes and 90 carriageway schemes will have been completed, giving 9.1km of new carriageway surfacing and 10.6km of new footway surfacing.
 - New Nunhead community centres known as the Green was completed and open to the public January 2016.
 - Crystal Palace Parade – pedestrian and cycle improvements; including delivery of a significant number of cycle parking spaces.
 - Public realm improvements in the areas of Bellenden, Brayards and Coleman Road.
22. An age-friendly borough: We want you to get the best out of Southwark whatever your age so we will become an age friendly borough including the delivery of an Ethical Care Charter and an older people's centre of excellence.
- Expansion of the Telecare service to support older and vulnerable people staying at home safely.

2015-16 Financing the Capital Programme

23. The strategy for financing the capital programme is to utilise grants, before using council capital receipts and reserves, thereby minimising any requirements for borrowing which will impact on the council's revenue budget.

24. The 2015-16 general fund capital programme financing is set out below. Note, in 2015-16, there was no requirement for additional borrowing to meet the programme spends.

| | 2015-16 General Fund £000 | 2015-16 HIP £000 |
|--------------------------------------|--|---------------------------------|
| Total Spend | 70,664 | 243,582 |
| Funded by | | |
| Capital Receipts | 26,306 | 48,997 |
| Capital Reserves | 1,698 | 6,022 |
| Revenue | 3,493 | 29,741 |
| Capital Grants | 31,585 | 53,546 |
| Section 106 | 7,434 | 20,392 |
| External Contribution | 148 | 0 |
| Major Repairs Reserve (Depreciation) | | 84,884 |
| Total funding | 70,664 | 243,582 |

Programme Updates Impacting on Overall Capital Budget

General Fund

Capital Planned Spend

25. When comparing the total capital expenditure programme from the quarter three the general fund programme has reduced by £26.5m. The key reason for this is the reduction in the SSF capital programme is the £26.2m removal of future BSF funding for schemes no longer supported by the Department of Education. This budget variation, alongside other budget virements for approval is set out in Annex C.

Financing of General Fund Programme

26. Overall the remains a shortfall of available funds of £98.3m to meet the current programme capital commitments. Over the coming year resourcing the programme will be subject to ongoing review.

Housing Capital Planned Spend

27. There has been no change in the planned total housing investment programme expenditure from the quarter three report.

Financing of Housing Investment Programme

28. The budgets have been re-profiled in line with projections and the summary position and the programme details are reflected in Appendix D.
29. As reported previously there is currently a shortfall of available funding to meet the ambitious housing investment programme, however, the council will continue to work creatively to identify ways to deliver and finance our council plan

commitments.

Departmental Updates

30. The sections below provide commentary on the budget position by departments for 2015-16.

GENERAL FUND (APPENDIX A)

CHILDREN'S AND ADULTS' SERVICES

31. In summary, the capital programme across Children's and Adults' Services for the period 2015-16 to 2024-25 reduced from £206.5m at quarter three to £204m. The revised annual budget for 2015-16 was £22.6m and the expenditure incurred for the year was £23.3m with £700k reprofiled from future years.

Children's Services

32. The capital programme for 2015-16 to 2024-25 was £191.0m. The reprofiled annual budget for 2015-16 is £21.3m. The expenditure incurred for the year was £22.2m. £900k budget has been re-profiled from future years as early works have been completed ahead of the main contract.
33. As part of the move towards the permanent expansion programme 345 temporary and permanent places were completed in 2015 at the following primary schools: Charles Dickens, Keyworth, Albion, Grange, Phoenix, Rotherhithe, St James CE, Crawford, Bessemer Grange, Dulwich Wood and Belham.
34. The main areas of expenditure for 2015-16 were:
- £700k for 2 year old places
 - £3.8m schools maintenance programme
 - £600k temporary expansion, and
 - £15.8m on permanent expansion
 - £1.3m on ICT upgrades and adult education premises.
35. As the main expansion programme is progressing with enabling works, designs and main contract tenders, there are a number of cost pressures arising. The main reasons are construction industry inflation associated with a high volume of construction in London and the south east and site specific abnormalities. Contractors are required to demonstrate that they are achieving competitive value for money prices and commercial discussions are on going with the contractors.
36. The total cost of the primary expansion programme for 2015-16 to 2018/19 is currently forecast to be £115m with the main contracts still to be tendered and agreed. This is mainly due to the insurance requirement to fit sprinklers to some new buildings, specific site abnormalities including land contamination, works to listed buildings and the requirements of Transport for London.

Adults' Services

37. The capital programme for the period 2015-16 to 2024-25 is from £15.5m at

quarter three to £13.0m at quarter four representing the reduction of reserves funding and substitution of unallocated corporate resources for the Cator Street site for extra care housing and a dementia care centre. The reprofiled budget for 2015-16 was £1.2m and expenditure incurred was £1.1m. The main works in 2015-16 include major refurbishments at the Anchor Trust properties, re-profiled works at Orient Street and the Brandon Trust properties and the expansion of the Telecare service

Southwark Schools for the Future

38. The capital programme for the period 2015-16 to 2024-25 is reduced from quarter 3 of £38.4m to £12.2m representing a £26.2m removal of future BSF funding for schemes no longer supported by the Department of Education. The revised annual budget for 2015-16 is £2.1m with the actual expenditure at £700k. In addition, £1.4m budgets for ICT, council retained liabilities and the lease for Highshore have been reprofiled to future years.
39. The final stage of the SSF programme will be SILS KS3/4. A budget of £8m has been earmarked for this purpose whilst plans are being drawn up. The anticipated costs can be contained within the existing identified programme budgets.

ENVIRONMENT & LEISURE

40. In summary, the total value of the departmental capital programme for the period 2015-16 to 2024-25 is £111.9m. The Departmental Capital Review Board continues to scrutinise the forecasts of all projects and their profiling at the end of each quarter to check their robustness and arrive at a more realistic estimate of expenditure for the year based on latest trend of spend. The final departmental capital outturn for 2015-16 was £11.6m against the budget of £17.3m giving a favourable variance of £5.7m, which will be re-profiled into 2016-17 and future years.
41. The progresses of major schemes are outlined below.

Highways

42. The Highway Asset Investment Programme (non-principal and principal roads) final outturn was £3.4m. There were significant savings during the first six months which were then programmed against projects for the latter part of the year. However, due to the lead in times required, the expenditure was less than initially envisaged. Community Council funding of £400k was also rolled forward into 2016-17 due to the timing of decisions by Community Councils. 91 footway schemes and 90 carriageway schemes were completed, giving 9.1km of new footway surfacing and 10.6km of new carriageway surfacing.
43. The expenditure on the Cleaner Greener Safer (CGS) programme was £1.83m and delivered 218 projects. There are 227 new projects in the 2016-17 programme and 173 projects carried over from previous years. Of these, 114 are 2015-16 projects, 59 are older than one year.
44. It is proposed that from 2016-17, the devolved community council funding element of the non-principal road investment programme of £800k per annum be increased in scope to become a local highway and streets improvement fund to

allow community councils to spend the funding on local priorities for street improvement such as traffic calming or cycle parking rather than only for like-for-like maintenance replacement. It is anticipated that this will enable the fund to meet community council priorities more effectively and therefore reduce delays in expenditure.

45. The expenditure on the cycle infrastructure fund was £27k which included the scoping and design work for the Southwark Spine. This is a reduction from the previous forecast and reflects the prioritisation of TfL-funded routes where funding is more tightly time-limited. The 20mph programme expenditure was £213k on surveys, monitoring, preparation and design work for further physical interventions in 2016-17 and 2017/18.

Waste & Cleansing

46. This budget was set up for site preparation/remediation works and the construction of a new road access for the new Integrated Waste Solutions complex on the Old Kent Road.
47. The balance of £1.76m relates mainly to the budget for planning related costs which may be payable to TfL (subject to results of a number of road traffic surveys). TfL could potentially request road infrastructure improvement works due to an increase in traffic in the vicinity resulting from the new facility. This is part of the Planning Conditions placed on the development.

Regulatory Services – CCTV

48. Capital spend in 2015-16 of £17k was the final expenditure and completion of the £1.9m CCTV investment programme to improve the CCTV service provision within Southwark. The project was completed in 2013/14, however there was a comprehensive testing programme which resulted in the retention payments being stretched over a longer than anticipated period culminating in the final payments being made in 2015-16. The project was delivered on budget.

Parks and Leisure

49. The implementation of the cemetery strategy continues in order to create further burial spaces and make associated infrastructure improvements. There has been significant progress with some projects in particular the completion of the lodge refurbishment works and the replacement of one of the cremators. Despite the on-going campaign to prevent the creation of new burial space within existing cemeteries full planning permission was granted in October for Areas Z and D1. Both schemes require faculty permission from the Diocese of Southwark. This decision was expected in winter 2015, then spring 2016 and is currently expected in summer 2016. This has created further delays to the programme. Expenditure has been re-profiled based on the latest information.
50. The leisure programme budget for 2015-16 was £3.9m of which £2.2m was spent and the slippage will be re-profiled to 2016-17. The programme has been reviewed and the budget re-profiled to create a realistic and achievable programme which is now being implemented.
51. Southwark Athletics Track and Centre: The track was under construction in 2015-16 and is now complete (May 16). Planning permission is still required for

the centre which is due for completion in April 2017.

52. Seven Islands Leisure Centre: Phase 1 works include upgrade of reception and entrance, install lift, pool hall upgrade, changing room refurbishment, sports hall refurbishment and converting meeting room to exercise studio. Tenders were received and evaluated in 2015-16. The works are due for completion at the end of November 2016.
53. Peckham Pulse Centre: A master plan for the centre has been developed which will be discussed with our new Leisure Management Contractor with a view to working in partnership to get best value from these works. The works are due for completion by the end of January 2017.
54. Homestall Road: The technical design for the pavilion has been completed and planning permission is now required. The works are due for completion in February 2017.
55. Savings expected from the Seven Islands Leisure Centre contract are being used to fund the additional capital resources required in the Southwark Athletic Centre and Homestall Road contracts. This budget virement is reflected in Appendix C for formal approval
56. Major Parks: Burgess Park projects are being progressed including the Southern Entrance project. The scheme will include a new play area, an increased area for ecology, cycle routes and a new welcoming entrance. Other projects include new toilet provision and a repair to a significant wall within the park. Southwark Park master plan is progressing well with consultants appointed to develop the detailed designs for planning.
57. The Pullens Gardens Redesign project has been allocated an additional S106 funding of £91k from planning committee in May 2016 and this budget variation is reflected in Appendix C.
58. The new Parks Grounds Maintenance Service contract for an initial seven year period was tendered on the basis that the council would provide capital for the purchase of all vehicles and major plant items in order to reduce the revenue cost and achieve the identified savings on the contract.
59. As part of the tendering process for the contract, tenderers were asked to identify within their tender, the capital sum required for this provision required in year one. A capital sum of £1.179m was identified within the lowest tender submitted. A report to award this contract is being submitted to cabinet for approval. The capital sum identified will be required from July 2016 in order to facilitate the purchase of vehicles and major plant items before the contract commences in October 2016.
60. Appendix C includes a capital budget variation of £1.179m for formal approval subject to the contract award report being approved by cabinet.

HOUSING AND MODERNISATION

General Fund

61. In summary the total value of the Housing and Modernisation general fund capital programme for the years 2015-16 to 2024-25 is £73.7m. Total expenditure incurred for the year 2015-16 was £8.5m, compared with the forecast spend for 2015-16 at quarter 3 of £10.5m. The following narratives provide details by service areas.

Traveller Sites

62. The largest scheme, for Wadding Street and Stead Street, is now to commence in 2016-17 and £1.0m earmarked for 2015-16 spend needs to be carried forward.

Information & Data Services Division (IDSD) & Corporate Facilities Management (CFM)

63. The capital programme continues to focus on two key areas: Information Technology infrastructure projects and premises-related improvements to the Council's operational buildings. The total capital programme for the division stands at £53m of which £6.0m was set to be delivered in 2015-16 and the outturn was close to this at £6.2m.
64. Information technology remains a key component to the council's ability to successfully deliver services efficiently and effectively going forward. As reported previously, over the next ten years the council will continue to update and improve the IT infrastructure and networks with spend in 2015-16 of over £3m included in the above £6.2m divisional total.
65. Facilities management will over the next ten years deliver a comprehensive planned preventative maintenance and compliance programme for the assets and fabric of the operational estate that fully supports the delivery of front line services. Spend in 2015-16 was £0.8m, with certain projects scheduled for the early part of 2016-17.
66. In addition to this, work continues on the re-instatement of Walworth Town Hall, which was significantly damaged by fire in March 2013. Spend on the pre design and build phases, for which corporate facilities management have had responsibility for delivering, was in line with revised budget at £1.4m for 2015-16.

Private Sector Housing Renewal

67. Private Sector Renewal schemes overall showed slippage to 2016-17 of £1.0m, £0.4m relating to Brayards Road Improvement Zone and £0.6m spread across other minor schemes.
68. The Brayards Road Improvement Zone group repair scheme (BIZ) was the last group repair project for the East Peckham and Nunhead Renewal Area. The project started in June 2015 to provide health and safety repair works and environmental improvements to 53 street properties of mixed tenures. The building works will complete at the end of April 2016. Outturn project spend will

be £1.09m (including £0.43m outturn in 2015-16).

69. The Disabled Facilities Grant (DFG) programme committed spending on schemes costing £1.18m in 2015-16. There were 62 DFG completions for the year. The 2015-16 DFG subsidy allocation received from the Better Care Fund was £614k, which was an increase of over £100k on the previous year.

HOUSING INVESTMENT PROGRAMME

70. The 2015-16 outturn on the HIP was £243.6m which is lower (£17.6m) than reported at quarter 3. The 2015-16 HIP outturn of £243.6m represents the largest annual investment in the stock for many years, a 44% increase on the 2014-15 outturn of £168.6m.
71. The HIP was resourced by £40m housing capital receipts, £9m of right to buy receipts marked for new build, £85m from depreciation via the major repairs reserve, £53m from GLA Decent Homes Backlog grant, £21m from Affordable Housing Fund developers' contributions and £36m from revenue, including reserves.
72. Resourcing continues to be a challenging task each year, with regulatory and financial restrictions on most sources and hence prudential borrowing within the HRA debt cap is becoming more likely.

HRA: Warm Dry and Safe

73. At the end of 2015-16 over £400m had been spent on the warm dry and safe programmes. In 2015-16 £130m was spent on WDS, with spend now being committed against the £985m capital bid allocation. 2015-16 year was likely to be the highest investment in existing stock in the council's history. By March 2016 the 90% decency target was also achieved.
74. The 2 year programmes are now complete. A total original provision of £76m was made for the two year programmes, carry over schemes and the original FRA works within the original WDS budget. The spend is £82m for delivering these schemes.
75. All the WDS 2012 major works schemes are completed.
76. Ten of the twelve WDS 2013 major works schemes are committed, with 8 achieving practical completion. Tustin is delayed but refurbishment works are due to start in 2016-17. Acorn was delayed pending regeneration works.
77. There are 40 of the 41 WDS 2014 major works schemes are committed, with 17 completed. D'Eynsford Estate externals is on hold pending district heating works.
78. Further, 92 of the 106 WDS 2015 major works schemes are on site or completed. 41 have been completed. The remained are due to start in 2016-17 and many of which are follow on works to the original works.
79. The trend of schemes requiring more resources than the original 2010 stock condition survey estimate has continued, meaning that the existing WDS budget was effectively committed with resources for now being allocated from the £985m capital bid allocation to complete the programme.

80. Following the council plan commitment to deliver a kitchens and bathroom programme a programme has been put together to be delivered alongside the major works programme for 2015-16. Costs were included in the capital refresh for 2015-16 and have outturned at £11m.
81. There are a number of potential funding streams that can contribute to or reduce the commitment for extra resources for this programme. A successful bid was submitted for Decent Homes Backlog funding in 2015-16 and the full £53m awarded has been drawn down. Further to this, 'risk pots' in committed projects not being utilised and under spends on projects will mean reduced costs on committed projects.
82. High Investment Needs Estates (HINE). Hawkstone WDS/HINE has been completed and Four Squares completing in Q2 2016-17. The main Abbeyfield scheme (Maydew) is now due to start on site in late 2016-17. The HINE allocation for Four Squares was increased to £28.7m following structural issues and the scope of works required to complete the scheme.
83. All the planned schemes up to the end of 2014-15 are completed. The remaining 2015-16 schemes requiring works have been committed with the exception of two schemes that are to be committed in 2016-17 (Leysdown/ Soane Boiler House and Acorn Mains)
84. All high rise blocks with a substantial risk from the fire risk assessments have been completed as part of the FRA Programme. All the higher moderate risk high rise blocks are also complete except for works being completed to coincide the WDS programme. £2.3m has been allocated to complete substantial medium rise FRA works are also being completed in 2015-16 alongside planned WDS works. Sidmouth has also been added to the programme and will start on site in 2016-17.

Decent Homes

85. The decency level of at the end of the quarter 4 was 91.3% (up 31% since the year start). This was despite 1,937 homes fell into non-decency at the start of 2015-16 meaning the decency level had fallen from 65.3% at 2014-15 year end to 60.07% at the start of 2015-16.

Lakanal

86. Spend at Lakanal House was £6.3m in 2015-16 with the refurbishment works progressing and the undercroft starting in early 2015-16.

Future years (HIP)

87. An asset management strategy was approved by cabinet in March 2016. This outlines a future investment requirement of £797m over the next 8-10 years from 2016-17 as well as existing commitments from the WDS programmes. The budgets for this programme are agreed annually, with £48.3m agreed to be committed in 2016-17.

East Dulwich Estate Regeneration

88. Voids for Sale – Cabinet agreed the sale of 50 voids to help finance the regeneration of the estate. Of that 50, 43 have been sold. A further 5 have been identified and, in order to achieve best value, require decoration to market standard prior to disposal. These works should take place in quarter 4.
89. Drying Room Conversions - This consists of the conversion of 18 drying rooms in Phase 1 and Phase 2 which have been completed for private sale. Phase 1 included the creation of 9 units and these have been sold. The 7 units from Phase 2 have been sold and the other 2 are under offer. There is also an opportunity to convert a further 6 drying rooms with the completion of feasibility studies and the intention is to start works in quarter 4.
90. Badminton House - Refurbishment of an 11 unit block with a drying room conversion making a total of 12 units of which 3 were for private sale and the remaining 9 for social rent. Works started in July 2014 and completed in June 2015.
91. Environmental Works – The environmental works programme has been decoupled from the health and safety works that are currently underway on the estate. However, the health and safety works have taken up a much larger proportion of the budget than initially anticipated. Housing Investment Board has now endorsed additional funding for the Environmental Works to be carried out.

Elmington Estate Regeneration Phase 3

92. The rehousing of tenants to achieve vacant possession for new build is still on track for Phase 3 with site D and E handed over complete to the developer.
93. At site G, all 42 tenants have been rehoused. One property remains relet by TA, 41 welded. Out of the total of 12 leaseholds on site G, 6 have been welded and 6 leaseholders remain, one of which is seeking financial assistance.

Wooddene Regeneration/Acorn Estate Energy Centre

94. Re-provision of a heat and hot water plant within the Wooddene energy centre to serve the Acorn Estate. Due to delays to start on site, handover of the energy centre has slipped from April to August 2016. Therefore the works will happen in this financial year.

New Homes Programme

Hidden Homes – refurbishment

95. Five Hidden Homes were completed in 2015-16, with another two currently on site and due to complete early in 2016-17. In addition, a further ten have planning approved and are being progressed using existing budgets. These schemes will commence on site in 2016-17.

Direct Delivery

96. Willow Walk completed in the third quarter of 2015-16 and delivered 75 new council homes: 21 social rented and 54 temporary accommodation units. These units were funded through a mix of Right to Buy (RTB) Receipts, GLA grant funding, Section 106 Affordable Housing Fund of £5.3m and other capital funding.

CHIEF EXECUTIVE

97. The total value of the departmental capital programme for the period 2015-16 to 2024-25 is 196m. The total expenditure incurred for 2015-16 was £26.4m against the budget of £29m indicating a favourable variance of £2.6m which will be re-profiled into 2016-17 and future years. The key achievements for 2015-16 against the departmental capital programme are outlined below.
98. Projects within the Regeneration of Camberwell under Revitalise5 Programme included the opening of a new £3.7m library in Camberwell. The library opened on 4 November 2015.
99. There has also been on-going improvements to Camberwell Green include planting trees, wildflower meadow, a new play area and market square have commenced and scheduled for completion in 2016-17.
100. The completion of the Castle, a new £20m leisure centre at Elephant & Castle as part of wider regeneration of the area was another key achievement. The Castle leisure centre opened on 20 May 2016.
101. The new Nunhead Community Centre, known as the Green was completed and opened to the public on the 11 January 2016. This centre is already being used by various groups in the area. The new building is fully accessible and built to high environmental standards to reflect the standards Southwark expect in all its new buildings.
102. The ambition to regenerate the immediate surrounding of Peckham Rye station through the Gateway to Peckham Project is progressing with major acquisition of properties planned for 2016-17.
103. Other Public Realm and Environmental Improvement projects completed in the year include:
- the comprehensive remodelling of the triangle site at Queen Elizabeth Street which includes the refurbishment of the Samuel Bourne Bevington (a grade 2 listed statue)
 - Improvements to community garden at All Hallows
 - Environmental and shop front improvements at Queens Road, Peckham
 - the completion of the Albert McKenzie memorial on Tower Bridge Road
 - the cleaning, refurbishment and lighting of three tunnels - Dockley Road, Millstream and Gedling Place which were on the Community Infrastructure Projects List.

TfL Projects

104. The council secured approximately £9m in funding from Transport for London (TfL). Approximately £5m of this is from the Quietways funding to continue the programme of improved cycle routes started in 2014. Key areas for improvement in 2015-16 include pedestrian and cycle improvements at Crystal Palace Parade, completion of public realm improvements in the areas of Bellenden, Brayards and Coleman Road and the delivery of a significant number of cycle parking spaces.
105. The major investment in Camberwell Town Centre public realm is on-going.

Community impact statement

106. Section 149 of the Equality Act, lays out the Public Sector Equality Duty (PSED) which 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. The council's Approach to Equality commits the council to ensuring that equality is an integral part of our day to day business.
107. This report describes the outturn position on the council's capital programme. The council's capital programme is designed to deliver projects of value to local people, and the individual plans are designed to have a beneficial impact on local people and communities. It is important that resources are used efficiently and effectively to support the council's policies and objectives.
108. The impact of each of the schemes and projects considered in this report on the community at large and on people identified as possessing "protected characteristics", as outlined in the Equality Act 2010 are considered as those individual projects are planned and delivered.

Resource implications

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

Legal implications

111. The legal implications of this report are identified in the concurrent report of the Director of Law and Democracy.

Financial implications

112. This report sets out the financial implications of the capital programme for the general fund and the housing investment programme for 2015-16. The report also presents an updated position on the refreshed capital programme over the

period 2016-17 to 2024-25 on the predicted resources and expenditure across this period.

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

114. The council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.

115. The capital programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|--|
| Quarter 3 Capital Monitoring for 2015-16 and Capital Programme Refresh for 2015-16-2024-25 Report | Southwark Council Finance and corporate services 160 Tooley Street London SE1 2QH | Fay Hammond, Departmental Finance Manager (Corporate) |
| Link: http://modern.gov.southwark.gov.uk/ielListDocuments.aspx?CId=302&MId=5144&Ver=4 | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix A | General fund summary monitoring position at 2015-16 |
| Appendix B | Housing investment programme summary monitoring position for 2015-16 |
| Appendix C | Budget virements and variations at quarter 4 2015-16 |
| Appendix D | General fund programme detail at quarter 4 2015-16 |

AUDIT TRAIL

| | | |
|---|---|------------------------|
| Cabinet Member | Councillor Fiona Colley, Finance, Modernisation and Performance | |
| Lead Officer | Duncan Whitfield, Strategic Director of Finance and Governance | |
| Report Author | Fay Hammond, Departmental Finance Manager (Corporate) | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| | Officer Title | Comments Sought |
| | Comments Included | |
| | Director of Law and Democracy | Yes |
| | Strategic Director for Finance and Governance | N/a |
| | Cabinet Member | Yes |
| | Date final report sent to Constitutional Team | 7 July 2016 |

| Department | 2015/16 | | | 2016/17 | | | 2017/18+ | | | Total Programme 2015/16 - 24/25 | | |
|--|----------------|---------------|----------------|----------------|----------------|------------------|----------------|-----------------|-----------------|------------------------------------|----------------|-----------------|
| | Revised Budget | Outturn | Variance | Revised Budget | Forecast | Variance | Revised Budget | Forecast | Variance | Revised Budget | Total Forecast | Total Variance |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Children's and Adult Services | 22,555 | 23,301 | 746 | 96,792 | 98,020 | 1,228 | 84,702 | 82,729 | (1,973) | 204,050 | 204,050 | 0 |
| Southwark Schools for the Future | 728 | 728 | 0 | 3,311 | 3,311 | 0 | 8,207 | 8,207 | 0 | 12,246 | 12,246 | 0 |
| Finance and Governance | 50 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 0 |
| Environment | 17,328 | 11,630 | (5,698) | 31,474 | 32,959 | 1,485 | 63,048 | 67,263 | 4,215 | 111,852 | 111,852 | 0 |
| Housing General Fund | 10,515 | 8,525 | (1,990) | 11,090 | 12,703 | 1,613 | 52,789 | 53,166 | 377 | 74,394 | 74,394 | 0 |
| Chief Executive | 28,980 | 26,430 | (2,550) | 50,137 | 53,102 | 2,965 | 116,835 | 116,419 | (416) | 195,951 | 195,951 | 0 |
| TOTAL EXPENDITURE | 80,156 | 70,664 | (9,492) | 192,804 | 200,095 | 7,291 | 325,581 | 327,784 | 2,203 | 598,543 | 598,543 | 0 |
| FINANCED BY: | | | | | | | | | | | | |
| Capital Receipts | 38,072 | 26,306 | (11,766) | 136,500 | 33,208 | (103,292) | 206,888 | 225,999 | 19,111 | 381,462 | 285,513 | (95,947) |
| Reserves | 3,412 | 1,698 | (1,714) | 4,845 | 5,401 | 556 | 1,980 | 1,980 | 0 | 10,237 | 9,079 | (1,158) |
| Revenue | 1,590 | 3,493 | 1,903 | 0 | 0 | 0 | 50 | 50 | 0 | 1,640 | 3,543 | 1,903 |
| Capital Grants | 25,751 | 31,585 | 5,834 | 33,424 | 27,323 | (6,101) | 66,288 | 66,665 | 377 | 125,463 | 125,573 | 110 |
| Section 106 Funds | 10,825 | 7,434 | (3,391) | 17,198 | 19,509 | 2,311 | 50,375 | 50,402 | 27 | 78,398 | 77,345 | (1,053) |
| External Contributions | 506 | 148 | (358) | 837 | 1,052 | 215 | 0 | 0 | 0 | 1,343 | 1,200 | (143) |
| Pay back of Children Services grant | 0 | 0 | 0 | 0 | (225) | (225) | 0 | (1,796) | (1,796) | 0 | (2,021) | (2,021) |
| TOTAL RESOURCES | 80,156 | 70,664 | (9,492) | 192,804 | 86,268 | (106,536) | 325,581 | 343,300 | 17,719 | 598,543 | 500,232 | (98,309) |
| Forecast variation (under)/over | 0 | 0 | 0 | 0 | 113,827 | 113,827 | 0 | (15,516) | (15,516) | 0 | 98,311 | 98,309 |

| Project description | 2015/16 | | | 2016/17 | | |
|---|----------------|----------------|-----------------|----------------|----------------|---------------|
| | Revised Budget | Actual | Variance | Revised Budget | Forecast | Variance |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| WDS carry-over schemes | 14 | 27 | 13 | 13 | 0 | (13) |
| WDS 2-year programme | 660 | 807 | 147 | 2,430 | 2,284 | (147) |
| WDS 2012 major works | 4,423 | 3,779 | (643) | 411 | 1,054 | 643 |
| WDS 2013 major works | 5,633 | 5,515 | (119) | 1,647 | 1,766 | 119 |
| WDS 2014 major works | 33,471 | 29,506 | (3,965) | 25,781 | 29,746 | 3,965 |
| WDS 2015 major works | 91,216 | 80,368 | (10,848) | 101,612 | 112,460 | 10,848 |
| FRA works | 550 | 705 | 155 | 2,205 | 2,050 | (155) |
| M&E electrical | 83 | 83 | 1 | 608 | 608 | (1) |
| M&E heating | 7,263 | 5,090 | (2,173) | 6,794 | 8,967 | 2,173 |
| M&E lifts | 790 | 896 | 106 | 119 | 13 | (106) |
| WDS voids works | 4,000 | 3,918 | (82) | 88 | 169 | 82 |
| WDS Unallocated Budget | 113 | 58 | (55) | 371 | 426 | 55 |
| HINE WDS works | 2,763 | 1,599 | (1,163) | 3,182 | 4,345 | 1,163 |
| WDS Leathermarket JMB | 371 | 2,461 | 2,089 | 2,436 | 347 | (2,089) |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing Stock - New Programme | 0 | 2,348 | 2,348 | 2,348 | 0 | (2,348) |
| Kitchen and Bathroom | 11,685 | 6,598 | (5,086) | 8,459 | 13,545 | 5,086 |
| Asset Management strategy 2016 | 0 | 0 | 0 | 48,343 | 48,343 | 0 |
| Additional FRA Works | 150 | 166 | 16 | 615 | 599 | (16) |
| HINE additional works | 13,373 | 15,152 | 1,779 | 8,621 | 6,842 | (1,779) |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Aylesbury Estate PPM works | 549 | 24 | (526) | 1,109 | 1,635 | 526 |
| Aylesbury Estate regeneration | 11,600 | 15,473 | 3,873 | 7,050 | 3,177 | (3,873) |
| Bermondsey Spa refurbishment | 232 | 9 | (223) | 556 | 779 | 223 |
| East Dulwich Estate | 3,293 | 1,521 | (1,772) | 1,039 | 2,811 | 1,772 |
| Elmington Estate | 2,843 | 1,505 | (1,338) | 136 | 1,474 | 1,338 |
| Heygate Estate | 2,915 | 1,746 | (1,169) | 4,981 | 6,149 | 1,169 |
| Hidden Homes | 449 | 21 | (428) | 37 | 465 | 428 |
| Hostels new build | 2,448 | 2,447 | (2) | 800 | 802 | 2 |
| Local authority new build | 123 | 21 | (102) | 120 | 222 | 102 |
| Misc regen, acquisitions and home loss | 239 | 10 | (230) | 0 | 230 | 230 |
| Purchase of S106 Prop from Developers | 14,251 | 15,626 | 1,374 | 3,096 | 1,722 | (1,374) |
| Direct Delivery - New Council Homes | 25,934 | 28,572 | 2,637 | 49,312 | 46,674 | (2,637) |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Adaptations | 2,109 | 2,126 | 17 | 2,003 | 1,986 | (17) |
| Affordable housing through commuted sums | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash incentive & Home owner buy back scheme | 1,910 | 836 | (1,074) | 2,491 | 3,564 | 1,074 |
| Digital switchover | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals costs | 500 | 694 | 194 | 379 | 185 | (194) |
| Energy | 508 | 0 | (508) | 0 | 508 | 508 |
| Installation of Sprinkler & Smoke detectors | 7,557 | 5,698 | (1,859) | 8,438 | 10,297 | 1,859 |
| Lakanal House | 3,262 | 5,749 | 2,487 | 10,129 | 7,642 | (2,487) |
| Fire damage reinstatement | 0 | 0 | 0 | 778 | 778 | 0 |
| Group repairs | 272 | 234 | (38) | 0 | 38 | 38 |
| Hostels accommodation | 44 | 3 | (41) | 3 | 44 | 41 |
| Leasehold / freehold acquisitions | 5 | 5 | 0 | 1,192 | 1,192 | 0 |
| Major voids | 1,121 | 440 | (681) | 839 | 1,520 | 681 |
| Office accommodation | 0 | 0 | 0 | 0 | 0 | 0 |
| Scheme management costs | 0 | 0 | 0 | 0 | 0 | 0 |
| Security | 90 | 43 | (48) | 10 | 57 | 48 |
| Sheltered accommodation | 70 | 35 | (35) | 302 | 337 | 35 |
| T&RA halls | 1,720 | 1,052 | (668) | 3,341 | 4,010 | 668 |
| Heating Energy Efficiency Measures | 634 | 620 | (14) | 5,928 | 5,942 | 14 |
| | 261,236 | 243,582 | (17,654) | 320,150 | 337,804 | 17,654 |
| FINANCED BY: | | | | | | |
| Capital Receipts b/fwd | 6,578 | 6,578 | 0 | 0 | 0 | 0 |
| Capital Receipts | 33,187 | 33,187 | 0 | 19,600 | 19,600 | 0 |
| RTB Receipts - Restricted to New Build | 9,232 | 9,232 | 0 | 6,305 | 6,305 | 0 |
| Depreciation charge (MRA) | 48,900 | 45,342 | (3,558) | 53,000 | 56,558 | 3,558 |
| Major Repairs Reserve (MRR) | 39,541 | 39,541 | (0) | 0 | 0 | 0 |
| Revenue Contribution | 29,741 | 29,741 | 0 | 22,752 | 22,752 | 0 |
| Reserves | 6,022 | 6,022 | 0 | 0 | 0 | 0 |
| Grants (DH backlog funding) | 53,036 | 53,036 | 0 | 0 | 0 | 0 |
| Section 106 Funds & Grants | 20,903 | 20,903 | 0 | 14,219 | 14,219 | 0 |
| External Contributions | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RESOURCES | 247,139 | 243,582 | (3,558) | 115,876 | 119,434 | 3,558 |
| Forecast variation (under)/over | 14,096 | 0 | (14,096) | 204,274 | 218,370 | 14,096 |

| Project description | 2017/18+ | | | Total Programme 2015/16-24/25 | | |
|---|----------------|----------------|----------|-------------------------------|------------------|----------------|
| | Revised Budget | Forecast | Variance | Revised Budget | Total Forecast | Total Variance |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| WDS carry-over schemes | 0 | 0 | 0 | 27 | 27 | 0 |
| WDS 2-year programme | 432 | 432 | 0 | 3,522 | 3,522 | 0 |
| WDS 2012 major works | 5,357 | 5,357 | 0 | 10,191 | 10,191 | 0 |
| WDS 2013 major works | 6,730 | 6,730 | 0 | 14,011 | 14,011 | 0 |
| WDS 2014 major works | 7,592 | 7,592 | 0 | 66,843 | 66,843 | 0 |
| WDS 2015 major works | 2,097 | 2,097 | 0 | 194,925 | 194,925 | 0 |
| FRA works | 0 | 0 | 0 | 2,755 | 2,755 | 0 |
| M&E electrical | 1,027 | 1,027 | 0 | 1,718 | 1,718 | (0) |
| M&E heating | 203 | 203 | 0 | 14,260 | 14,260 | (0) |
| M&E lifts | 0 | 0 | 0 | 909 | 909 | 0 |
| WDS voids works | 0 | 0 | 0 | 4,088 | 4,088 | 0 |
| WDS Unallocated Budget | 310 | 310 | 0 | 794 | 794 | (0) |
| HINE WDS works | 2,137 | 2,137 | 0 | 8,081 | 8,081 | 0 |
| WDS Leathermarket JMB | 0 | 0 | 0 | 2,808 | 2,808 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing Stock - New Programme | 533,277 | 533,277 | 0 | 535,625 | 535,625 | (0) |
| Kitchen and Bathroom | 156,942 | 156,942 | 0 | 177,086 | 177,086 | 0 |
| Asset Management strategy 2016 | 0 | 0 | 0 | 48,343 | 48,343 | 0 |
| Additional FRA Works | 2,300 | 2,300 | 0 | 3,065 | 3,065 | 0 |
| HINE additional works | 10,753 | 10,753 | 0 | 32,747 | 32,747 | (0) |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Aylesbury Estate PPM works | 0 | 0 | 0 | 1,659 | 1,659 | 0 |
| Aylesbury Estate regeneration | 45,311 | 45,311 | 0 | 63,961 | 63,961 | 0 |
| Bermondsey Spa refurbishment | 0 | 0 | 0 | 788 | 788 | 0 |
| East Dulwich Estate | 0 | 0 | 0 | 4,332 | 4,332 | 0 |
| Elmington Estate | 0 | 0 | 0 | 2,979 | 2,979 | 0 |
| Heygate Estate | 0 | 0 | 0 | 7,895 | 7,895 | (0) |
| Hidden Homes | 0 | 0 | 0 | 486 | 486 | 0 |
| Hostels new build | 0 | 0 | 0 | 3,248 | 3,248 | 0 |
| Local authority new build | 0 | 0 | 0 | 243 | 243 | 0 |
| Misc regen, acquisitions and home loss | 349 | 349 | 0 | 589 | 589 | 0 |
| Purchase of S106 Prop from Developers | 0 | 0 | 0 | 17,347 | 17,347 | (0) |
| Direct Delivery - New Council Homes | 0 | 0 | 0 | 75,246 | 75,246 | (0) |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| Adaptations | 10,000 | 10,000 | 0 | 14,112 | 14,112 | 0 |
| Affordable housing through commuted sums | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash incentive & Home owner buy back scheme | 0 | 0 | 0 | 4,401 | 4,401 | 0 |
| Digital switchover | 148 | 148 | 0 | 148 | 148 | 0 |
| Disposals costs | 0 | 0 | 0 | 879 | 879 | 0 |
| Energy | 0 | 0 | 0 | 508 | 508 | 0 |
| Installation of Sprinkler & Smoke detectors | 18,392 | 18,392 | 0 | 34,387 | 34,387 | 0 |
| Lakanal House | 3,344 | 3,344 | 0 | 16,736 | 16,736 | 0 |
| Fire damage reinstatement | 0 | 0 | 0 | 778 | 778 | 0 |
| Group repairs | 0 | 0 | 0 | 272 | 272 | (0) |
| Hostels accommodation | 0 | 0 | 0 | 48 | 48 | (0) |
| Leasehold / freehold acquisitions | 0 | 0 | 0 | 1,197 | 1,197 | 0 |
| Major voids | 0 | 0 | 0 | 1,960 | 1,960 | 0 |
| Office accommodation | 250 | 250 | 0 | 250 | 250 | 0 |
| Scheme management costs | 2,727 | 2,727 | 0 | 2,727 | 2,727 | 0 |
| Security | 300 | 300 | 0 | 400 | 400 | 0 |
| Sheltered accommodation | 0 | 0 | 0 | 372 | 372 | (0) |
| T&RA halls | 0 | 0 | 0 | 5,061 | 5,061 | (0) |
| Heating Energy Efficiency Measures | 0 | 0 | 0 | 6,562 | 6,562 | (0) |
| | 809,978 | 809,978 | 0 | 1,391,364 | 1,391,364 | (0) |
| FINANCED BY: | | | | | | |
| Capital Receipts b/fwd | 0 | 0 | 0 | 6,578 | 6,578 | 0 |
| Capital Receipts | 115,300 | 115,300 | 0 | 168,087 | 168,087 | 0 |
| RTB Receipts - Restricted to New Build | 738 | 738 | 0 | 16,276 | 16,276 | 0 |
| Depreciation charge (MRA) | 474,122 | 474,122 | 0 | 576,022 | 576,022 | (0) |
| Major Repairs Reserve (MRR) | 0 | 0 | 0 | 39,541 | 39,541 | (0) |
| Revenue Contribution | 182,016 | 182,016 | 0 | 234,509 | 234,509 | 0 |
| Reserves | 0 | 0 | 0 | 6,022 | 6,022 | 0 |
| Grants (DH backlog funding) | 0 | 0 | 0 | 53,036 | 53,036 | 0 |
| Section 106 Funds & Grants | 1,721 | 1,721 | 0 | 36,842 | 36,842 | 0 |
| External Contributions | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RESOURCES | 773,897 | 773,897 | 0 | 1,136,913 | 1,136,913 | (0) |
| Forecast variation (under)/over | 36,081 | 36,081 | 0 | 254,451 | 254,451 | (0) |

| FUNDED VARIATIONS AND VIREMENTS FOR APPROVAL | | | | | | | | | APPENDIX C |
|---|---------------------------|----------------------------------|------------------------|-------------|----------------------|-----------------|------------------------------|------------------------------|-----------------------------|
| | Children & Adult Services | Southwark Schools for the Future | Finance and Governance | Environment | Housing General Fund | Chief Executive | General Fund Programme Total | Housing Investment Programme | Total Programme Expenditure |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| CURRENT PROGRAMME AS AT QTR3 2015 | 206,549,491 | 38,353,050 | 50,000 | 111,107,215 | 73,724,289 | 195,266,645 | 625,050,690 | 1,391,364,000 | 2,016,414,690 |
| Quarter 4 - Virements to be approved | | | | | | | | | |
| Youth Centre Refurbishment | 14,899 | | | | | | 14,899 | | 14,899 |
| Maintenance | (14,899) | | | | | | (14,899) | | (14,899) |
| Barons Place Shared Surface Scheme(Quentin House) | | | | | | (41,251) | (41,251) | | (41,251) |
| Quentin House | | | | 41,251 | | | 41,251 | | 41,251 |
| Park Infrastructure & Investment Programme | | | | (1,000,000) | | | (1,000,000) | | (1,000,000) |
| Seven Islands Leisure Centre Refurbishment | | | | (318,147) | | | (318,147) | | (318,147) |
| OLF Homestall Road Sports Ground | | | | 159,073 | | | 159,073 | | 159,073 |
| OLF Southwark Athletics Centre | | | | 159,073 | | | 159,073 | | 159,073 |
| IT planned preventative programme (CRP) | | | | | (636,849) | | | | |
| Upgrade of IT infrastructure and Core enabling projects (CRP) | | | | | 636,849 | | | | |
| Property Works Programme | | | | | (67,719) | | | | |
| Work to Council Buildings DDA | | | | | 67,719 | | | | |
| | | | | | | | 0 | | 0 |
| Total virements to be approved at Qtr 4 | 0 | 0 | 0 | (958,749) | 0 | (41,251) | (1,000,000) | 0 | (1,000,000) |
| Quarter 4 - Variations to be approved | | | | | | | | | |
| | | | | | | | 0 | | 0 |
| 177-179 Walworth Road Refurbishment | | | | | | 100,000 | 100,000 | | 100,000 |
| Winchester Palace Gardens(Bankside Urban Forest) | | | | | | 15,000 | 15,000 | | 15,000 |
| Borough & Bankside St.scape Improvement | | | | | | 7,340 | 7,340 | | 7,340 |
| Great Suffolk Street BUP Project(Closure Phase) | | | | | | 10,951 | 10,951 | | 10,951 |
| Nelson Square Play Area Improvements | | | | | | 22,405 | 22,405 | | 22,405 |
| Corridors, Neighbourhoods & Supporting Measures | | | | | | 2,011 | 2,011 | | 2,011 |
| Major Schemes | | | | | | 3,750 | 3,750 | | 3,750 |
| Borough Cycling Programme | | | | | | (5,927) | (5,927) | | (5,927) |
| Principal Road Renewal | | | | | | 206,742 | 206,742 | | 206,742 |
| Bridge Strengthening | | | | | | 14,586 | 14,586 | | 14,586 |
| Corridors, Neighbourhoods & Supporting Measures | | | | | | (15,610) | (15,610) | | (15,610) |
| Bus Programme | | | | | | 161,935 | 161,935 | | 161,935 |
| Quietways | | | | | | 186,679 | 186,679 | | 186,679 |

| | Children & Adult Services | Southwark Schools for the Future | Finance and Governance | Environment | Housing General Fund | Chief Executive | General Fund Programme Total | Housing Investment Programme | Total Programme Expenditure |
|---|---------------------------|----------------------------------|------------------------|--------------------|----------------------|--------------------|------------------------------|------------------------------|-----------------------------|
| Mayor's Air Quality Fund | | | | | | 15,871 | 15,871 | | 15,871 |
| Quentin House | | | | 23,251.46 | | | 23,251 | | 23,251 |
| OLF Southwark Athletics Centre | | | | 1,460 | | | 1,460 | | 1,460 |
| OLF Southwark Athletics Centre | | | | 27,898 | | | 27,898 | | 27,898 |
| Rotherhithe New Road | | | | 368,500 | | | 368,500 | | 368,500 |
| Parks Grounds Maintenance contract | | | | 1,179,748 | | | 1,179,748 | | 1,179,748 |
| CGS - Nunhead & Peckham (Ivydale Road) | | | | 6,052 | | | 6,052 | | 6,052 |
| CGS - Camberwell (Denmark Hill) | | | | 5,000 | | | 5,000 | | 5,000 |
| Amelia Street | | | | 91,152 | | | 91,152 | | 91,152 |
| Rotherhithe Deffered Grant | | (19,621,799) | | | | | (19,621,799) | | (19,621,799) |
| Phase 3 Rescope | | (6,484,904) | | | | | (6,484,904) | | (6,484,904) |
| DFG - Housing Renewal | | | | | 669,370 | | 669,370 | | 669,370 |
| Autism learning provision | (2,500,000) | | | | | | (2,500,000) | | (2,500,000) |
| Total variations to be approved at Qtr 4 | (2,500,000) | (26,106,703) | 0 | 1,703,061 | 669,370 | 725,733 | (25,508,539) | 0 | (25,508,539) |
| | | | | | | | | | |
| TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT QUARTER 4 2015/16 | (2,500,000) | (26,106,703) | 0 | 744,312 | 669,370 | 684,482 | (26,508,539) | 0 | (26,508,539) |
| | | | | | | | | | |
| REVISED BUDGETS | 204,049,491 | 12,246,347 | 50,000 | 111,851,527 | 74,393,659 | 195,951,127 | 598,542,151 | 1,391,364,000 | 1,989,906,151 |
| | | | | | | | | | |
| | | | | | | | | | |
| VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED FINANCED BY: | | | | | | | | | |
| Capital Receipts | 0 | 0 | 0 | 179,748 | 0 | | 179,748 | 0 | 179,748 |
| Major Repairs Allowance | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 |
| Reserves | (2,500,000) | 0 | 0 | | 0 | 100,000 | (2,400,000) | 0 | (2,400,000) |
| Revenue | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 |
| Capital Grant | 0 | (26,106,703) | 0 | 1,460 | 669,370 | 570,037 | (24,865,836) | 0 | (24,865,836) |
| Section 106 Funds | 0 | 0 | 0 | 558,104 | 0 | (555) | 557,549 | 0 | 557,549 |
| External Contribution | 0 | 0 | 0 | 5,000 | 0 | 15,000 | 20,000 | 0 | 20,000 |
| | | | | | | | | | 0 |
| TOTAL RESOURCES | (2,500,000) | (26,106,703) | 0 | 744,312 | 669,370 | 684,482 | (26,508,539) | 0 | (26,508,539) |

| Capital Programme 2015/16 - 2024/25 | 2015/16 | | | 2016/17 | | | 2017/18+ | | | Total Programme | | | |
|--|------------------------------------|-------------------------|------------------|-------------------|-------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|
| | Description of Programme / Project | Revised Budget £'000 | Outturn £'000 | Variance £'000 | Revised Budget £'000 | Forecast £'000 | Variance £'000 | Revised Budget £'000 | Forecast £'000 | Variance £'000 | Revised Budget £'000 | Forecast £'000 | Variance £'000 |
| Environment | | | | | | | | | | | | | |
| Seven Islands Leisure Centre Refurbishment | 233 | 100 | (133) | 1,313 | 1,445 | 133 | 0 | 0 | 0 | 0 | 1,546 | 1,546 | (0) |
| Other OLF Projects | 1,577 | 1,274 | (302) | 2,847 | 3,149 | 302 | 0 | 0 | 0 | 0 | 4,423 | 4,423 | (0) |
| Peckham Pulse Option 1 & 2 | 545 | 264 | (281) | 1,051 | 1,332 | 281 | 0 | 0 | 0 | 0 | 1,596 | 1,596 | 0 |
| Leisure centres Lifecycle maintenance | 126 | 68 | (58) | 200 | 258 | 58 | 1,050 | 1,050 | 0 | 0 | 1,376 | 1,376 | 0 |
| Legacy Investment | 383 | 95 | (288) | 67 | 355 | 288 | 0 | 0 | 0 | 0 | 450 | 450 | 0 |
| Castle Leisure Centre | 1,100 | 432 | (668) | 0 | 668 | 668 | 0 | 0 | 0 | 0 | 1,100 | 1,100 | 0 |
| SDM Essential H & S Project | 144 | 127 | (17) | 1,032 | 1,049 | 17 | 0 | (0) | (0) | 0 | 1,176 | 1,176 | 0 |
| Other Park projects | 98 | 46 | (52) | 1,468 | 812 | (657) | 0 | 708 | 708 | 0 | 1,567 | 1,567 | 0 |
| GMH Park accommodation refurbishment | 8 | 0 | (8) | 101 | 109 | 8 | 0 | 0 | 0 | 0 | 109 | 109 | 0 |
| Newington Ward Park Improvements | 50 | 47 | (3) | 391 | 316 | (76) | 0 | 78 | 78 | 0 | 441 | 441 | 0 |
| Cemetery Burial Strategy | 944 | 623 | (321) | 2,222 | 1,321 | (901) | 1,698 | 2,919 | 1,222 | 0 | 4,863 | 4,863 | 0 |
| Major Parks | 579 | 338 | (241) | 3,488 | 1,796 | (1,692) | 1,800 | 3,733 | 1,933 | 0 | 5,867 | 5,867 | 0 |
| Additional Replacement Tree Planting | 112 | 66 | (47) | 50 | 150 | 100 | 350 | 297 | (53) | 0 | 512 | 512 | 0 |
| Park Infrastructure & Investment Programme | 850 | 693 | (157) | 860 | 749 | (111) | 5,490 | 5,759 | 269 | 0 | 7,200 | 7,200 | 0 |
| Other Public Realm Projects Funded by S106 | 184 | 28 | (156) | 364 | 519 | 156 | 20 | 20 | 0 | 0 | 568 | 568 | 0 |
| Russia Dock Woodland | 30 | 24 | (6) | 0 | 6 | 6 | 0 | 0 | 0 | 0 | 30 | 30 | 0 |
| Little Dorritt Park | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 100 | 100 | 0 |
| Nelson Square | 50 | 0 | (50) | 654 | 570 | (84) | 0 | 134 | 134 | 0 | 704 | 704 | 0 |
| Parks Grounds Maintenance contract | 0 | 0 | 0 | 1,180 | 1,180 | 0 | 0 | 0 | 0 | 0 | 1,180 | 1,180 | 0 |
| Kingswood House refurb | 0 | 0 | 0 | 250 | 250 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 0 |
| RFID | 146 | 81 | (65) | 0 | 65 | 65 | (0) | 0 | 0 | 0 | 146 | 146 | 0 |
| Grove Vale Library | 0 | 0 | 0 | 160 | 160 | 0 | 0 | 0 | 0 | 0 | 160 | 160 | 0 |
| Canada Water Public Art | 81 | 55 | (27) | 15 | 42 | 27 | 0 | 0 | 0 | 0 | 96 | 96 | 0 |
| Further implementation of RFID in libraries | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Refurbishment at Peckham Library | 321 | 125 | (196) | 0 | 196 | 196 | 0 | 0 | 0 | 0 | 321 | 321 | 0 |
| Temporary library at Elephant & Castle | 201 | 31 | (170) | 0 | 170 | 170 | 0 | 0 | 0 | 0 | 201 | 201 | 0 |
| Curving Museum fit out of temporary premises | 75 | 36 | (39) | 0 | 39 | 39 | 0 | 0 | 0 | 0 | 75 | 75 | 0 |
| Hepworth Replacement | 84 | 36 | (48) | 0 | 48 | 48 | 0 | 0 | 0 | 0 | 84 | 84 | 0 |
| Community Safety | 17 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 17 | 0 |
| Parking contract upfront capital costs | 21 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 21 | 0 |
| Street Metal Works - Lamp Column Replacement | 496 | 529 | 33 | 500 | 467 | (33) | 3,500 | 3,500 | 0 | 0 | 4,496 | 4,496 | 0 |
| Integrated Waste Solutions Programme | 50 | 66 | 16 | 275 | 259 | (16) | 1,500 | 1,500 | 0 | 0 | 1,825 | 1,825 | 0 |
| Carbon Reduction Investment | 0 | 0 | 0 | 525 | 525 | 0 | 1,750 | 1,750 | 0 | 0 | 2,275 | 2,275 | 0 |
| Walworth Road | 0 | 0 | 0 | 0 | 0 | 0 | 38 | 38 | 0 | 0 | 38 | 38 | 0 |
| Street Care Non Principal Roads Programme | 4,104 | 2,687 | (1,417) | 7,126 | 8,542 | 1,417 | 25,400 | 25,400 | 0 | 0 | 36,629 | 36,629 | 0 |
| Principal Road Programme | 1,000 | 709 | (291) | 1,000 | 1,291 | 291 | 1,000 | 1,000 | 0 | 0 | 3,000 | 3,000 | 0 |
| Flood Prevention (Highways drainage gully replacement) Programme | 316 | 326 | 11 | 245 | 234 | (11) | 1,715 | 1,715 | 0 | 0 | 2,276 | 2,276 | 0 |
| Monuments & memorials in the Public Realm | 175 | 139 | (36) | 375 | 411 | 36 | 350 | 350 | 0 | 0 | 900 | 900 | 0 |
| Herne Hill Flood Prevention | 381 | 165 | (215) | 0 | 215 | 215 | 0 | 0 | 0 | 0 | 381 | 381 | 0 |
| Parking Design Projects | 45 | 45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45 | 45 | 0 |
| Southbank Accessibility Improvements | 0 | 30 | 30 | 205 | 175 | (30) | 0 | 0 | 0 | 0 | 205 | 205 | 0 |
| 20mph Zone | 220 | 213 | (7) | 324 | 331 | 7 | 562 | 562 | 0 | 0 | 1,106 | 1,106 | 0 |
| Cycling Infrastructure Fund | 75 | 27 | (48) | 700 | 748 | 48 | 1,156 | 1,156 | 0 | 0 | 1,931 | 1,931 | 0 |
| Dr Salter Statue | 4 | 4 | (1) | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 4 | 4 | 0 |
| Old Jamaica Road | 50 | 27 | (23) | 85 | 108 | 23 | 0 | 0 | 0 | 0 | 135 | 135 | 0 |
| Astley & Coopers ball court | 4 | 1 | (3) | 27 | 30 | 3 | 0 | 0 | 0 | 0 | 31 | 31 | 0 |
| Grange ward secure cycle storage | 25 | 14 | (11) | 0 | 11 | 11 | 0 | 0 | 0 | 0 | 25 | 25 | 0 |
| CPZ for Rotherhithe and Surrey Quays. | 83 | 83 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83 | 83 | 0 |
| Stevens Street | 21 | 0 | (21) | 0 | 21 | 21 | 0 | 0 | 0 | 0 | 21 | 21 | (0) |
| Balfour Streetscape Improvement | 40 | 1 | (39) | 379 | 418 | 39 | 0 | (0) | (0) | 0 | 419 | 419 | 0 |
| Rotherhithe New Road | 369 | 7 | (361) | 0 | 138 | 138 | 0 | 224 | 224 | 0 | 369 | 369 | 0 |
| Cleaner Greener and Safer Programme | 1,815 | 1,830 | 15 | 1,996 | 2,282 | 286 | 15,570 | 15,269 | (301) | 0 | 19,380 | 19,380 | 0 |
| Environment Total | 17,329 | 11,630 | (5,699) | 31,474 | 32,959 | 1,485 | 63,048 | 67,262 | 4,214 | 0 | 111,852 | 111,852 | (0) |
| Finance and Governance | | | | | | | | | | | | | |
| Municipal Bond Agency | 50 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 0 |
| Finance and Governance Total | 50 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 0 |
| Chief Executive | | | | | | | | | | | | | |
| Public Realm & Open Space Improvements | 1,110 | 1,444 | 334 | 1,358 | 1,433 | 75 | 800 | 391 | (409) | 0 | 3,268 | 3,268 | 0 |
| Borough & Bankside St.scape Improvements | 56 | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 56 | 56 | 0 |
| Bermondsey Streetscape Improvements | 344 | 271 | (73) | 444 | 517 | 73 | 633 | 633 | 0 | 0 | 1,422 | 1,422 | 0 |
| Improving Local Retail Environments | 107 | 57 | (50) | 0 | 50 | 50 | 0 | 0 | 0 | 0 | 107 | 107 | 0 |
| Borough & Bankside Tourism Infrastructure | 25 | 14 | (11) | 0 | 11 | 11 | 209 | 209 | 0 | 0 | 234 | 234 | 0 |
| Housing and Area Renewal | 75 | 195 | 119 | 505 | 392 | (113) | 600 | 593 | (7) | 0 | 1,180 | 1,180 | (0) |
| Hatfields Streetscape Improvements | 99 | 163 | 64 | 100 | 36 | (64) | 0 | 0 | 0 | 0 | 199 | 199 | (0) |
| ILRE Phase 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2,052 | 2,052 | 0 | 0 | 2,052 | 2,052 | 0 |
| Walworth Road South(Missing bit of the Jigsaw) | 0 | 0 | 0 | 0 | 0 | 0 | 2,850 | 2,850 | 0 | 0 | 2,850 | 2,850 | 0 |
| Roads and Traffic Mgt Improvements | 3,506 | 3,603 | 97 | 3,239 | 3,142 | (97) | 0 | 0 | 0 | 0 | 6,745 | 6,745 | (0) |
| Major Schemes(Lower Road) | 164 | 134 | (30) | 100 | 130 | 30 | 0 | 0 | 0 | 0 | 264 | 264 | 0 |
| Quietways (Cycle paths) | 4,342 | 3,431 | (911) | 945 | 1,856 | 911 | 0 | 0 | 0 | 0 | 5,287 | 5,287 | 0 |
| Mayor's Air Quality Fund | 63 | 46 | (17) | 0 | 17 | 17 | 0 | 0 | 0 | 0 | 63 | 63 | 0 |
| Bermondsey Spa Public Realm Improvements | 28 | 0 | (28) | 470 | 498 | 28 | (0) | 0 | 0 | 0 | 498 | 498 | 0 |
| Elephant & Castle Open Spaces | 211 | 150 | (61) | 2,578 | 2,639 | 61 | 2,900 | 2,900 | 0 | 0 | 5,689 | 5,689 | (0) |
| Walworth Town Hall | 1,400 | 1,045 | (355) | 1,000 | 1,355 | 355 | 17,580 | 17,580 | 0 | 0 | 19,980 | 19,980 | 0 |
| Rotherhithe Library (Albion Street) Demolition | 433 | 114 | (318) | 0 | 318 | 318 | 0 | 0 | 0 | 0 | 433 | 433 | 0 |
| Charlotte Sharman Lodge Reinstatement | 201 | 201 | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 201 | 201 | 0 |
| Draper House/ Sherston Court Improvements | 29 | 28 | (2) | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 29 | 29 | (0) |
| Construction Skills Centre for South London(NHB) | 52 | 0 | (52) | 773 | 825 | 52 | 176 | 176 | 0 | 0 | 1,002 | 1,002 | 0 |
| St Olav's Square Redevelopment | 85 | 0 | (85) | 498 | 583 | 85 | 0 | 0 | 0 | 0 | 583 | 583 | 0 |
| Camberwell Green and Gateway to Peckham | 2,611 | 2,298 | (312) | 14,225 | 14,538 | 312 | 8,362 | 8,362 | 0 | 0 | 25,198 | 25,198 | 0 |
| Revitalise5 Camberwell | 0 | 0 | 0 | 1,690 | 1,690 | 0 | 1,436 | 1,436 | 0 | 0 | 3,126 | 3,126 | 0 |
| Camberwell Library | 1,163 | 1,175 | 12 | 83 | 71 | (12) | 0 | 0 | 0 | 0 | 1,246 | 1,246 | (0) |
| Eagle Wharf Development | 311 | 57 | (254) | 4,751 | 5,005 | 254 | 12,938 | 12,938 | 0 | 0 | 18,000 | 18,000 | 0 |
| Canada Wayer Library | 18 | 0 | (18) | 91 | 109 | 18 | 0 | 0 | 0 | 0 | 109 | 109 | 0 |
| Construction of Community Centre | 677 | 709 | 32 | 63 | 31 | (32) | 0 | 0 | 0 | 0 | 741 | 741 | (0) |
| Revitalise Peckham Rye | 50 | 100 | 50 | 2,313 | 2,263 | (50) | 771 | 771 | 0 | 0 | 3,134 | 3,134 | (0) |
| Mint Street Adventure | 0 | 58 | 58 | 1,100 | 1,042 | (58) | 900 | 900 | 0 | 0 | 2,000 | 2,000 | 0 |
| Construction of Elephant & Castle Leisure Centre | 4,975 | 4,666 | (310) | 421 | 731 | 310 | 692 | 692 | 0 | 0 | 6,088 | 6,088 | 0 |
| Voluntary Sector Strategy | 0 | 0 | 0 | 1,031 | 1,031 | 0 | 0 | 0 | 0 | 0 | 1,031 | 1,031 | 0 |
| Property Acquisition | 2,000 | 1,614 | (386) | 2,915 | 3,300 | 386 | 14,000 | 14,000 | 0 | 0 | 18,915 | 18,915 | 0 |
| Pullens Yard Improvements | 0 | 0 | 0 | 210 | 210 | 0 | 242 | 242 | 0 | 0 | 452 | 452 | 0 |
| Void Shops & Council Owned Parade | 0 | 0 | 0 | 725 | 725 | 0 | 1,275 | 1,275 | 0 | 0 | 2,000 | 2,000 | 0 |
| 177-179 Walworth Road Refurbishment | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Lease of New office Accomodation | 54 | 10 | (43) | 116 | 159 | 43 | 0 | 0 | 0 | 0 | | | |

| | | | | | | | | | | | | |
|--|-------------------------------------|----------------|-----------------|-----------------------|-----------------|------------------|-----------------------|-----------------|-----------------|------------------------|-----------------|-----------------|
| Blackfriars Road Boulevard | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Tate Modern Extension Project | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 0 |
| Chief Executive Total | 28,980 | 26,430 | (2,549) | 50,136 | 53,102 | 2,966 | 116,835 | 116,419 | (416) | 195,951 | 195,951 | 0 |
| Children and Adult Services | | | | | | | | | | | | |
| Other Grant Allocations | 491 | 197 | (293) | 100 | 394 | 293 | 0 | 0 | 0 | 591 | 591 | 0 |
| 3 Primaries | 248 | 195 | (54) | 476 | 529 | 54 | 0 | 0 | 0 | 724 | 724 | 0 |
| Carbon Reduction in Schools | 0 | 0 | 0 | 245 | 245 | 0 | 0 | 0 | 0 | 245 | 245 | 0 |
| Other Primary Projects | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 0 |
| Maintenance Programme for Schools | 3,652 | 3,544 | (108) | 4,297 | 4,401 | 105 | 0 | 27 | 27 | 7,948 | 7,972 | 24 |
| Free School Meals | 3 | 3 | 0 | 364 | 341 | (24) | 0 | 0 | 0 | 367 | 344 | (24) |
| Bessemer | 600 | 519 | (81) | 77 | 158 | 81 | 0 | 0 | 0 | 677 | 677 | 0 |
| Dulwich Wood (Langbourne) | 1,500 | 1,299 | (201) | 248 | 449 | 201 | 0 | 0 | 0 | 1,748 | 1,748 | 0 |
| Lyndhurst major expansion & refurb 1.5 to 2 fe | 900 | 696 | (204) | 198 | 401 | 204 | 0 | 0 | 0 | 1,098 | 1,098 | 0 |
| Youth Service Projects | 22 | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 | 22 | 0 |
| Troubled Families | 0 | 0 | 0 | 133 | 133 | 0 | 0 | 0 | 0 | 133 | 133 | 0 |
| SILS Porlock Hall | 293 | 239 | (54) | 0 | 54 | 54 | 0 | 0 | 0 | 293 | 293 | 0 |
| Carefirst upgrade | 884 | 1,012 | 128 | 843 | 716 | (128) | 0 | 0 | 0 | 1,727 | 1,727 | 0 |
| Thomas Carlton fabric | 315 | 264 | (51) | 0 | 51 | 51 | 0 | 0 | 0 | 315 | 315 | 0 |
| Thomas Carlton ICT | 71 | 0 | (71) | 0 | 71 | 71 | 0 | 0 | 0 | 71 | 71 | 0 |
| Permanent Expansion | 12,319 | 14,247 | 1,928 | 84,004 | 84,076 | 72 | 78,702 | 76,702 | (2,000) | 175,025 | 175,025 | 0 |
| Southwark Resource Centre | 0 | 0 | 0 | 259 | 259 | 0 | 0 | 0 | 0 | 259 | 259 | 0 |
| Adult PSS Capital Allocations | 0 | 0 | 0 | 181 | 181 | 0 | 0 | 0 | 0 | 181 | 181 | 0 |
| Half Moon Lane | 100 | 57 | (43) | 1,700 | 1,743 | 43 | 0 | 0 | 0 | 1,800 | 1,800 | 0 |
| Adult PSS Orient Street | 85 | 17 | (68) | 1,040 | 1,108 | 68 | 0 | 0 | 0 | 1,125 | 1,125 | 0 |
| Kimmins Court | 186 | 149 | (37) | 0 | 37 | 37 | 0 | 0 | 0 | 186 | 186 | 0 |
| Adult PSS Fred Francis | 34 | 38 | 3 | 26 | 22 | (3) | 0 | 0 | 0 | 60 | 60 | 0 |
| Adult PSS Southwark Park Road | 33 | 16 | (17) | 2 | 19 | 17 | 0 | 0 | 0 | 35 | 35 | 0 |
| Transformation of LD care - Brandon Trust | 0 | 0 | 0 | 727 | 727 | 0 | 0 | 0 | 0 | 727 | 727 | 0 |
| Crebor Street | 316 | 313 | (3) | 0 | 3 | 3 | 0 | 0 | 0 | 316 | 316 | 0 |
| Mount Adon Park | 6 | 0 | (6) | 0 | 6 | 6 | 0 | 0 | 0 | 6 | 6 | 0 |
| Therapia road | 3 | 0 | (3) | 0 | 3 | 3 | 0 | 0 | 0 | 3 | 3 | 0 |
| Dover Lodge | 8 | 0 | (8) | 0 | 8 | 8 | 0 | 0 | 0 | 8 | 8 | 0 |
| Telecare expansion | 150 | 75 | (75) | 75 | 150 | 75 | 0 | 0 | 0 | 225 | 225 | 0 |
| Centre of Excellence | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 1,500 | 1,500 | 0 | 2,500 | 2,500 | 0 |
| Autism learning provision | 0 | 0 | 0 | 0 | 0 | 0 | 4,500 | 4,500 | 0 | 4,500 | 4,500 | 0 |
| Anchor Rose court | 223 | 114 | (109) | 200 | 309 | 109 | 0 | 0 | 0 | 423 | 423 | 0 |
| Anchor Greenhive | 0 | 92 | 92 | 599 | 426 | (173) | 0 | 0 | 0 | 599 | 518 | (80) |
| Anchor Waterside | 42 | 91 | 49 | 0 | 0 | 0 | 0 | 0 | 0 | 42 | 91 | 49 |
| Anchor Blue Grove | 66 | 97 | 31 | 0 | 0 | 0 | 0 | 0 | 0 | 66 | 97 | 31 |
| | | | | | | | | | | | | 0 |
| Children and Adult Services Total | 22,555 | 23,301 | 746 | 96,792 | 98,020 | 1,227 | 84,702 | 82,729 | (1,973) | 204,049 | 204,049 | 0 |
| Southwark Schools for the Future | | | | | | | | | | | | |
| St Michael's PFI | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| SMAA | 24 | 24 | (0) | 1,410 | 1,410 | 0 | 123 | 123 | 0 | 1,557 | 1,557 | (0) |
| Spa | 0 | 0 | 0 | 31 | 31 | 0 | 0 | 0 | 0 | 31 | 31 | 0 |
| New School Aylesbury | 112 | 112 | 0 | 96 | 96 | 0 | 0 | 0 | 0 | 209 | 209 | 0 |
| Bredinghurst Secondary School | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 0 |
| SSSO (VA) St Saviours and St Olaves | 5 | 5 | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 10 | 10 | 0 |
| KS3/ KS4 SILS | 4 | 4 | 0 | 1,500 | 1,500 | 0 | 6,496 | 6,496 | 0 | 8,000 | 8,000 | 0 |
| ICT | 581 | 581 | 0 | 124 | 124 | 0 | 381 | 381 | 0 | 1,086 | 1,086 | 0 |
| Contingency & retension payments | 0 | 0 | 0 | 45 | 45 | 0 | 1,207 | 1,207 | 0 | 1,252 | 1,252 | 0 |
| | | | | | | | | | | | | 0 |
| Southwark Schools for the Future Total | 728 | 728 | (0) | 3,311 | 3,311 | 0 | 8,207 | 8,207 | 0 | 12,246 | 12,246 | (0) |
| Housing General Fund | | | | | | | | | | | | |
| Springtide Close travellers site | 32 | 11 | (21) | 80 | 101 | 21 | 0 | 0 | 0 | 112 | 112 | 0 |
| Ilderton travellers site wall | 0 | 0 | 0 | 300 | 300 | 0 | 0 | 0 | 0 | 300 | 300 | 0 |
| Wadding Street and Stead Street | 1,040 | 0 | (1,040) | 0 | 1,040 | 1,040 | 0 | 0 | 0 | 1,040 | 1,040 | 0 |
| Information Service | 654 | 244 | (410) | 47 | 457 | 410 | 0 | 0 | 0 | 701 | 701 | 0 |
| IT Investment Schemes | 2,977 | 3,920 | 943 | 1,600 | 657 | (943) | 7,248 | 7,248 | 0 | 11,825 | 11,825 | 0 |
| Property Works Programme | 0 | 0 | 0 | 648 | 648 | 0 | 1,200 | 1,200 | 0 | 1,848 | 1,848 | 0 |
| Work to Council Buildings DDA | 47 | 115 | 68 | 68 | 0 | (68) | 0 | 0 | 0 | 115 | 115 | 0 |
| PPM & Compliance Programme (CRP) | 0 | 0 | 0 | 1,354 | 1,354 | 0 | 8,896 | 8,896 | 0 | 10,250 | 10,250 | 0 |
| Planned Preventative Maintenance | 906 | 481 | (425) | 2,949 | 2,996 | 47 | 23,480 | 23,858 | 378 | 27,335 | 27,335 | 0 |
| Walworth Road Fire | 1,459 | 1,437 | (22) | 0 | 22 | 22 | 0 | 0 | 0 | 1,459 | 1,459 | 0 |
| Housing Renewal | 2,603 | 1,884 | (719) | 3,236 | 3,955 | 719 | 11,965 | 11,965 | 0 | 17,804 | 17,804 | 0 |
| Brayards Improvement Zone | 797 | 433 | (364) | 808 | 1,172 | 364 | 0 | 0 | 0 | 1,605 | 1,605 | 0 |
| Housing General Fund Total | 10,515 | 8,525 | (1,990) | 11,090 | 12,702 | 1,612 | 52,789 | 53,167 | 378 | 74,394 | 74,394 | 0 |
| Capital Programme 2015/16 - 2024/25 | Total General Fund Programme | | | | | | | | | | | |
| | 2015/16 | | | 2016/17 | | | 2017/18+ | | | Total Programme | | |
| | Revised Budget | Outturn | Variance | Revised Budget | Forecast | Variance | Revised Budget | Forecast | Variance | Revised Budget | Forecast | Variance |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Expenditure | 80,155 | 70,664 | (9,492) | 192,804 | 200,094 | 7,290 | 325,581 | 327,785 | 2,204 | 598,542 | 598,542 | (0) |
| Total Resources | 80,156 | 70,664 | (9,492) | 192,804 | 86,268 | (106,536) | 325,582 | 343,300 | 17,718 | 598,542 | 500,232 | (98,310) |
| Forecast variation (under)/over | (1) | 0 | (0) | 0 | 113,826 | 113,826 | (1) | (15,515) | (15,514) | 0 | 98,310 | |
| Cumulative position | | | | (1) | 113,826 | 113,826 | (1) | 98,311 | 98,312 | (0) | 98,310 | |

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 14. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Major Works Status Report incorporating Warm, Dry and Safe | |
| Ward(s) or groups affected: | | All wards | |
| Cabinet Member: | | Councillor Stephanie Cryan, Deputy Leader and Cabinet Member For Housing | |

FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING

In 2010 we made a commitment to bring all of our homes up to a decent standard through our housing investment programme and to achieve the Warm, Dry and Safe (WDS) standard. Our residents, quite rightly, deserve to live in a home that at the very least meets these standards.

In April 2011 only 55.86% of our housing stock met this standard but the last five years have seen a record level of investment to improve our housing portfolio to meet the decent homes standard. I am proud to announce that at the end of the 2015/16 financial year 91.3% of our homes now meet the decent homes standard and this is a testament to the commitment and hard work that has been undertaken to achieve this. Works have been carried out to over 30,000 homes across the borough and an extensive programme of works has also been carried out on temporary accommodation hostels and tenants and residents halls.

Our Quality Homes Investment Programme (QHIP) is now in place following public consultation which will ensure that cyclical works, including external decorations, will continue as part of our commitment to maintain our housing stock to a decent standard. We are also delivering on our promise of new kitchens and bathrooms and this has now started to roll out across the borough.

This report sets out what we have achieved and the current status of the housing investment programme.

RECOMMENDATIONS

That cabinet

1. Notes the status of the housing investment programmes at the end of March 2016 with particular reference to achieving the Warm, Dry and Safe (WDS) standard.
2. Notes that the current WDS commitments and that the first year of delivering the kitchen and bathroom guarantee is being delivered alongside the WDS investment.
3. Notes at the end of 2015/16 the housing stock stood at a 91.3% decency level. The pre-WDS figure was 56% in April 2010.

4. Notes that over 30,000 properties had received works or were in the process of receiving works to their homes or blocks at the end of March 2016 as part of the WDS programme.
5. Notes that over £130m of GLA funding has been drawn down to help deliver the programme.
6. Notes that this report will be sent to Home Owners' Council, Tenant Council and Future Steering Board following cabinet approval.

Summary

7. It is a key priority of the council to make every home in Southwark warm, dry and safe. This paper is to an update on the WDS investment as at the end of March 2016.
8. Over £400m has been spent on delivering WDS at the end of March 2016.
9. Decency was at 91.3% at the end of 2015/16 reflecting the huge investment that the council has undertaken across the borough.
10. Alongside the final year of WDS commitments the council has begun to deliver the first year of a kitchen and bathroom programme.
11. A new asset management strategy was agreed by cabinet in March 2016 that will ensure high levels of decency are maintained, roll out the kitchen and bathroom guarantee and make sure properties receive a cyclical maintenance and decoration programme.
12. Over £130m GLA backlog funding has been drawn down to March 2016 towards the funding of the programme.

BACKGROUND INFORMATION

Introduction

13. On 18 October 2011 cabinet agreed a detailed five year housing investment programme.
14. The key components of the programme were:
 - a. The main WDS estates and street properties programme (electrics, windows, roofs, bathrooms, doors, boilers as well as other external repairs)
 - b. Lift, individual boiler, district heating and electrical works programmes
 - c. The then existing investment two-year programme and the high priority Fire Risk Assessment (FRA) schemes
 - d. Expenditure on major voids and voids capitalisation.
15. The programme is based on WDS principles and this equates to the Government's Decent Homes Standard. These principles are:
 - a. Warm – modern functioning heating, well insulated roofs, windows in good condition or double glazed with secure locks, sliding window vents and restrictor hinges where needed, draught excluders on front doors, cavity wall insulation

- b. Dry – roofs, windows and building fabric in good condition, free from water penetration and damp
- c. Safe – modern electrics including rewiring where necessary, secure front doors (fire rated where necessary).
16. On 25 February 2015 Council Assembly affirmed its commitment through the Council Plan to 2017/18 which included the Fairer Future Promise- **Quality affordable homes**, which states ‘We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.’
17. On 25 February 2015 cabinet established kitchen and bathroom investment to “deliver a quality kitchen and bathroom for every council tenant”, with an initial year alongside the current WDS investment in 2015/16.
18. On 15 March 2016 cabinet agreed a new asset management strategy including an 8-10 year plan to maintain decency and deliver the kitchen and bathroom guarantee across Southwark.

KEY ISSUES FOR CONSIDERATION

What Has Been Achieved – Overall Position

19. At the end of March 2015, over £400m had been spent in five years of the WDS programmes.
20. A summary of progress from 2011/12-2015/16 is given below with a more detailed breakdown given in Appendix 2.

| Budget heading | Progress Status | Description of progress |
|---|------------------|--|
| Four Squares (security and WDS) | On site | Four Squares was started in 2012/13 as scheduled. Additional HINE funding has been agreed for this scheme that will complete later in 2016/17. |
| Elmington (Drayton / Langland) | Completed | Elmington was started in 2012/13 and completed in 2013/14. |
| WDS - Landlord Obligations (Individual Heating) | Completed | The individual boiler programme has successfully run throughout the WDS programme and will continue as part of the new programme. |
| WDS - Landlord Obligations (District Heating) | On going | All the planned schemes up to the end of 2014/15 are completed. The remaining 15/16 schemes requiring works have been committed with the following exceptions that are to be committed in 2016/17: <ul style="list-style-type: none"> • Leysdown Boiler House boiler & Soane House Boiler House boiler • Acorn Mains |
| WDS - Landlord Obligations (Electrical Works) | Completed | Works were completed to Guthrie/Jurston laterals and Whitworth/Ellington (Rockingham) incoming mains. |

| Budget heading | Progress Status | Description of progress |
|---|------------------------------|--|
| WDS - Landlord Obligations (Lifts) | Completed | This programmed refurbishments up to 2015/16 have been completed. |
| WDS Estates 2012/13 and WDS Street Properties 2012/13 | Completed | 14 schemes have completed. |
| WDS Estates 2013/14 and WDS Street Properties 2013/14 | On site or completed. | 10 out of 12 schemes have been committed (8 completed) the exceptions being: <ul style="list-style-type: none"> • Tustin has been delayed due to the scope of works required and wider considerations on the estate. • Acorn was delayed pending heating works and now to be completed alongside the new programme. |
| WDS Estates 2014/15 and WDS Street Properties 2014/15 | On site or completed. | 40 out of 41 schemes have been committed (30 completed) the exception being: <ul style="list-style-type: none"> • D'Eynsford Estate (Externals) pending heating works |
| WDS Estates 2015/16 and WDS Street Properties 2015/16 | On site or completed. | 92 out of 106 schemes have been committed (41 completed) the exceptions being: <ul style="list-style-type: none"> • Chilton Grove Externals (due to a wider consultation); • Castlemead Tower (delayed due to investigations around improved methods of delivery); • Princess, Countisbury, Lyall (due to further cost benefit analysis required on the scope of the works) • Electrical Package 6 (SHU's) (due to a change in division delivering the works) • Limes Walk (delayed as shared roofs with freeholders); • Caroline Gardens externals (English Heritage agreement to works); • Lytcott Grove Estate (elongated consultation period) <p>Follow on works to original WDS works:</p> <ul style="list-style-type: none"> • Brandon 1b; • Gatehouse structural; • Risdon House • Canada Ventilation • 3 streets structural works packages |
| Minor Voids Capitalisation | Completed | Voids capitalisation, allocation utilised. |
| Minor Voids WDS Works | Completed | Minor voids works on target, allocation utilised. |

| Budget heading | Progress Status | Description of progress |
|--|--|---|
| Current Schemes | | |
| Fire Risk Assessment (FRA) works - current | Substantial risk blocks Completed | All substantial risk high rise blocks complete. |
| | Higher Moderate risk blocks Completed | All the originally planned higher risk high rise moderate risk blocks are complete. |
| 2 year programme | Completed | The original 2 year programme has been completed. |
| Hawkstone | Completed | Completed in 2015/16. |

21. From 2011/12-2015/16:

- a. Over 30,000 of Southwark's properties have benefited or are benefiting from work on their property or block started as part of our WDS major works investment on estates and street properties.
- b. Over 1,200 council homes have been provided with a new kitchen and/or bathroom as part of the kitchen and bathroom guarantee
- c. In addition, fire safety works have been completed to all the substantial risk blocks and all the originally identified higher moderate high rise blocks through the FRA programme.
- d. Over 160 lifts have been refurbished as part of the lifts programme.
- e. Around 9,000 individual boilers have been replaced and many more residents have benefited from district heating works.

What has been achieved – Fire Risk Assessment (FRA) Programme

22. The FRA Programme has progressed well with specific details available in Appendix 2. All 27 substantial risk high rise blocks and 176 (not including Four Squares where works are being completed alongside the main scheme) of the high moderate blocks identified have now been completed. Over £36m has already been invested in delivering these FRA works.
23. In addition to reducing risk in high rise properties, £2.3m has been agreed for work to 48 substantial risk medium rise blocks which is being completed alongside the 2015/16 works.
24. As part of the new asset management strategy Southwark committed to continue works required to reduce the risk from the spread of fire and smoke highlighted from FRAs. This work will usually be integrated into the cyclical programme to bring the building components of all remaining blocks to a 'tolerable' rating within the first cycle of the new programme (8-10 years). The works are typically ventilation adjustments, fire stopping, replacements of doors to properties and communal doors to meet standards required by the fire safety regulations.
25. Cabinet has also agreed funding to install sprinkler systems into sheltered and hostel accommodation and this will be completed by October 2016. LD2 alarm installations have been installed into the highest priority blocks and street conversions, however a small percentage remain outstanding due to access issues and options are being considered to progress these. Programmes for FRA works are progressing, as well as a five year programme of electrical testing blocks.

26. Work is being undertaken to prioritise future work and reduce fire risk in discussion with the London Fire Brigade (LFB). LFB have been provided with block plans for all 5+ story blocks. Residents in high rise blocks have been provided with fire safety information and these will be issued to other residents over the coming years.

What has been achieved – Decent Homes

27. 91.3% of the council's rented accommodation was decent at the end of March 2016.
28. There are a number of projects where the council will still be working to achieve decency at March 2016, so work will continue on estates such as Portland, the second phase of works on the Aylesbury Estate and some of the 2015/16 schemes.
29. Beyond WDS, decency will be maintained through the new programme outlined in the new asset management strategy in the March 2016 cabinet report.

RESOURCES

Additional resources secured

30. After successful bids for backlog funding the council has received grants for £12.1m in 2012/13, £32.4m in 2013/14, £32.3m in 2014/15 and a further £53.0m in 2015/16. The backlog funding has allowed a programme to be delivered to help deliver the WDS standard across Southwark's homes.
31. As part of the programme British Gas undertook works to reduce carbon emissions through an ECO Agreement. The council worked with British Gas to deliver environmental improvements including roofs, windows and cavity work. The actual work is at a notional cost to Southwark. 6970 properties have benefitted from the work.
- a. 5036 properties have received cavity wall insulation (CWI)
 - b. 1173 properties have received external wall Insulation (EWI)
 - c. 956 properties have received double glazed windows at Bardell House, Burton House, Dombey House, Forbes Court, Gould Court, Hendre House, Jamaica Road, Layard Square, Lockwood Square, Lugard Road, Marden Square, New Place Square, Wade House and Wrayburn House
 - d. 290 properties have received insulated flat roofs at Bardell House, Barlow House, Barry House, Beamish House, Donkin House, Forbes Court, Gould Court, Heaton House, Helen Taylor House, Jamaica Road, Layard Square, Lockwood Square, Marden Square, Mortain House, New Place Square, Radcliffe House, Spenlow House, Tupman House and Wade House.

Planned resources

32. 2016/17 will be the final year of significant expenditure on the WDS programme, largely to complete committed works. Spend was higher than originally anticipated at the start of the programme due to:
- a. the fact that there was only 11% real stock data when the original budget was put together

- b. insufficient allowance for scaffolding costs and asbestos costs
- c. other non WDS related work costs that did not form the estimate but should be done at the same time as WDS works for efficiency reasons
- d. the scope of works not reducing as much as indicated from the surveys in the final years of delivering the WDS investment
- e. the programme has incurred some unexpected costs, such as the mutual conclusion of two of the partnering contracts, which have had an impact on both costs and delivery of schemes
- f. the scope of works required on some schemes was considerably more than originally anticipated, such as with Four Squares.

Estimated spend profile

33. The estimated spend profile is:

| 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---------|---------|---------|---------|---------|---------|---------|
| £36.6m | £64.5m | £82.5m | £100.1m | £129.8m | £100m | £2m |

34. There are a few schemes where funding is considered outside the WDS scope as they include extensive works that were not part of the WDS budget. This will include works to:
- a. Portland where serious structural work needs to be addressed
 - b. Tustin where major investment is needed in the tower blocks but the estate is subject to a wider consultation
 - c. Maydew which will be partly funded through increased sales receipts rather than from the current capital funding arrangements

Resident perception

35. The consolidated survey results for the main WDS refurbishment works are:

| Area | Satisfaction on main WDS refurbishment works | | | Overall satisfaction for all major works | | |
|---|--|---------|---------|--|---------|---------|
| | 2013/14 | 2014/15 | 2015/16 | 2013/14 | 2014/15 | 2015/16 |
| Satisfied with quality of works | 86% | 92% | 94% | 80% | 91% | 93% |
| Satisfied with service provided by contractors | 85% | 92% | 94% | 79% | 90% | 94% |
| Satisfaction with service provided by Southwark | 77% | 87% | 83% | 74% | 85% | 83% |

36. The satisfaction on WDS refurbishment works and the service provided by contractors continues to improve. There was a slight dip in satisfaction with the council which is due to the low level of works to meet the WDS standard on a number of contracts. We have a number of contracts predominantly delivering only internal electrical works or lateral mains works and contracts commissioned prior to cabinet agreeing to begin the kitchen and bathroom programme.
37. The 2015/16 split shows tenants continue to be more satisfied than homeowners. The main reason for homeowners' dissatisfaction is around the cost. All of the contracts have been competitively tendered and the council has

an extensive consultation process including information on the procurement method and cost of works.

| 2015/16 Area | Satisfaction on main WDS refurbishment works | | | Overall satisfaction for all major works | | |
|---|--|--------|-----------|--|--------|-----------|
| | Overall | Tenant | Homeowner | Overall | Tenant | Homeowner |
| Satisfied with quality of works | 94% | 96% | 70% | 93% | 96% | 70% |
| Satisfied with service provided by contractors | 94% | 96% | 80% | 94% | 96% | 80% |
| Satisfaction with service provided by Southwark | 83% | 86% | 59% | 83% | 86% | 55% |

Current work streams

38. A 30-year asset management strategy has been developed and agreed by cabinet in March 2016. Homes across the borough will receive investment delivered through an on-going cyclical programme initially over 8 to 10 years. The first year schemes in the programme are being worked up to be committed in 2016/17.
39. The standard for the new programme can be summarised as:
- Maintaining the council housing stock to the Government's Decent Homes Standard
 - Keep homes in a reasonable state of decorative repair and maintenance
 - Provide a quality kitchen and bathroom
 - Providing programmed upgrades to other 'non decency' components such as lifts
 - Provide programmed works required from FRAs to maintain the building components of all blocks to a 'tolerable' rating.
40. A project to develop the asset management information and system that will support the development of the ongoing asset strategy is underway, with work on the Northgate integration, IT infrastructure upgrade and mobile working completed. Work on the servicing module is continuing to enable our compliance systems to be managed on a single system. This project will make sure asset information and management takes place on a single system that will allow for a more informed consideration of the long-term risk on assets and liabilities.
41. A new major works contractor framework is now in place whereby two lists of contractors can be selected to tender for individual building works projects through mini-competition (one for smaller contractors to offer opportunities to medium sized firms). The current major works partnering contracts are still in place until 13 June 2018 and have non exclusive extensions with termination at will clauses. Mini-competition will be used via the framework for those areas where there are no major works partnering contracts in place.

Other Major Works Projects

42. The Lakanal refurbishment is on site and expected to be finished in 2016/17, with work then starting on the undercroft and new build. Work is continuing to the Tenant and Resident Association (TRA) Halls programmes with Phase 2, Phase 3 and Phase 4 completed as well as FRA works to the halls. Work on Temporary Accommodation Phase 4 and Phase 5 has completed.

Programme Investment Delivery

43. To ensure the successful delivery of the programme, the project teams within the major works division are given clear milestones and targets to work to along with clear levels of delegated authority.
44. The director of asset management is responsible for the delivery of the programme. Progress against targets and strategic issues are addressed by the strategic director of housing and modernisation when required. A Core Group chaired by the cabinet member for housing and attended by resident representatives monitors KPIs and the delivery of the programme.
45. There are clear approval/gateway processes to make sure that prior to committing works the right level of quality in performance, health and safety and wider council requirements such as equalities, sustainability and local economic benefits will be achieved.
46. As well as project and programme budget monitoring within the major works teams, spend and forecasts are monitored through the housing investment board backed by the capital finance team to ensure that financial management procedures are in place.
47. A further annual progress report will be sent to cabinet following the end of the current financial year to report on the progress of the new asset management strategy.

Conclusion

48. The WDS programmes have delivered on the promises set out in 2011, the kitchen and bathroom guarantee has started to be delivered and decency is now at a high level of 91.3%. The council is now building on this work through delivery of the new asset management strategy which over the next 8-10 years will deliver a higher standard across the council's properties.

Policy implications

49. This paper provides an update to the key fairer futures promise of delivering Warm, Dry and Safe homes.
50. This paper provides an update to the delivery of the Government's Decent Homes Standard.

Community impact statement

51. The community impact of the proposed programme was assessed as part of the 31 May 2011 report titled Housing Investment Programme and Revised Strategy.

52. Southwark's Housing Requirements Study 2008 found that certain types of households are over-represented in the borough's social housing, e.g. lone parents and pensioner households. Of pensioner household, for example, 69.1% live in social rented housing. The study also found that 40% of council renters contain at least one person with a health problem and that disadvantaged groups overall are more likely to be living in social housing, for example, certain BME groups.
53. There is increasing evidence of a link between poor housing conditions and ill health. The proposals in this report to make homes warm, dry and safe are likely to have health benefits for tenants and residents.
54. Replacing single glazed windows with double-glazing and replacing older, less efficient heating systems, increasing the thermal efficiency of council homes will have benefits for all residents benefiting from the investment strategy, through reducing carbon emissions.
55. Providing better thermal insulation, improving communal heating systems etc. This priority should benefit all communities. The Housing Needs survey 2003 found that certain ethnic groups were overrepresented in homes with poorer thermal comfort ratings. Furthermore, people on fixed incomes, e.g. pensioners, people on benefits and other groups suffering from fuel poverty will also benefit from more energy efficient homes.

Financial implications

56. This report is providing a status report on the Warm Dry and Safe programme and also the Kitchens and Bathrooms programme within the overall Housing Investment Programmes (HIP) as at March 2016.
57. On 18 March 2014, as part of the 2013/14 quarter 3 capital monitor and capital refresh process, cabinet approved additional capital funding of £985m on the housing stock programme for future years which included amongst others, the kitchens and bathrooms programme and also works to maintain the Warm Dry and Safe (WDS) standard across the housing stock. Additional resources required to complete the WDS programme is being allocated from this budget.
58. The budget from the asset management programme from 2016/17 is being approved annually, with the first year's budget of £48.3m, approved alongside the asset management strategy on 15 March 2016.
59. There are no additional financial implications arising from this report as the works are currently expected to be contained within approved budgets. Cash flow implications will need to be monitored closely to ensure that there are sufficient resources to fund the overall Housing Investment Programme on a yearly basis.

Consultation

60. This update report will be sent to Home Owners' Council, Tenant Council and Future Steering Board following cabinet approval.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Director of Law and Democracy**

61. This report requires cabinet to note the current status in relation to the WDS investment. There are no specific legal implications regarding the recommendations noted in this report. Officers from legal services will continue to provide legal advice (when required) to the WDS initiative and the new asset management strategy.

Strategic Director of Finance and Governance

62. This report is requesting cabinet to note the status of the Warm Dry and Safe programme within the overall Housing Investment Programmes (HIP) as at March 2016.
63. It is noted that there are no additional financial implications arising from this report as the works are currently expected to be contained within approved budgets. Section 33 of the report indicates remaining spending in 2016/17 and 2017/18 at £102m, included in the Housing Investment Programme.
64. It is also noted that the Housing Investment Programme cash flow implications will need to be monitored closely to ensure that there are sufficient resources to fund the overall Programme on a yearly basis.
65. Given recent government policy initiatives and changes to key HRA business planning assumptions, (all of which are detrimental to the council's financial position), there is no clear visibility around long-term resource planning which raises the critical issue of affordability. There remains scope to derive greater benefit from the council's own asset base and a need to explore options for levering-in external funding from government and through joint venture arrangements and alternative delivery models with the public/private sector. Without this, it will be necessary to review existing plans, to re-prioritise, re-phase and extend the programme lifecycle, and in extreme circumstances consider the possible curtailment of programmed activity.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|---------------------------------|
| Asset Management Strategy Kitchens and Bathrooms Programme 2016/16 | Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX | Richard George 020 7525 3293 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4867&Ver=4 | | |
| Housing Investment Programme – Confirmation of Five Year Programme and Update on the High Investment Need Estates Options Appraisal Project 18 October 2013 | Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX | Richard George 020 7525 3293 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3816&Ver=4 | | |
| Housing Investment Programme and Revised Strategy 31 May 2011 | Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX | Richard George 020 7525 3293 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3866&Ver=4 | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix 1 | The programmes in pictures (circulated separately) |
| Appendix 2 | Programmes Achievements (circulated separately) |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing | |
| Lead Officer | Gerri Scott, Strategic Director Housing & Modernisation | |
| Report Author | David Markham, Director of Asset Management | |
| Version | Final | |
| Dated | 6 July 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 | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | 6 July 2016 | |

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 15. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | New Homes Delivery Programme | |
| Ward(s) or groups affected: | | All Wards | |
| Cabinet Member: | | Councillor Mark Williams, Regeneration and New Homes | |

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

Southwark Council continues to tackle the housing crisis head-on by delivering new homes of all kinds for our residents, a key part of this work is our ground-breaking programme to build 11,000 new council homes, with the first 1,500 delivered by the end of 2018. To date 159 new council homes have already been completed, with a further 157 to complete this financial year with a further 554 to start on site. We continue to identify new sites and consult with local residents on these proposed sites before a decision is taken on whether to proceed with them or not.

The new homes we are building are of the highest quality and the new homes at Willow Walk have been recognised by the national Local Authority Building Control Awards. We are ensuring that quality in delivery continues by using our Southwark Council Housing Design Guide which sets out clearly the standards that our architects and delivery partners must meet or exceed. Working in partnership with our residents is key to the success of this programme, and this report sets out the thorough consultation process for all of the sites where we intend to build new council homes.

RECOMMENDATIONS

1. Notes the progress at the end of May 2016 on the new build programme and the interim target to deliver 1500 homes by 2018.
2. Notes that the business plan supports the delivery of 1500 homes.
3. Recommends that a further paper be brought to cabinet later in autumn 2016 outlining options for the long term plan for the provision of homes as part of a refresh of the wider housing strategy.

BACKGROUND INFORMATION

4. The cabinet established the Independent Housing Commission in January 2012 in order to secure an unbiased perspective and make recommendations and conclusions for an investment strategy of up to 30 years. On 16 July 2013 cabinet considered the conclusions and next steps following community and stakeholder engagement and set out the council vision to deliver 11,000 new homes by 2043.
5. On 27 January 2015 cabinet agreed its new long term housing strategy for the borough including specific commitments for increasing housing supply, including building 11,000 new council homes for social rent by 2043 (including

1,500 by 2018), 'delivering the successor to our 'warm, dry and safe' housing investment programme', as well as taking a longer term view of measures to improve the housing stock over the duration of the strategy.

6. On 25 February 2015 council assembly endorsed the Council Plan to 2017/18 which included the Fairer Future Promise, Quality affordable homes, which states 'We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.'
7. The council has set out its vision for the future of council housing and has continued its detailed conversation with residents about this.
8. In September 2015 cabinet received an update on the new homes delivery programme, approved new sites and delegated the approval of future schemes for inclusion in the New Homes Programme to the cabinet member for regeneration and new homes.
9. On 12 May 2016 Royal Assent was given to the Housing and Planning Act 2016 dramatically changing the landscape in which social housing providers and Southwark are operating. The impact, alongside the 1% rent reductions included for 2016 to 2019 enacted in the Welfare Reform and Work Bill 2015-16 that received royal assent on the 16 March 2016, will dramatically change the sector. Organisations across the country, including Southwark, will need to assess how to respond to these changes.

KEY ISSUES FOR CONSIDERATION

What has been achieved – overall position

10. The council has already delivered 159 council homes for residents across Southwark.
11. A further 244 council homes are on site.
12. There is already an approved pipeline of estimated over 1200 council homes for 2018, see appendix 1b for further details of the pipeline.
13. Initial consultation with residents is underway in line with the Charter of Principles at further sites prior to seeking delegated approval for inclusion in the New Homes Programme from the cabinet member for regeneration.
14. These new schemes along with section 106 (s106) purchases, building on top schemes (where the council will build on top of existing homes) and the on-going hidden homes programme will make up the remaining homes pipeline for the delivery of 1500 council homes by 2018.
15. The business plan, based on current assumptions of resources and expenditure, continues to support the delivery of 1500 council homes by 2018.

Legislative changes implications – overall position

16. The Welfare Reform & Work Act 2016 gained Royal Assent on 16 March 2016. A key policy change prescribed in the Act was an annual 1% reduction in social

housing rental income for four years starting from 1 April 2016. The original guidance had been that social housing rents would increase by CPI+1%. This is the first time that there has been a legislative requirement on social housing providers to set rents at a certain level, as previously Government rent setting policy was offered only as guidance. This policy equates to a £62.5m loss in rental income to the Council's Housing Revenue Account (HRA) over those four years. This increases to a loss of £820m over the thirty years of the business plan, a significant decrease in resources.

17. The Housing & Planning Act gained Royal Assent on 12 May 2016. Within the Act there are a number of areas which will have a negative financial impact on the HRA. One of these areas is where Councils will be required to consider selling their vacant higher value assets. The Government will issue a levy at the start of the year based on estimates of voids but the Council does not have to sell every individual higher value vacant property as it can consider the overall resource position and the impacts of different scenarios on the business plan. However, the Council will still be required to pay the levy no matter how it is resourced. The payment could be reduced if the money is spent on housing or things that will facilitate the provision of housing. In London the council 'levy' could be reduced if councils build two replacement homes, though not necessarily of the same type of affordable housing. At this stage there is no indication of the scale of the levy payable and the business plan assumes a neutral impact i.e. the actual receipts received from the sale of voids equals the levy payable. In practical terms, the levy may be set at such a high level that it may not be possible to sell void properties to match the levy, which would have a further detrimental impact on the HRA. Additionally, selling high value voids will result in a loss of rent income from properties with proportionately higher rents.
18. Another policy change within the Housing & Planning Act is the "Pay to Stay" policy. 'High income' local authority tenants will have to pay a higher rent from 2017/18. The high household income threshold will be set at £40k in London increased annually by CPI. Although the impact of this policy is intended to be cost neutral to the Council, in reality there will be an administrative burden which may not be fully funded. The Council will be able to retain an administration fee but obtaining and checking the incomes of our tenants, and issuing rent adjustments could be a very expensive exercise and could exceed this. The policy will have a significant impact on some existing residents' disposable incomes, which could potentially lead to increased arrears and homelessness. The policy change is also likely to lead to increases in right to buy applications in order to avoid paying higher rents.
19. The resources available to fund the overall HRA capital programme should be reviewed to ensure we are maximising all potential sources of funding. This may include policy changes which could increase resources, for example, requesting that developers provide financial contributions rather than provide affordable housing.
20. The policy changes have created a more challenging environment for social housing providers with considerably less resources available to meet required local demands and ambitions.

What has been achieved – direct delivery of new homes

21. The Willow Walk site previously housed temporary accommodation and was developed to create a total of 75 council homes through two blocks of accommodation. Ros Stark house was completed in August 2015 and is now providing 54 short stay accommodation units. 1 O'Reilly Street, completed in November 2015 is now providing residents homes in 21 general needs housing units in the form of flats for social rent. This development has been recognised and placed as highly commended at the LABC Building Excellence Awards 2016 within the “Best social or affordable new housing development” category.
22. There are a further 8 developments that are on site, delivering 162 council rented homes, 30 intermediate homes, 9 homes for outright sale, a commercial unit and a community centre. Appendix 3 includes pictures of the completed scheme at Willow Walk, along with others currently on site. These homes are expected to be completed by quarter 2 of 2016/17, except Sumner Road which has just started. A number of these developments have been named following consultation with local residents. The new addresses are noted in brackets.
- Gatebeck House
 - Southdown House
 - Clifton Estate Garages (Parish Apartments)
 - Cator Street Extra Care (Tayo Situ House)
 - Masterman House Garages (Piper Court)
 - 169 Long Lane (Villiers Court)
 - Nunhead Site B (Candle Grove / Nunhead Lane)
 - Sumner Road
23. There are a further 24 sites identified where consultation is continuing in line with the Charter of Principles.
- Daniels Road Car Park
 - Lugard Road Garages
 - Fenham Road Garages
 - Haddonfield Estate garages
 - Commercial Way
 - Pelier Street
 - Welsford Street Garages
 - 95A Meeting House Lane
 - Goschen Estate
 - Renforth Street Car Park, Canada Estate
 - Tenda Road Car park
 - 35-41 Nunhead Lane
 - Kinglake Street Garages
 - Lakanal Shops New Build
 - Rye Hill Park Garages
 - Edmonton Court
 - 39-44 Rutley Close
 - Seavington House and Garages
 - Salisbury Est Car Park (Balfour Street)
 - Mayflower T&RA Hall
 - Tissington/Silverlock Estate underground garages

- Sceaux Gardens (Florian and Racine inc some garages)
 - Abbeyfield Estate - Bede Centre site
 - Maydew House (additional build on top).
24. Employers Agents and Architects have been appointed through an existing OJEU compliant frameworks available for use by local authorities. Approval was given to enter into joining agreements with Peabody and Hyde to use their framework agreements. The architects will design the schemes to achieve planning and enable the schemes to be tendered on a design and build basis.
 25. Three gateway 1 reports have been approved to procure contractors for schemes listed above and future schemes up to March 2019, the Gateways covers; schemes under OJEU procurement levels (£4.1m), over OJEU levels up to £10m, and over £10m, which was approved by Cabinet on 7 June 2016.
 26. Consultation is underway with residents on a number of other potential sites for inclusion in the programme, in line with the process agreed by Cabinet on 15 September. These sites will then be included in an IDM for the cabinet member for new homes and regeneration.
 27. A number of local people have benefited from employment (54) and apprenticeships (2) from the new homes delivery schemes currently on site, and targets will be established for contractors to meet in line with KPIs established this year.

Hidden Homes Programme

28. Hidden Homes programme delivers new homes in existing properties or estates. The programme has already delivered 28 new council homes and aims to deliver a further 72 homes by 2018. In the last financial year new council homes have been delivered at Dombey House, Nickleby House and Tapley House.

Building on top

29. The council is currently investigating whether it will be possible to build additional units on top of the existing homes.
30. Some possible opportunities are being investigated further and discussed with residents in line with the Charter of Principles. If residents support in principle the possibility of helping deliver more homes then more detailed structural surveys would be carried out to see if the proposals were technically feasible and viable.
31. Building on top has a number of potential advantages including the extra council homes that it will deliver and there being no additional land requirement. It is expected that the residents of the blocks will benefit from additional works such as roofing work and building cladding that will improve thermal comfort and reduce resident's bills.
32. Officers are investigating a number of existing buildings where additional units have been added on top in order to learn lessons and find innovative design. This will ensure that any project involving building on top in Southwark will deliver homes that the borough can be proud of for years to come.

What has been achieved –Southwark Regeneration

33. The Southwark Regeneration in Partnership Programme (SRPP) is currently made up of 18 sites, packaged into two lots (Lot A and B), that will deliver over 500 new council homes of which approximately 288 will be delivered in 2018.
34. Design feasibility and pre-application assessments have been undertaken for all of these sites. Consultation is underway in line with the Charter of Principles for all of these sites (except for Southwark Park Road and Fred Francis Day Centre which were undergoing service user consultations). A majority of the sites have completed Stage 2 design and feasibility and planning applications are being progressed for the following sites within as ‘quick win’ sites, in order to achieve start of site within 2016/17:
- a. Civic Centre, Albion Street, SE16
 - b. Shops & Council Offices, Manor Place/Stopford Road, SE17
 - d. Workshops, 42 Braganza Street, SE17
 - e. Car Park Site Copeland Road, SE15
 - f. Flaxyard Site Sumner Road, SE15
 - g. Petrol Station, 233-247 Old Kent Rd, SE1
 - h. Land at Peckham Library Square Peckham High Street, SE15
 - i. 21/23 Parkhouse Street, SE5
35. Design development is also progressing on South Dock Marina Boatyard. Following feedback from earlier consultation, the original proposals are being revised with new designs that will address concerns about height and massing. These will be presented to the public in September 2016 and it is expected that the scheme will be procured separately later in the year.

| Scheme Category | Site Name | Social Rent | Intermediate | Market | Grand Total |
|---------------------------------|---|-------------|--------------|------------|-------------|
| SRiP Phase 1 Lot A | South Dock Marina Plough Way SE16 | 65 | 42 | 107 | 214 |
| | Kennington Business Centre, 42 Braganza Street SE17 | 18 | 0 | 15 | 33 |
| | Civic Centre, Albion Street SE16 | 22 | 0 | 0 | 22 |
| | Manor Place Terrace, Manor Place SE17 | 30 | 0 | 30 | 60 |
| | Day Centre, 345 Southwark Park Road SE16 | 15 | 0 | 20 | 35 |
| | Cherry Gardens School, Macks Road SE16 | 15 | 19 | 16 | 50 |
| | Land at Albion Primary School, Renforth Street SE16 | 49 | 0 | 0 | 49 |
| | Seven Island Leisure Centre, 70-86 Lower Road SE16 | 24 | 17 | 47 | 88 |
| SRiP Phase 1 Lot A Total | | 238 | 78 | 235 | 551 |
| SRiP Phase 1 Lot B | Car Park Site Copeland Road SE15 | 25 | 17 | 25 | 67 |
| | Sumner House, Sumner Road SE15 | 0 | 0 | 48 | 48 |
| | Flaxyard Site Sumner Road SE15 | 100 | 26 | 0 | 126 |
| | Petrol Station, 233-247 Old Kent Rd SE1 | 12 | 0 | 13 | 25 |
| | Peckham Library Square Peckham High Street SE15 | 6 | 3 | 10 | 19 |
| | 21/23 Parkhouse Street SE5 | 10 | 2 | 20 | 32 |
| | Wickway Community Centre, St. Georges Way SE15 | 20 | 15 | 30 | 65 |
| | Land at Angel Oak Academy Chandler Way SE15 | 27 | 10 | 27 | 64 |
| | Land Wyndham Road and Redcar Street SE5 | 74 | 0 | 40 | 114 |
| | Fred Francis Centre, 269 Lordship Lane SE22 | 16 | 0 | 16 | 32 |
| SRiP Phase 1 Lot B Total | | 290 | 73 | 229 | 592 |

36. The Greater London Authority has confirmed £50m funding for two housing zones, Canada Water and Old Kent Road-Peckham, as part of the £600m in funding made available by the Mayor and government for the construction of 75,000 new homes. This will enable funding necessary to ensure delivery of the proposed affordable housing.
37. The two lots were tendered through the London Development Panel Framework. Bids have been received for Lot B and are being evaluated; however, there was no bid for Lot A. A few of the Lot A bidders have commented on market uncertainties at the moment, particularly for the sale of the high value private properties. This is consistent with the council's own research and feedback which clearly demonstrates that in high value areas the market for private sales has stagnated due to factors outside the council's control such as government interventions on stamp duty and buy-to-let, Brexit and general market uncertainty.
38. Officers are addressing this general market uncertainty by repackaging the sites to improve marketability by lowering development risks with the aim of retendering in the summer. To this end, officers are continuing efforts to complete public consultation, submit planning applications, initiate the Housing Zone funding draw down process and achieve vacant possession.

What has been achieved – Section 106 (s106) purchases

39. It was always envisaged that s106 purchases would contribute to the delivery of new homes. The council has secured two sites that will deliver new council homes. In 2015/16 the council has purchased homes on two developments delivering 80 social rented homes as well as 10 intermediate homes.
- Surrey Docks will hand over the first block of homes early in 2016/17 with the rest handed over later in the year.
 - Blackfriars will not complete until 2017/18.
40. The council is in talks with developers over further s106 purchases across several sites. The council are investigating a number of potential s106 acquisitions to complement those already completed. These negotiations are commercially confidential and are at risk however it is expected that the target of 200 will be achieved. Approaches are being made to developers who have not identified a registered provider for their s106 affordable housing to determine whether the target could be reviewed upwards.

What has been achieved – Leathermarket CBS

41. Funding has been provided by the council in order for a development of 27 New Homes at Weston Street Garages (Kipling Garages) to go through the design and planning process. The scheme is due to start on site later in 2016.

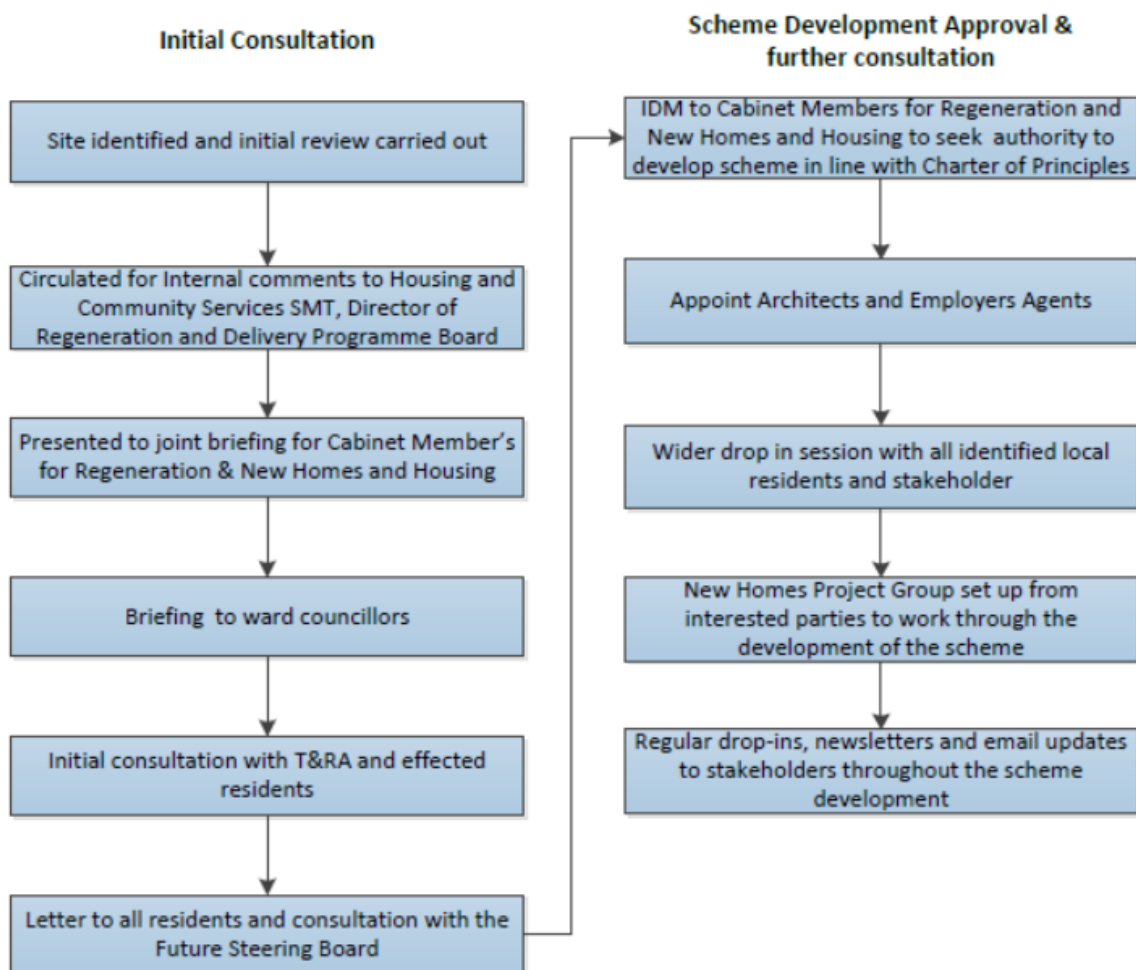
What has been achieved – Charter of Principles

42. The council has committed to a four-stage consultation approach to ensure residents' views remain central to decisions relating to the delivery of the 11,000 new council homes.

| Stage | 11,000 council homes – stages of public consultation | Time frame | Update |
|---------|---|-------------------------------------|-----------|
| Stage 1 | Charter of Principles | August – October 2014 | Completed |
| Stage 2 | Borough-wide principles for development | January – September 2015 | Completed |
| Stage 3 | Estate-by-estate/ site specific engagement | Autumn 2015 onwards | Ongoing |
| Stage 4 | Engagement with local residents around involvement in management of new homes | As various projects near completion | |

43. Stage 1 of the consultation was completed in October 2014, with cabinet approving the resulting Charter of Principles - a framework for consulting residents of Southwark on the on-going delivery of 11,000 new council homes - on 18 November 2014. Over 2,000 responses were received at this stage of consultation, demonstrating the potential for resident involvement in this historic project.
44. Stage 2 was completed in September 2015 with a report going to cabinet in November 2015. This established borough wide principles for development. Over 2,500 people took part in the consultation focusing on where we could build the 11,000 new council homes, what these homes look should like and how we can we make these homes and neighbourhoods better places to live. Cabinet acknowledged the significant number of responses indicating the importance of high quality design indistinguishable from private housing, safe and well-lit areas and good access to public transport and GPs. Cabinet also noted that the majority of respondents expressed that new council homes should be highly energy efficient, well sound-proofed and spacious to cater for families, and for there to be well-maintained green space, communal sports facilities and opportunities for residents to interact at community events.
45. The feedback has been further incorporated into delivery plans through the design guide that has been delivered which in turn informs the employers requirements that are in the process of being agreed.
46. Stage 2 included an interactive map for suggestion on where homes could be built and the list of suggested sites have been passed to planning for an initial investigation into their feasibility. In total we received 92 responses:
- 46 responses were not taken forward in terms of identifying new sites as they either suggested where not to build, were comments unrelated to building council homes, unclear or vague, referred to a permitted development site or related to a site with a land use designation (such as open space) which would limit opportunities for redevelopment
 - 19 responses were on privately owned land
 - 28 sites where identified on council land require further investigation and, if viable, will be taken forward in line with the Charter of Principles
47. Initial feedback and a map of the 28 sites identified for further investigation is included in Appendices 2a and 2b.

48. Stage 3 of the 11,000 new council homes consultation is also now underway with consultation plans for each new site, in line with the Charter of Principles. A location-specific plan of engagement is planned for each site to ensure that all residents and local stakeholders can be involved in the development of new homes.
49. For all the sites identified since the agreement of the Charter of Principles consultation has included a variety of ways that residents can be involved using the location-specific plan of engagement. In general this has followed the format below, although specific engagement plans will be drawn up depending on the site and feedback from stakeholders.



50. Response to the consultation and proposals has generally been positive though this does vary depending on the site and proposals. Following the initial drop-in sessions, in most cases a New Homes Project Group is established. In order that those taking part in the group can play an active role, the initial meeting is chaired by a 'Tenant's Friend', and includes a training session. The groups are formed on a task and finish basis and will continue to meet throughout the life of the project, as outlined below. Where there is insufficient interest in forming a group, the consultation is tailored appropriately, and could include additional drop-in sessions, newsletters and attendance at T&RA meetings.

51. The New Homes Project Groups (NHPG) will:
- act as the first point of consultation throughout the life of the project and to consider and make comment on the following key issues related to the development
 - advise the council on how to ensure all residents affected by the site have an opportunity to comment on and review any proposals, and support the council in delivering local engagement
 - ensure that the Council are aware of local issues that might impact on the proposals
 - identify local priorities that could be met and benefits that might be delivered alongside the scheme or ways to improve the estate as part of the scheme.
 - ensure that the council provides information in a timely and appropriate way to the NHPG and residents affected by the development
 - comment on and advise the Council on significant publicity material the council produces linked to the delivery of the new homes
 - continue to meet during the delivery phase of the project to gather resident feed back on delivery progress and discuss and propose solutions to issues that arise during delivery phase
 - monitor the progress of the delivery of the new homes by providing feed back to monthly contractors monitoring meetings and raise any queries regarding the progress/ manner in which the build is progressing.
52. Stage 4 of the consultation is engagement with local residents around involvement in management of new homes. Where new homes are built close to existing TMOs discussions will take place about the new homes being managed through the local TMO.
53. On other sites discussions with residents about greater involvement in the management of their homes will take place post allocation.

The Future Steering Board

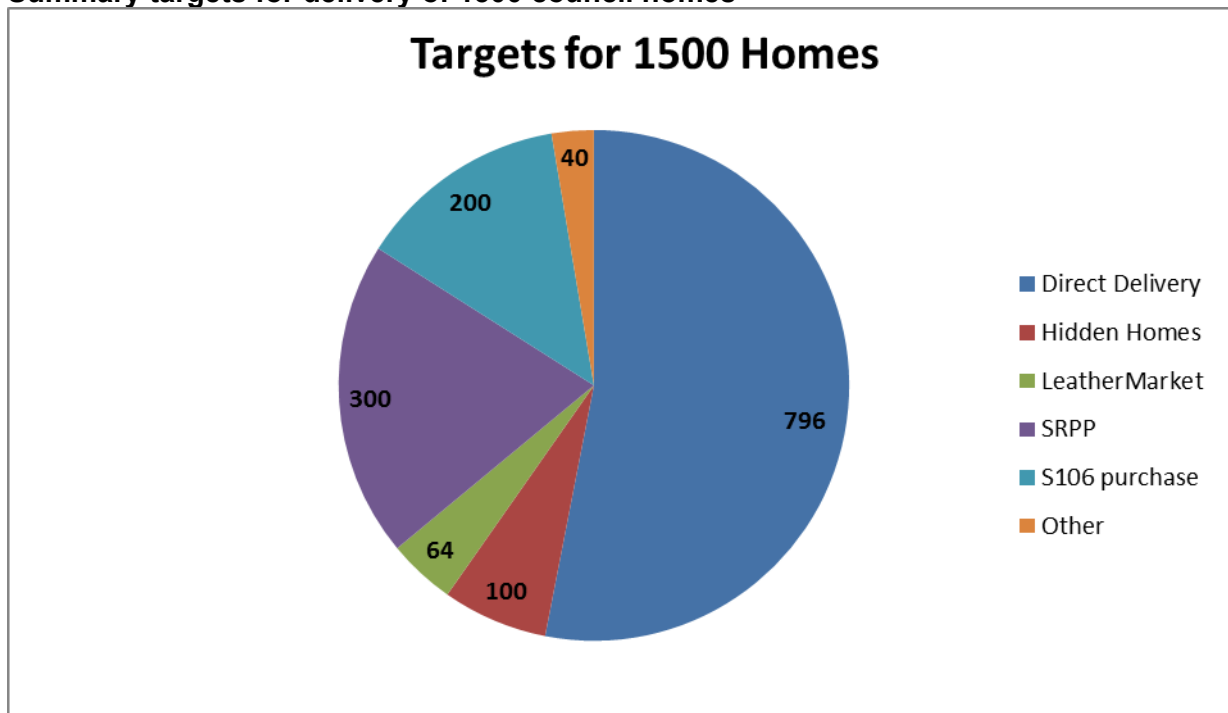
54. The Future Steering Board (FSB), a group of tenants and leaseholders nominated by their respective tenant and homeowner councils, supported by an independent resident's friend, continues to play a crucial role in providing detailed feedback to the council's policies and proposals in this area. They maintain an active role in the development of new homes and have visited and provided feedback on the Clifton Estate Garages (Parish Apartments).

What has been achieved – Southwark Housing Company

55. In April 2015 the Leader of the Council formally approved to the formation of the new Southwark Housing Company by way of an individual decision making (IDM) report. Southwark Housing Company (SHC) Limited was formally incorporated as a wholly owned subsidiary of the Council on the 15 May 2015 with three company directors.
56. The company currently has a model memorandum and articles of association. These will be further developed prior to any trading taking place.

57. Though the company has currently not been used, it is envisaged that in the future it may be able to contribute towards the delivery of council properties at council rent, intermediate housing products, as well as market rent housing in order to provide cross-subsidy within overall schemes.
58. Consideration was given to Southwark Housing Company Limited (SHC) managing the five flats owned by the council on Shand Street, adjacent to the council offices at 160 Tooley Street. However, an initial financial analysis indicated that this was not a preferential option as the council is already able to receive income for the site through the general fund.

Summary targets for delivery of 1500 council homes



| Categories | Delivered | On site | Planning Approved | Pre-Planning | Feasibility | Shortfall | Target |
|-----------------|------------|------------|-------------------|--------------|-------------|------------|-------------|
| Direct Delivery | 131 | 162 | 0 | 433 | 0 | 70 | 796 |
| Hidden Homes | 28 | 2 | 10 | 1 | 25 | 34 | 100 |
| LeatherMarket | 0 | 0 | 0 | 0 | 64 | 0 | 64 |
| SRPP | 0 | 0 | 0 | 288 | 0 | 12 | 300 |
| S106 purchase | 0 | 80 | 0 | 0 | 0 | 120 | 200 |
| Other | 0 | 0 | 0 | 0 | 0 | 40 | 40 |
| TOTAL | 159 | 244 | 10 | 722 | 89 | 276 | 1500 |

59. Schemes currently in initial consultation stage with residents in line with the Charter of Principles, along with section 106 (s106) purchases, building on top schemes (where the council will build on top of existing homes) and the on-going hidden homes programme will make up the remaining homes pipeline for the delivery of 1500 council homes by 2018.

2016/17 Delivery Target

60. Below are the targets for completions the financial year 2016/17 as part of the overall pipeline to deliver 1500 council homes by 2018. These are included in the on site or approved sites numbers in the above summary table.

Completions

61. A further 157 homes are planned for delivery in 2016/17, almost doubling the total so far to 316.

| Categories | Homes |
|-------------------|------------|
| Direct Delivery | 112 |
| Hidden Homes | 21 |
| LeatherMarket | 0 |
| SRPP | 0 |
| S106 purchase | 24 |
| Other | 0 |
| TOTAL | 157 |
| CUMULATIVE | 316 |

Start on site

62. Although the unit numbers may change through the development process, a further 554 homes are planned to start on site in 2016/17, however a number are planned towards the end of the year.

| Categories | Homes |
|-----------------|------------|
| Direct Delivery | 193 |
| Hidden Homes | 36 |
| LeatherMarket | 27 |
| SRPP | 288 |
| S106 purchase | 0 |
| Other | 0 |
| TOTAL | 554 |

Policy implications

Council plan 2014/15 to 2017/18

63. A new council plan was endorsed by council assembly on 25 February 2015. This contains the Fairer Future Promise: Quality affordable homes, which states 'We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018'.
64. The approval of the new sites within the New Homes Delivery Programme and a revised process for including new sites within the programme provide further evidence of the ability to meet this Fairer Future promise.

Housing Strategy to 2043

65. The new long-term housing strategy for the borough was agreed by Cabinet on 27 January 2014. It contains a vision for the future of housing in the borough, which consists of four principles.
- Principle 1: We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
 - Principle 2: We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
 - Principle 3: We will support and encourage all residents to take pride and responsibility in their homes and local area
 - Principle 4: We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

Community impact statement

66. 2014 Strategic Housing Market Assessment demonstrated a continuing need for affordable housing, with the borough experiencing very high house prices that are outside the reach of many of its residents. It has the highest house prices in the housing sub-region (the average 2 bedroom flat being sold for £360k in 2013). At the time of the 2011 census there were 18,547 overcrowded households in Southwark, a higher number, and a higher percentage (15.3%), than any of the other four boroughs in the sub-region. Over the period 1981-2012 the population of Southwark increased by 34%, the fastest growth in the sub-region by some margin. This helps to demonstrate a continuing need for more homes, and particularly for affordable homes in the borough.
67. 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. The council's consultation with residents on the 11,000 council homes programme has been specifically designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide residents with the opportunity to engage.
68. Consultation on sites is being undertaken in line with the Charter of Principles and continues to provide mechanisms for resident to engage with the development of new homes.

Resource implications

69. There are no direct resource implications, as no decision is required from this report.
70. The new homes delivered in the borough will make a positive contribution to the HRA business plan. Funding streams for the New Homes Delivery Programme currently comprise: external grants, Section 106 contributions, RTB and other housing receipts, depreciation major repairs reserve and other HRA revenue contributions and prudential borrowing (which is limited to the debt cap). Funding is

determined on a scheme by scheme basis to ensure the optimal financial position for the council in relation to new build, as they are subject to specific financial and regulatory restrictions. However, there is also regard to the overall longer-term funding position with reference to the HRA business plan.

71. It should be noted that the New Homes Delivery Programme in some cases requires funding from wider Housing Investment Programme resources
- in cash-flowing build of homes for sale until the sales receipts come through
 - in replacing loss of 30% RTB receipt funding where the landlord will not be Council/RSL (Kipling Garages)
 - in replacing loss of 70% S106 funding on purchase of S106 units
 - in cash-flowing SRPP feasibility and site preparation costs.
72. The ongoing viability assessment allows the programme to respond to the impact of changes that will need to address the implications of the Budget announcement of the 1% yearly reduction in rents, as well as other impacts emerging from the Local Planning and Housing Bill. Any negative impact may need to be mitigated by reviewing viability of the schemes at key stages through the development process.

Consultation

73. No consultation has taken place on this report as no decision is required. An update on the consultation on the overall programme is detailed within the report.
74. On approval this report will be sent to Tenants' Council, Homeowners' Council and the Future Steering Board.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

75. There are no specific legal implications relating to this report, which is an update report to cabinet on the progress on the new homes delivery programme.
76. The cabinet must continue to take into account the Public Sector Equality Duty (PSED General Duty) under the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The PSED General Duty also applies to marriage and civil partnership but only in relation to (a). The PSED General Duty is a continuing duty, and potential equality considerations should be considered at the different stages of the programme. The cabinet is specifically referred to the community impact statement at paragraphs 66-68 of the report, which sets out the consideration that has been given to equalities issues for the new homes delivery programme.
77. Details of the 4 stage consultation approach for this programme are set out in paragraphs 42-53 of this report. Cabinet members should continue to satisfy themselves that the consultation satisfies legal requirements. To meet legal requirements consultation must be undertaken when proposals are still at a

formative stage; it must include sufficient reasons for the proposals to allow interested parties the opportunity to consider the proposal and formulate a response, allow adequate time for interested parties to consider proposals and formulate their response. The outcome of the consultation must be conscientiously taken into account when the ultimate decision is taken.

Strategic Director of Finance and Governance

78. It is noted that the report is on progress of the New Homes Delivery Programme and not directly requesting resources.
79. New build schemes have the following specific funding sources available:
- Section 106 – Affordable Housing Fund accumulated from developer funding in lieu of providing affordable housing. This is available, on application to Planning Committee, towards the cost of affordable housing, i.e. the Council tenanted component and retained rental element of shared ownership. Funding is normally limited to 65% of eligible components but may stretch to an effective 70% depending on treatment of land. The fund is dependent on future developer contributions and these may be affected by economic conditions or government policy changes.
 - Right to Buy Receipts. The Council has an agreement with government to retain an element of Right to Buy (RTB) receipts towards new build affordable housing. This source can contribute 30% of the costs of the Council rented component.
 - Onward sale of dwellings. The scheme includes construction of some dwellings for sale. However, it should be noted that this funding only arrives after completion and the construction costs of this component need to be funded elsewhere until the sales are achieved.
80. The above sources provide specific funding towards the works during the construction phase prior to the time delayed dwelling sales receipts. The balance thus requires funding from other HIP sources, such as general housing capital receipts and possibly borrowing within the debt cap set for Southwark, which are required also for the wider housing investment programme relating to both new build and existing stock.
81. Given recent government policy initiatives and changes to key HRA business planning assumptions, (all of which are detrimental to the council's financial position), there is no clear visibility around long-term resource planning which raises the critical issue of affordability. There remains scope to derive greater benefit from the council's own asset base and a need to explore options for leveraging-in external funding from government and through joint venture arrangements and alternative delivery models with the public/private sector. Without this, it will be necessary to review existing plans, to re-prioritise, re-phase and extend the programme lifecycle, and in extreme circumstances consider the possible curtailment of programmed activity.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|---|--|
| 11,000 New Council Homes - Results of Consultation on Design, Neighbourhoods and Where to Build (Item 8) | Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH | Richard George, Programme Officer 020 7525 3293 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5141&Ver=4 | | |
| Cabinet paper : progress update on the council's housing investment plans (Item 12) | Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH | Claire Linnane, Housing Strategy and Partnerships Manager. 020 7525 0732 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5138&Ver=4 | | |
| New Homes Delivery Programme (Item 11) | Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH | Tim Bostridge, Development Delivery Manager 020 7525 1222 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5139&Ver=4 | | |

APPENDICES

| No. | Title |
|-------------|--|
| Appendix 1a | Map showing approved schemes |
| Appendix 1b | List of approved schemes |
| Appendix 2a | Potential sites with base map (council owned) |
| Appendix 2b | Potential sites (council owned) (area and polygon) |
| Appendix 3 | The programme in pictures |

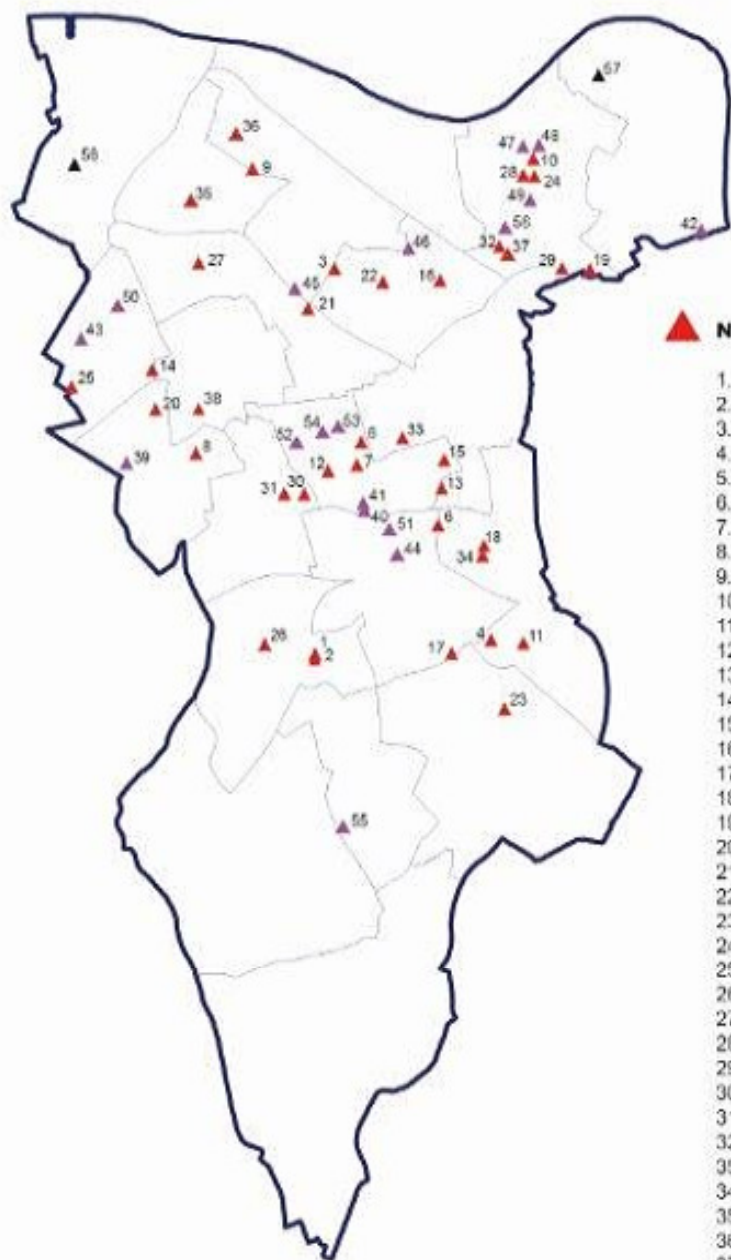
AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Mark Williams, Regeneration and New Homes | |
| Lead Officer | Gerri Scott, Strategic Director of Housing & Modernisation | |
| Report Author | Tim Bostridge, Development Delivery Manager | |
| Version | Final | |
| Dated | 6 July 2016 | |
| Key Decision? | No | |
| 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 | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 6 July 2016 |

New Homes Programme

Approved sites

May 2016



|  New Homes Programme | (Approx rented units) |  SRPP sites | (Approx rented units) |
|---|-----------------------|--|-----------------------|
| 1. Gateback House | 0 | 39. Brandon Baptist Church | 74 |
| 2. Southdown House | 10 | 40. Flaxyards | 100 |
| 3. Willow Walk | 75 | 41. Sumner House | 0 |
| 4. Nunhead Site B | 8 | 42. St George's Wharf | 65 |
| 5. Clifton Estate | 8 | 43. Workshops, Braganza Street | 18 |
| 6. Sumner Road Workshop | 50 | 44. Copeland Road car park | 25 |
| 7. Cator Street | 42 | 45. Petrol Station, 233-247 Old Kent Road | 12 |
| 8. Masterman House Garages | 15 | 46. Cherry Gardens School | 15 |
| 9. 109 Long Lane | 21 | 47. Civic Centre, Albion Road | 22 |
| 10. Renforth St car park, Canada Estate | 35 | 48. Land at Albion Primary School | 49 |
| 11. Daniels Road | 14 | 49. Seven Island Leisure Centre | 24 |
| 12. Commercial Way | 56 | 50. Manor Place terrace | 30 |
| 13. Meeting House Lane | 29 | 51. Peckham Library Square | 6 |
| 14. Pelier Street | 17 | 52. 21-23 Parkhouse Street | 10 |
| 15. Fenham Road Garages | 5 | 53. Wickway Community Centre, St Georges Way | 20 |
| 16. Tenda Road Car Park | 11 | 54. Land at Angel Oak Academy, Chandler Way | 27 |
| 17. 35-41 Nunhead Lane | 10 | 55. Fred Francis Centre, 269 Lordship Lane | 16 |
| 18. Lugard Road Garages | 2 | 56. Day Centre, 345 Southwark Park Road | 15 |
| 19. Haddonfield Estate | 24 | | |
| 20. Goschen Estate | 16 |  S106 Purchases | |
| 21. Kinglake Garages | 16 | 57. Anchor Point, adjacent to former Surry Dock Stadium | 24 |
| 22. Welsford Street Garages | 12 | 58. 128-150 Blackfriars Road | 56 |
| 23. Rye Hill Park | 17 | | |
| 24. Edmonton Court | 40 | | |
| 25. Rutley Close | 35 | | |
| 26. Seavington House | 30 | | |
| 27. Salisbury Estate Car Park | 28 | | |
| 28. Mayflower TRA Hall | 27 | | |
| 29. Silverlock Estate underground garages | 42 | | |
| 30. Sceaux Gardens garages | 78 | | |
| 31. Lakanaal new Build | 7 | | |
| 32. Maydew House new build | 0 | | |
| 35. 125 Peckham Park Road (Completed) | 16 | | |
| 34. 14A-18 Firbank Road (Completed) | 3 | | |
| 35. Joseph Lancaster Nursery | 37 | | |
| 36. Weston St garages | 27 | | |
| 37. Abbeyfield Estate - Bede Centre | 60 | | |
| 38. Good Neighbours House | 37 | | |

LONDON BOROUGH OF SOUTHWARK

| DEVELOPMENT STAGE | SCHEME NAME | WARD | Delivery Route | RESIDENTIAL UNIT NUMBERS | | | | | | | |
|-------------------|-------------|------|----------------|--------------------------|----------|----------|----------|-----|------|---------------|-----|
| | | | | Soc rent | Aff rent | Temp Acc | Mkt rent | Int | Sale | Count to 1500 | TOT |

DIRECT DELIVERY

| | | | | | | | | | | | | |
|------------------|---|-----------|-----------------|----|---|----|---|---|---|-----|-----|--|
| Delivered | 14a-18 Firbank Rd | Nunhead | Direct Delivery | 3 | | | | | | 3 | 3 | |
| | 125 Peckham Park Road | Livesey | Direct Delivery | 16 | | | | | | 16 | 16 | |
| | Hidden Homes Delivered | Various | Hidden Homes | 28 | | | | | | 28 | 28 | |
| | Willow Walk (SSA) (Ros Stark house, 6 Willow Walk, SE1) | Grange | Direct Delivery | | | 54 | | | | 54 | 54 | |
| | Willow Walk (GN) (Flats 1-21, 1 O'Reily Street, SE1) | Grange | Direct Delivery | 21 | | | | | | 21 | 21 | |
| | Good Neighbours House | Brunswick | Direct Delivery | | | 37 | | | | 37 | 37 | |
| | | | | | | | | | | 0 | 0 | |
| | | | | 68 | 0 | 91 | 0 | 0 | 0 | 159 | 159 | |

| | | | | | | | | | | | | |
|----------------|--|------------------|-----------------|-----|---|---|---|----|---|-----|-----|------------------|
| On site | Gatebeck House (1-9 Gatebeck House, Pytchley Road, SE22) | South Camberwell | Direct Delivery | 9 | | | | | | 9 | 9 | |
| | Southdown House (SO) (1-18 Southdown House, Pytchley Road, SE22) | South Camberwell | Direct Delivery | | | | | 8 | | 0 | 8 | |
| | Southdown House (GN) (1-18 Southdown House, Pytchley Road, SE22) | South Camberwell | Direct Delivery | 10 | | | | | | 10 | 10 | |
| | Clifton Estate Garages (1-8 Parish Apartments, 7 Clayton Road, SE22) | Peckham | Direct Delivery | 8 | | | | | | 8 | 8 | |
| | Cator Street Extra Care (1-42 Tayo Situ Hse, 73 Commercial Road, SE22) | Peckham | Direct Delivery | 42 | | | | | | 42 | 42 | |
| | Masterman House Garages (Rent) (Flats 1-25 Piper Court, 8 Ladbroke Grove, W8) | Camberwell Green | Direct Delivery | 14 | | | | 1 | | 14 | 15 | |
| | Masterman House Garages (Private) (Flats 1-25 Piper Court, 8 Ladbroke Grove, W8) | Camberwell Green | Direct Delivery | 0 | | | | 1 | 9 | 0 | 10 | |
| | 169 Long Lane (Flats 1-19 Villiers Court, 167 Long Lane, SE1) | Grange | Direct Delivery | 21 | | | | | | 21 | 21 | Commercial unit |
| | Hidden Homes on site | Various | Hidden Homes | 2 | | | | | | 2 | 2 | |
| | Nunhead Site B (8-13 Candle Grove & 56 & 56a Nunhead Lane, SE22) | Nunhead | Direct Delivery | 8 | | | | | | 8 | 8 | |
| | Sumner Road (Rent) | Peckham | Direct Delivery | 50 | | | | 20 | 0 | 50 | 70 | |
| | Sumner Road (Community) | Peckham | Direct Delivery | | | | | | | 0 | 0 | Community Centre |
| | | | | | | | | | | 0 | 0 | |
| | | | | 164 | - | - | - | 30 | 9 | 164 | 203 | |

| | | | | | | | | | | | | |
|--------------------------|--------------------------------|----------------|-----------------|----|---|---|---|---|----|----|----|--|
| Planning Approved | Sumner Road (Sale) | Peckham | Direct Delivery | | | | | | 42 | 0 | 42 | |
| | Hidden Homes Planning approved | Various | Hidden Homes | 10 | | | | | | 10 | 10 | |
| | Lakanal Shops New Build | Brunswick Park | Direct Delivery | 7 | | | | 3 | 18 | 7 | 28 | |
| | | | | | | | | | | 0 | 0 | |
| | TOT | | | 17 | 0 | 0 | 0 | 3 | 60 | 17 | 80 | |

If scheme completion is estimated to be after 2018 these are In yellow

| DEVELOPMENT STAGE | SCHEME NAME | WARD | Delivery Route | RESIDENTIAL UNIT NUMBERS | | | | | | | | | |
|---|--|------------------|-----------------|--------------------------|----------|----------|----------|-----------|-----------|---------------|------------|---------------------------|--|
| | | | | Soc rent | Aff rent | Temp Acc | Mkt rent | Int | Sale | Count to 1500 | TOT | Other units / description | |
| Schemes in Development | Hidden Homes in development | Various | Hidden Homes | 26 | | | | | | | 1 | 1 | |
| | Daniels Road Car Park | Nunhead | Direct Delivery | 14 | | | | 0 | 0 | | 14 | 14 | |
| | Lugard Road Garages | Nunhead | Direct Delivery | 2 | | | | 0 | 0 | | 2 | 2 | |
| | Fenham Road Garages | Peckham | Direct Delivery | 5 | 0 | | | 0 | 0 | | 5 | 5 | |
| | Haddonfield garages | Rotherhithe | Direct Delivery | 24 | | | | | | | 24 | 24 | |
| | Commercial Way | Peckham | Direct Delivery | 56 | | | | 20 | 40 | | 56 | 116 | |
| | Pelier Street | Newington | Direct Delivery | 17 | | | | 0 | 0 | | 17 | 17 | |
| | Welsford Street Garages | South Bermondsey | Direct Delivery | 12 | | | | 0 | 0 | | 12 | 12 | |
| | Meeting House Lane | Livesey | Direct Delivery | 29 | | | | 0 | 0 | | 29 | 29 | |
| | Goschen Estate | Camberwell Green | Direct Delivery | 16 | | | | 14 | 14 | | 16 | 44 | |
| | Canada Estate | Rotherhithe | Direct Delivery | 35 | | | | 0 | 21 | | 35 | 56 | |
| | Tenda Road Car park | South Bermondsey | Direct Delivery | 11 | | | | 0 | 0 | | 11 | 11 | |
| | 35-41 Nunhead Lane | The Lane | Direct Delivery | 10 | | | | 0 | 0 | | 10 | 10 | |
| | Kinglake Street Garages | East Walworth | Direct Delivery | 16 | | | | 0 | 0 | | 16 | 16 | |
| | Rye Hill Park Garages | Peckham Rye | Direct Delivery | 17 | | | | | | | 17 | 17 | |
| | Edmonton Court (Decant) | Rotherhithe | Direct Delivery | 40 | | | | | | | 40 | 40 | |
| | 39-44 Rutley Close (Decant) | Newington | Direct Delivery | 35 | | | | | | | 35 | 35 | |
| | Seavington House and Garages (Decant) | Camberwell Green | Direct Delivery | 30 | | | | | | | 30 | 30 | |
| | Salisbury Est Car Park (Balfour Street) | Rotherhithe | Direct Delivery | 28 | | | | | | | 28 | 28 | |
| | Mayflower T&RA Hall | Rotherhithe | Direct Delivery | 27 | | | | | | | 27 | 27 | |
| | Tissington/Silverlock Estate underground garages | Rotherhithe | Direct Delivery | 42 | | | | | 0 | | 42 | 42 | |
| | Sceaux Gardens (Florian and Racine inc some garages) (Deca | Brunswick Park | Direct Delivery | 78 | | | | | 0 | | 78 | 78 | |
| | Joseph Lancaster Nursery (Deverell Street) | Chaucer | LeatherMarket | 37 | | | | 0 | 0 | | 37 | 37 | |
| Weston Street Garages (Kipling Garages) | Grange | LeatherMarket | 27 | | | | 0 | 0 | | 27 | 27 | | |
| Abbeyfield Estate - Bede Centre site | Rotherhithe | Direct Delivery | 60 | | | | | 0 | | 60 | 60 | | |
| Maydew House (additional build on top) | Rotherhithe | Direct Delivery | 0 | | | | | 16 | | 0 | 16 | | |
| | | | | | | | | | | 0 | 0 | | |
| | TOT | | | 694 | 0 | 0 | 0 | 34 | 91 | 669 | 794 | | |

| DEVELOPMENT STAGE | SCHEME NAME | WARD | Delivery Route | RESIDENTIAL UNIT NUMBERS | | | | | | | | |
|-------------------|-------------|------|----------------|--------------------------|----------|----------|----------|-----|------|---------------|-----|---------------------------|
| | | | | Soc rent | Aff rent | Temp Acc | Mkt rent | Int | Sale | Count to 1500 | TOT | Other units / description |

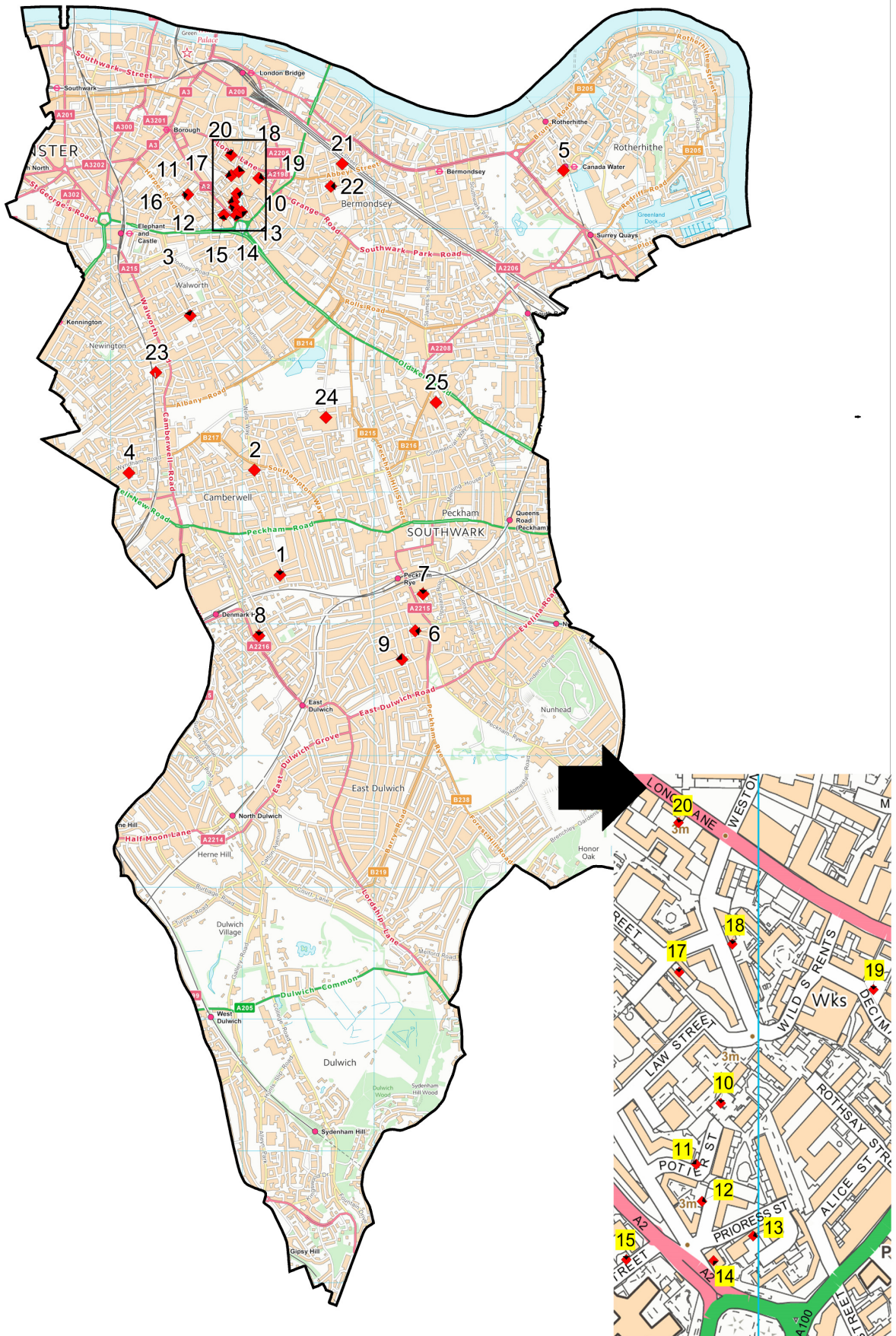
REGENERATION

| | | | | | | | | | | | | |
|---------|---|--------------|---------------|----|---|---|---|----|---|----|----|--|
| On site | 128 – 150 Blackfriars Road S106 purchase | Cathedrals | S106 purchase | 56 | | | | | | 56 | 56 | |
| | Surrey Docks, Salter Road S106 purchase BLOCK C | Surrey Docks | S106 purchase | 8 | | | | 0 | | 8 | 8 | |
| | Surrey Docks, Salter Road S106 purchase BLOCK E | Surrey Docks | S106 purchase | 16 | | | | | | 16 | 16 | |
| | Surrey Docks, Salter Road S106 purchase BLOCK F | Surrey Docks | S106 purchase | | | | | 10 | | 0 | 10 | |
| | | | | | | | | | | 0 | 0 | |
| | | | | 80 | 0 | 0 | 0 | 10 | 0 | 80 | 90 | |

| | | | | | | | | | | | | |
|------------------------|--|------------------|------|------------|----------|----------|----------|------------|------------|------------|-------------|--------------------|
| Schemes in Development | Albion St (Civic Centre site) SE 16 | Rotherhithe | SRIP | 22 | | | | 0 | 0 | 22 | 22 | |
| | Shops & Council Offices, Manor Place /Stopford Road SE17 | Newington | SRIP | 30 | | | | 0 | 30 | 30 | 60 | |
| | Copeland Road car park, SE 15 | The Lane | SRIP | 25 | | | | 17 | 25 | 25 | 67 | |
| | Workshops, 42 Braganza Street SE17 | Newington | SRIP | 18 | | | | 0 | 15 | 18 | 33 | |
| | South Dock Marina, Plough Way SE16 | Surrey Docks | SRIP | 65 | | | | 42 | 107 | 65 | 214 | |
| | Petrol Station, 233-247 Old Kent Road SE1 | Grange | SRIP | 12 | | | | 0 | 13 | 12 | 25 | |
| | Council Offices - Sumner House, Sumner Road SE15 | Peckham | SRIP | 0 | | | | 0 | 48 | 0 | 48 | |
| | Flaxyard site, Sumner Road SE16 | Peckham | SRIP | 100 | | | | 26 | 0 | 100 | 126 | |
| | Peckham Library Square Peckham high street, SE15 | Peckham | SRIP | 6 | | | | 3 | 10 | 6 | 19 | |
| | 21/23 Parkhouse Street | Faraday | SRIP | 10 | | | | 2 | 20 | 10 | 32 | |
| | Albion Primary School Land, Albion Street SE16 | Rotherhithe | SRIP | 49 | | | | 0 | 0 | 49 | 49 | |
| | Brandon Baptist Centre & Land Redcar Street SE5 | Camberwell Green | SRIP | 74 | | | | 0 | 40 | 74 | 114 | 35 are supported f |
| | Land at Angel Oak Academy, Chandler Way SE15 | Peckham | SRIP | 27 | | | | 10 | 27 | 27 | 64 | |
| | Cherry Gardens School, Macks Road SE16 | South Bermondsey | SRIP | 15 | | | | 19 | 16 | 15 | 50 | |
| | Seven Islands Leisure Centre, 70-86 Lower Road SE16 | Rotherhithe | SRIP | 24 | | | | 17 | 47 | 24 | 88 | |
| | ASC facilities - Fred Francis Centre, 269 Lordship Lane SE22 | East Dulwich | SRIP | 16 | | | | 0 | 16 | 16 | 32 | |
| | ASC facilities - Day Centre, 345 Southwark Park SE16 | Riverside | SRIP | 15 | | | | 0 | 20 | 15 | 35 | |
| | Wickway Community Centre, St George Way SE15 | Peckham | SRIP | 20 | | | | 15 | 30 | 20 | 65 | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | TOT | | | 528 | 0 | 0 | 0 | 151 | 464 | 528 | 1143 | |

| | | | | | | | | | | | | |
|---------------|------------------------|--|--|-------------|----------|-----------|----------|------------|------------|-------------|-------------|--|
| Total Summary | Delivered | | | 68 | 0 | 91 | 0 | 0 | 0 | 159 | 159 | |
| | On site | | | 244 | - | - | - | 40 | 9 | 244 | 293 | |
| | Planning received | | | 17 | 0 | 0 | 0 | 3 | 60 | 17 | 80 | |
| | Schemes in Development | | | 1222 | 0 | 0 | 0 | 185 | 555 | 1197 | 1937 | |
| | TOT | | | 1551 | 0 | 91 | 0 | 228 | 624 | 1617 | 2469 | |

Appendix 2a



APPENDIX 2B

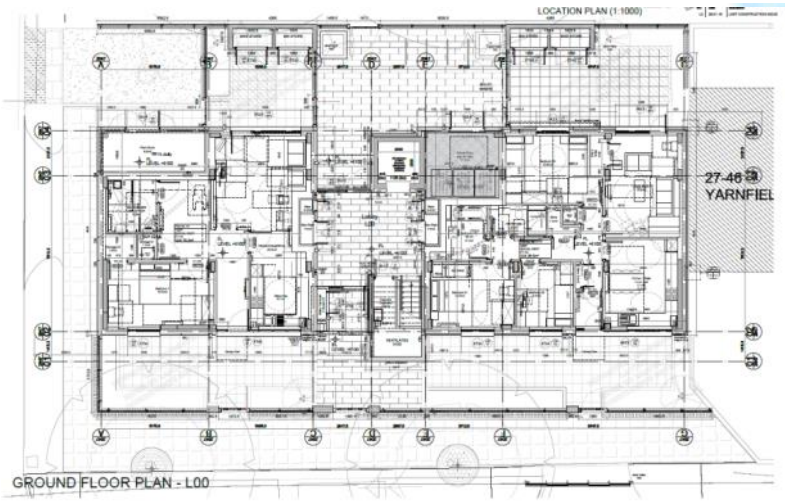
| Number | Site name |
|--------|--|
| 1 | Lettsom Estate Community Hall |
| 2 | Harris st housing office (Havil St) (Might be garages) |
| 3 | East St market stall building on Blackwood Road (Portland Estate |
| 4 | Comber Estate |
| 5 | Canada Estate Tenants Hall |
| 6 | Sternhall Lane car park |
| 7 | Atwell Estate garages |
| 8 | Harfield Gardens Estate amenity land |
| 9 | Fenwick Road Estate garages (Nutbrook St) |
| 10 | Haddonhall Estate car park (Potier St) |
| 11 | Tabard Gardens Estate car park |
| 12 | Haddonhall Estate car park (Hunter Close) |
| 13 | Peveril House garages (Prioress St) |
| 14 | Peveril House garages (Tabard St/Great Dover St) |
| 15 | Shops on Bartholomew St (Lawson Estate) |
| 16 | Lawson Estate garages |
| 17 | Tabard Gardens Estate garages (Pardoner St) |
| 18 | Elim Estate garages |
| 19 | Cluny Estate garages |
| 20 | Tabard Gardens Estate Dunkirk House car park |
| 21 | St Saviours Estate car park (Maltby St) |
| 22 | St Saviours Estate car park and garages (Stanworth St) |
| 23 | Gateway Estate garages, amenity land, estate regen |
| 24 | Wickway Community Centre, amenity land |
| 25 | Friary Estate amenity land |

APPENDIX 3: THE PROGRAMME IN PICTURES

New Homes Programme: Willow Walk



New Homes Programme: Clifton Estate



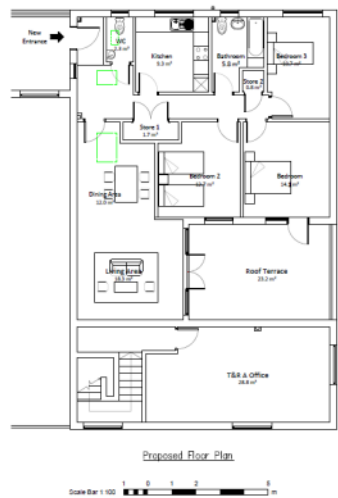
New Homes Programme: Masterman House



New Homes Programme: Southdown House



Hidden Homes: 210a Jamaica Road



| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 16. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Southwark Council's Response to the Key Housing Aspects of the Housing and Planning Act 2016 | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing | |

FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING

The Housing and Planning Act when coupled with the recent Welfare Reform Act is an onslaught on council tenants and signals the start of the erosion of social housing as we currently know it. The Government with this Act has set out its stall to remove the security of social housing and as one of the largest social landlords in the UK the impact it will have for Southwark tenants can not be underestimated.

The end to lifetime tenancies for new council lettings will unsettle people at a time of prevailing uncertainty. Pay to Stay penalises hard working residents. Charging people market rent for earning over 40k in London is ill conceived. The money raised from this will not be retained by the council to help support the Housing Revenue Account (HRA) but will be paid directly to the Government. It could be argued that it is a direct tax on council tenants. It will have a significant impact on our existing residents' disposable incomes. We could also see a potential increase in right to buy applications to avoid the additional charge of Pay to Stay.

The forced sales of our higher value void properties to fund the extension of right to buy to housing association tenants is likely to mean that two and three bedroom properties, those which are in the highest demand, would need to be sold to fund the as yet unknown levy. This would deplete our existing housing stock and lead to a reduction of council homes available in Southwark. It will also result in a loss of rental income which could limit the amount of investment we are able to undertake in our new council home delivery in the future.

The impact of starter homes on new development sites will affect our ability to provide genuinely affordable homes in the borough.

The Welfare Reform Act included a requirement for a 1% reduction in social housing rents for four years from April 2016 and whilst this can be seen as being positive for our tenants it will equate to a £62.5 million loss to the HRA.

The Housing and Planning Act will have a huge and significant impact in Southwark and we need to ensure that we mitigate the impact of this as much as is legally possible. Although the Act received Royal Assent on 12 May 2016 we will not know the full impact until the regulations are issued however that does not mean that we can not plan our response to the Act.

RECOMMENDATIONS

1. To agree Southwark Council's proposed mitigating actions in response to the Housing and Planning Act 2016 as set out in Appendix A.
2. To agree the Southwark Housing and Planning Act communication and engagement plan as set out in Appendix B.
3. To instruct officers to continue to identify opportunities to engage with local authorities, the GLA and other partners to seek to mitigate the impacts of the Act on the council's investment plans.
4. To instruct officers to bring a report to cabinet in autumn 2016 setting out a refresh to the council's housing strategy.

BACKGROUND INFORMATION

5. The Housing and Planning Act received Royal Assent on the 12 May 2016. This Act will have a significant impact on housing and planning within Southwark, and a negative financial impact on the Council's housing revenue account (HRA). Some of the detail of how these policies will operate will be in regulations as yet unpublished.
6. The Housing and Planning Act contains a number of key housing and planning policy changes (as detailed in appendix A) including:
 - A requirement to charge high income council tenants (those with household incomes over £40K in London) a higher tapered rent
 - The end of lifetime tenancies for most new council lettings
 - Extending the right to buy to housing associations
 - Forcing local authorities to pay a levy based on selling their vacant higher value stock
 - The definition of affordable housing being widened to include starter homes at up to 80% of the market price, with a probable expectation that 20% of all new developments over 10 units will be starter homes.
7. The draft Housing and Planning Bill was introduced to Parliament back in October 2015. During the Bill's passage through the Houses of Parliament the Council raised a number of concerns about the impacts of the Bill through various channels, including:
 - Provision of evidence to Helen Hayes MP who was a member of the House of Commons Committee Stage
 - Responding to Government consultations on 'pay to stay' and Starter Homes; highlighting the possible impacts given the high average property prices in the borough
 - Lobbying through Central London Forward and London Councils
 - An overview and scrutiny report which explored the possible impacts of the housing association right to buy and the local authority forced sales, to which the cabinet responded.
8. The council raised awareness of the Bill with residents through providing briefings to resident meetings such as Tenant Council, Homeowner Council, the Future Steering Board, and Area Housing Forums. The council included

information on the news section of the website and provided information in the annual rent statement letters which went out to all tenants.

9. The Government is currently drafting the regulations for various aspects of the Act. The Council is continuing to work with other London boroughs to influence Government to safeguard new and existing homes in the borough, and to minimise the impact of these policies on our residents.
10. There is also an indication of a potential change in London housing policy. A policy statement from the new Mayor is expected to be made through the GLA within the next few weeks. This is likely to include the establishment of a London wide Housing Alliance. The Mayor has also suggested he will increase the target to 50% affordable housing. This is likely to include a range of affordable housing options including the new Homes for London Living Rent, where rents are based on one-third of average local wages.

KEY ISSUES FOR CONSIDERATION

11. The Housing and Planning Act represents the biggest shift in housing policy in decades, and combined with the other changes to welfare represent an unprecedented level of change. These changes will have significant impacts for housing in Southwark and there will be need to revise some of the Council's strategies and policies to take account of the changes.
12. Appendix A details the key changes in the Housing and Planning Act and their impacts and proposes a set of mitigating actions. In summary, these key changes include:
 - Pay to stay – The Government will require local authorities to charge high income social tenants (those with taxable household incomes of over £40k in London) an additional bill of about £3 extra a week for every £1k over the threshold. Requesting and validating tenant income information, and adjusting charges accordingly will be a new significant administrative burden to the council. The Government has indicated that councils will be required to charge tenants who fail to disclose their income details when asked an amount equivalent to market rent. The additional income will be paid to the Government minus an administrative fee, which may not cover the council's full costs. Housing Associations will have discretion over whether to implement their own schemes however unlike councils they will be able to retain any additional income raised.
 - Fixed term tenancies – Lifetime tenancies will be replaced with fixed term tenancies for most new council lettings. These will probably be set at five years, but could be extended to ten in certain circumstances or up to the time a youngest child would finish school. This could lead to increased administrative costs arising from the tenancy review process and a potential increase in legal challenges.
 - The extension of right to buy to housing associations – While housing associations will be expected to deliver replacement properties for those sold under the right to buy, these may not necessarily be in the same area, or of the same size or type. Therefore this could lead to a reduction of social rented homes in Southwark.

- The forced sale of higher value vacant local authority properties – To help fund the housing association right to buy discounts the Government will require local authorities to pay a levy based on potential sales of higher value properties as they become vacant. Higher value bands are still yet to be defined. This policy could lead to a reduction in the social rented stock in Southwark and will have a significant negative impact on the council's housing revenue account business plan.
- Starter homes – The Government is changing the definition of affordable housing to include Starter Homes. Starter Homes are for first time buyers, over 23 and under 40, at up to 80% of the market price, up to a maximum £450,000 in London. There may be a national minimum requirement that 20% of new residential developments will be Starter Homes. This is likely to reduce the supply of other forms of affordable housing on new developments.
- A new national rogue landlord database - Local authorities will be responsible for applying for banning orders against landlords who have committed banning order offences and updating a national rogue landlord database. While this may help improve conditions in the sector, it also represents a significant additional administrative burden for the council.
- One per cent social rent reduction for four years - In addition to the changes in the Housing and Planning Act, the Welfare Reform & Work Act 2016 included a requirement for an annual 1% reduction in social housing rents for four years starting from April 2016. Supported social rents were exempted from this requirement for one year and this may be extended following the Government's review of the sector. The original guidance had stated that social housing rents could increase by CPI plus 1%. This policy equates to a £62.5m loss in rental income to the Council's housing revenue account (HRA) over those four years. This increases to a loss of £820m over the thirty years of the business plan (based on the 1% rent cut for the four year period, and then rents rising by CPI plus 1% a year).

Southwark Council's proposed mitigating actions in response to the Housing and Planning Act 2016 and the communication and engagement plan

13. It is increasingly important that council services work together, and with external partners, to help mitigate against the impacts of these changes where possible. Officers have jointly identified a set of mitigating actions in response to the changes on the Housing and Planning Act 2016 (Appendix A), detailing some immediate actions to help mitigate against these changes where possible. These are based on the best indications to date and may need to be adjusted following publication of the regulations.
14. Regular communication with residents is crucial, explaining what we know to date but also to explain which details are not yet known. The council has written to all tenants (through an insert to the rent statement) explaining the key changes in the Housing and Planning Act. Information has also been included on the Southwark Council website. The council has also ensured that council officers are fully briefed on these changes, through internal communications.
15. The council will need to update residents on the key changes in regulations as these are published. The council has developed the Southwark Housing and

Planning Act communication and engagement plan (Appendix 2) to ensure that residents are kept informed as further details emerge.

16. The council will continue to engage with residents on the changes due to the Housing and Planning Act as the regulations are published. There will be areas where the regulations are likely to be very restrictive about what the council can do. The approach in these areas is to provide residents with information rather than consultation.
17. However, where there is flexibility, the council will work with residents to maximise any opportunities presented by the Act and to minimise the negative aspects. This will include consultation on the following:
 - A review of the council's tenancy strategy
 - A review of tenancy agreements
 - A review of the allocations policy
 - Designing the processes for implementation of pay to stay
 - The refresh of the council's housing strategy
 - Changes to the council are planning policies, such as the New Southwark Plan.

Policy implications

Implications for the Southwark Housing Strategy and Housing Investment Plans

18. The current Southwark Housing Strategy to 2043 was agreed in January 2015, prior to the changes detailed in this report. The strategy was designed from the principles and commitments agreed by cabinet in January 2014. These followed from the work of the Independent Housing Commission, and the subsequent community conversation on the future of council housing.
19. The housing strategy is based on four key principles, underpinned by key commitments summarising the steps required to deliver these principles. The four principles are:
 - We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark
 - We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
 - We will support and encourage all residents to take pride and responsibility in their homes and local area.
 - We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.
20. The seismic shift in national housing policy over the last year and a half has led to a need to consider the wider strategic impacts on the council's housing strategy. Initial discussions with key cabinet members and senior officers have agreed that the housing strategy's four key overriding principles should remain the same. However there are some key strategic issues that will need addressing through a refresh of the housing strategy.

21. Some of the other key identified strategic issues to address through a refresh of the housing strategy include:
- Rising homelessness and reviewing the council's approach to temporary accommodation
 - Responding to welfare reforms
 - Responding to a new tenancy regime
 - Support to vulnerable residents through better multi-agency working
 - Housing for our ageing population.
22. A further report will be brought to cabinet in the autumn setting out a refresh to the council's housing strategy in response to the Housing and Planning Act, and other key emerging issues such as welfare reforms.

Implications for the Southwark Tenancy Strategy and Tenancy Agreement

23. The changes in the Housing and Planning Act to lifetime tenancies will require an update to the Council's Tenancy Strategy and Tenancy Agreement once the regulations are published and the full details are known. This will probably be after the summer parliamentary recess. The update to the tenancy strategy will need to include agreeing the criteria for renewing fixed term tenancies which could include:
- Good behaviour standards (i.e. beyond simple tenancy compliance).
 - Continuing evidence of housing need
 - Changes in household income
 - Under-occupation of the property
 - Whether major property adaptations in the property continue to be required.

Implications for the New Southwark Plan and other planning policies

24. The requirement to require a proportion of new homes on all reasonably sized sites may affect Southwark's ability to meet its objectively assessed housing needs. Council officers will review the role of Starter Homes in meeting local affordable housing needs and identify opportunities to mitigate the impact by requiring a range of alternative affordable housing products alongside Starter Homes to the extent that this is viable through proposing new affordable housing policies in the New Southwark Plan.
25. The Act introduces a new form of planning permission called planning permission in principle (PPIP). The Act states that development sites allocated in borough development plans will benefit from a PPIP following the adoption of the plan. The council will also be required to maintain a register of potential development sites (the 'brownfield land register') and periodically grant PPIP to sites on the register. Officers will review the benefits and risks of including potential development sites in the New Southwark Plan or the brownfield land register following the publication of the relevant regulations. The New Southwark Plan will progress with a selection of proposed allocated sites that result in the best outcome for the Council.

Community impact statement

26. This report contains plans to respond to changes as a result of the Housing and

Planning Act. This will include updating policies and procedures. However, no actual changes are being made through this report. The impact on the community will be fully considered as these policies and procedures are reviewed and more detailed equality analysis carried out throughout implementation.

27. This report also includes a communication and engagement plan (Appendix B) setting out how we will inform and consult our residents on the changes and how to respond to these.

Resource implications

28. The Housing and Planning Act will have considerable resource implications for Southwark. This report gives some indication of what these may be but the full implications will only be known once the full regulations are published and levies have been calculated. This report does not make any actual changes to the council's policies and procedures. The resource implications of these changes will be fully considered as these policies and procedures are reviewed.

29. The Welfare Reform & Work Act 2016 gained Royal Assent on 16 March 2016. A key policy change prescribed in the Act was an annual 1% reduction in social housing rental income for four years starting from 1 April 2016. This policy equates to a loss in rental income to the HRA when compared with the previous rental assumption of CPI+1% of:

- £62.5m over those four years
- £820m over the thirty years of the business plan.

30. The impact of the higher value voids levy is not certain as the details of the calculation and the likely levy payable are still to be released. Although there is no requirement to sell higher value voids to fund the levy, it is unlikely that the business plan would be viable without such sales. An important consideration for the authority would be which void properties to sell, as the majority of the levy could be paid by selling 2 and 3 bed properties, the properties which are likely to be most in demand.

31. Another policy change within the Housing and Planning Act is the "Pay to Stay" policy. 'High income' local authority tenants will have to pay a higher rent from 2017/18. The policy will have a significant impact on some existing resident's disposable incomes, which could potentially lead to increased arrears and homelessness.

Legal/Financial implications

32. The Housing and Planning Act will have considerable legal and financial resource implications for Southwark. This report contains a set of mitigating actions to respond to changes as a result of the Housing and Planning Act, including drawing up plans to update certain policies and procedures. The legal/financial implications will be fully considered as these policies and procedures are reviewed.

33. There are likely to be extensive legal implications from the changes to the Housing and Planning Act. These include legal costs of updating policies and tenancy conditions. There is also a high risk of an increased number of legal

challenges to the individual decisions relating to pay to stay and whether to extend fixed term tenancies. Therefore it is important to ensure careful consideration of these risks as policies are designed to minimise future legal issues.

34. There are some costs associated with the communication and engagement plan; however the council minimising these by utilising existing communications such as using rent statement mail outs, and using the council's website.

Consultation

35. The Housing and Planning Act only received Royal Assent on the 12 May 2016. The Council has provided briefings on the Act to a number of tenants and resident groups including the Future Steering Board, Tenant Council, Homeowner Council, Area Housing Forums and Tenants & Resident Associations. These discussions have helped inform the Council's planned actions in response to the changes in the Housing and Planning Act. The Council will consult these key tenant groups on any changes to the Council's planning policies, the council's Lettings Policy, and Tenancy Strategy as a result of the Housing and Planning Act, where the council has flexibility about how it operates the new legislation.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy (DB28/066/16)

36. The relevant legal implications of the Housing and Planning Act 2016, which received royal assent on 12 May, are set out in the body of this report. Most of the relevant provisions will be brought into force by regulations. Detailed provisions will also be set out in regulations which are expected to be laid in the winter of 2016/17.

Strategic Director of Finance and Governance (FC16/011/IY)

37. It is inevitable that the provisions of the Act will impact on the council's finances, particularly Housing Revenue Account (HRA) resources which are already under considerable strain following the u-turn in rent policy from CPI+ to a four-year rent reduction and uncertainty as to government intentions beyond 2020/21. Since the introduction of self-financing in 2012, government policy has changed several times, the consequences of which have, without exception, been detrimental to the HRA. Some scenario modelling of the impact has been undertaken, all of which is negative and further erodes the sustainability of the HRA over the medium term. However, until detailed regulations underpinning the Act are published and the quantum of the higher-value void levy known, it is not possible to accurately quantify the impact.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|----------------------------------|
| Southwark Council Housing Strategy to 2043 | Southwark Council 160 Tooley Street London SE1 2QH | Robert Weallans 020 7525 1217 |
| Link: www.southwark.gov.uk/housingstrategy | | |
| The Housing and Planning Act 2016 | | |
| Link: http://www.legislation.gov.uk/ukpga/2016/22/pdfs/ukpga_20160022_en.pdf | | |
| Welfare Reform and Work Act 2016 | | |
| Link: http://www.legislation.gov.uk/ukpga/2016/7/pdfs/ukpga_20160007_en.pdf | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix A | Southwark Council's proposed mitigating actions in response to the Housing and Planning Act 2016 |
| Appendix B | Southwark Housing and Planning Act communication and engagement plan |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing | |
| Lead Officer | Gerri Scott, Strategic Director of Housing & Modernisation | |
| Report Author | Robert Weallans, Senior Project Officer (Housing Strategy) | |
| Version | Final | |
| Dated | 6 July 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 | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | 6 July 2016 | |

APPENDIX A

Southwark Council's proposed mitigating actions in response to the Housing and Planning Act 2016

'High income social tenant' pay to stay

From April 2017 the Government will require the council to charge 'High income' council tenants an additional charge, which will be paid to the Government. This policy will also be strongly encouraged for housing associations that unlike councils would be able to keep the additional income raised. Key details include:

- **Income thresholds** – High income will be defined by Government as a household with a taxable income of over £40k in London and £31K nationally, increased annually by CPI.
- **Additional charge** – High income tenants will have to pay an additional bill of approximately £3 extra a week for every £1,000 in income over the threshold (based on 15p for every £1 earned above the threshold) up to the market rent (see table below).
- **Definition of household income** - The policy will take account of the income of the tenant or joint tenants named on the tenancy agreement, and the tenant's husband, wife or partner who lives at the property. The incomes of adults living with parents will not be used unless they are named as a tenant on the tenancy agreement. The income assessment is likely to be based on income over the preceding 12 months. Only taxable income will be included in the income assessment. Those in receipt of housing benefit/universal credit will be exempted.
- **Process** - Councils will be required to write to tenants in the autumn to request household income details. The Government will require councils to charge a higher/market rent until income details are provided. Landlords will have access to HMRC data to verify details.

| Income | 41k | 45k | 50k | 60k | 70k | 80k | 100k | 150k |
|----------------------|-----|-----|------|-----|------|-----|------|-------|
| Yearly increase | 150 | 750 | 1.5k | 3k | 4.5k | 6k | 9k | 16.5k |
| Weekly rent increase | 3 | 14 | 29 | 57 | 86 | 115 | 172 | 316 |

Impacts

This policy is expected to have a number of significant impacts in Southwark given the high number of social housing properties, including:

- A significant administrative cost. The Council will be required to pay the Government any additional income generated, but will be able to retain an administration fee. However, obtaining and checking the incomes of our tenants, and issuing the additional charges will be a very expensive exercise and could exceed this.
- A significant impact on some existing residents' disposable incomes
- The potential for increased arrears and homelessness.
- Disincentives to tenant aspiration if rent rises outweigh increases in earnings.
- Potential increases in right to buy or social home buy applications to avoid the additional charges.
- Possible increases in the number of legal challenges to the additional charges.

Mitigating actions

The council will look to mitigate these impacts through:

- Publicising all the details of the policy to residents including income definitions and income submission requirements once known.
- A review of the social homebuy scheme
- Ensuring all those considering right to buy are made fully aware of all potential

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| <p>future costs and have an affordability assessment.</p> <ul style="list-style-type: none"> • Developing cost efficient systems to implement the policy. |
| <p>Fixed term tenancies replacing lifetime tenancies for new lettings</p> |
| <p>Lifetime tenancies will be replaced with fixed term secure tenancies for new lettings. These will probably be set at five years, but could be extended to 10 years in certain circumstances (as set out in regulations yet to be published) such as for those with disabilities, or cases of domestic violence. Councils may also offer fixed terms up to the time that a youngest child will finish school.</p> <p>This policy will be mandatory for councils and strongly encouraged for housing associations. Regulations will limit when a lifetime tenancy can be issued e.g. voluntary downsizing, forced moves etc. Only spouses/partners will be able to inherit lifetime tenancies, otherwise a fixed term succession will apply.</p> |
| <p><i>Impacts</i></p> |
| <p>As this will only affect new tenancies and successions the impacts of this policy change will take longer to take effect than some of the other policies. The impacts will include:</p> <ul style="list-style-type: none"> • Less security for new tenants • An additional burden for the council conducting regular tenancy extension reviews. • Potentially increased stock turnover • Potentially an increase in right to buy applications • A possible increase in legal challenges |
| <p><i>Mitigating actions</i></p> |
| <p>The Council will need to act according to the regulations but there may be scope to reduce some of the impacts through:</p> <ul style="list-style-type: none"> • Updating the Council's Tenancy Strategy (through a Cabinet Paper) including clear policies and procedures for reviews. The criteria for agreeing for renewal of fixed term tenancies could be based on: <ul style="list-style-type: none"> ○ Good behaviour standards (i.e. beyond simple tenancy compliance). ○ Continuing evidence of housing need ○ Changes in household income ○ Under-occupation of the property ○ Whether major property adaptations in the property continue to be required. (In the last two circumstances the tenant could be required to move to a more suitable property) <p>Communicating these policy changes to residents, to avoid unnecessary burden and worry (as per the communications plan).</p> |

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| <p>Policy – Extension of right to buy to Housing Associations</p> |
| <p>The right to buy is being extended to housing associations on a voluntary basis. The housing association could choose not to sell a property but should offer a suitable alternative. The scheme will be funding dependent and will probably have a phased roll out. Housing associations will receive a grant to cover the discount. They will need to deliver a replacement affordable property, though not necessarily in the same area, or of the same size or type - it could even be a starter home.</p> |
| <p><i>Impacts</i></p> |
| <p>While this policy may give some housing association tenants the chance to buy their own home, it could lead to a loss of social rented stock in the borough.</p> |
| <p><i>Mitigating actions</i></p> |
| <ul style="list-style-type: none"> • Encouraging housing associations to deliver genuinely affordable one for one replacement properties in Southwark. • Working with housing associations to explore property type exemptions for stock types which are needed most. • Encouraging housing associations to sign up to the London Mayor's voluntary |

agreement to ensure right-to-buy receipts are re-invested in the provision of new affordable homes in the capital.

Policy - Forced sales of higher value local authority properties

To help fund the extension of the right to buy to housing associations councils will be required to consider selling their vacant higher value vacant properties (voids). "Higher value" is yet to be defined and could differ by area. New build properties will initially be excluded but it is not yet clear for how long these would be excluded from the estimates.

The Government will issue a levy at the start of the year based on estimates of higher value vacant properties. The Council does not have to sell every individual higher value vacant property as it can consider the overall resource position and the impacts of different scenarios on the business plan. However, the Council will still be required to pay the levy no matter how it is resourced. The payment could be reduced if the money is spent on housing or things that will facilitate the provision of housing. In London the council levy could be reduced if councils build two replacement homes, though not necessarily of the same type of affordable housing.

Impacts

- At this stage there is no indication of the scale of the levy payable and the business plan assumes a neutral impact i.e. the actual receipts received from the sale of voids equals the levy payable. In practical terms, the levy may be set at such a high level that it may not be possible to sell void properties to match the levy, which would have a further detrimental impact on the HRA.
- Selling high value voids will result in a loss of rent income from properties with proportionately higher rents
- A potential reduction in traditional social rented housing in Southwark.

Mitigating actions

- Ensuring the Council's levy is as fair as possible and takes account of the falling number of void properties, debt attributable, the cost of replacements and the administrative burden.
- Seeking exemptions for certain property types.
- Delivery of new homes through the Council's direct delivery new build programme, including exploring the use of the Southwark housing company to develop a range of housing products.
- Exploring options for delivering two for one replacement once further details are provided.
- Exploring working in partnership with other local authorities to build affordable homes.

Policy - Rogue landlord database

The Housing and Planning Act will require local authorities to update a national rogue landlord database. Local authorities will also be responsible for applying for banning orders against landlords who have committed banning order offences as set out in regulations.

Impacts

- This policy should help improve the quality of the private rented sector in Southwark.
- It could lead to increased homelessness from tenants whose landlords become subject to a banning order.

Mitigating actions

- Explore the associated opportunities for property management orders, to prevent homelessness caused through banning orders.

- Ensure effective links with other private rented sector initiatives such as the borough's landlord licensing, HMO licensing and accreditation schemes.

Starter homes

The Government's definition of affordable housing is being changed to include Starter Homes.¹ Starter Homes are for first time buyers, over 23 and under 40 (including joint buyers where one is under 40), at up to 80% of the market price up to a maximum £450,000 in London.

Planning authorities will be required to ensure a set proportion of Starter Homes on all 'reasonably sized' new development sites. A Government consultation currently proposes a national minimum requirement of 20% on residential developments over 10 units (with some possible exemptions such as rural exception sites, specialist housing schemes and/or possibly regeneration schemes). The Government have also indicated that Starter Homes will be exempt from the Community Infrastructure Levy (CIL) and Section 106 requirements.

There is no maximum income threshold for Starter Homes and the subsidy will not be retained in perpetuity or reinvested in alternative affordable housing. There is likely to be a requirement to repay a tapered portion of the discount on resale within a set period and restrictions on resale unless to a qualifying first-time buyer at a discount.

Impacts

Starter homes are likely to start to replace other forms of affordable housing on new developments significantly affecting genuinely affordable housing delivered beyond 2018. This may help some households on slightly higher incomes to buy, but will probably also result in fewer social rented housing units being built in future through S106 agreements. It is also likely to result in a more polarised housing market with fewer other intermediate products delivered. Given the high need for affordable housing in Southwark, as detailed in the Strategic Housing Market Assessment (SHMA) the Council is concerned about Starter Homes replacing other forms of affordable housing on new developments.

Mitigating actions

- Ensuring flexibility in local planning policies to ensure the maximum delivery of genuinely affordable housing through negotiations, working with the Mayor of London.
- Exploring developing a sub-market rental offer that addresses housing need, and other intermediate housing products.
- Work with the new Mayor of London to ensure a Starter Homes model that works for local residents.
- Undertaking research to support new affordable housing policies which maximise the provision of affordable housing tenures which meet local affordable housing needs whilst taking account of any Starter Homes requirements.

Policy - Permission in principle

The Act introduces a new type of planning permission called planning permission in principle (PPIP). Full details for the operation of PPIP will be set out in regulations. PPIP can be granted through site allocations in the borough's development plan and on application. The borough will also need to maintain a register of brownfield sites suitable for development. There is an expectation that 90% of sites on the brownfield register should benefit from a PPIP by 2020.

¹ The NPPF currently defines affordable housing as 'Social Rented', 'Affordable Rented' and 'Intermediate' housing. Starter Homes will be a separate category of affordable housing.

The PPIP will grant planning permission for the key “principle” matters concerning an application including development capacity (minimum and maximum amount of houses) and bedroom size mix. The next stage will be technical details consent (TDC) before the granting of full planning permission. Technical matters include affordable housing provision but “Principle” matters cannot be revisited at the TDC stage.

Impacts

- It is unclear whether this approach to granting planning consent will have an impact on affordable housing provision. However, affordable housing provision will be a technical matter and therefore it is possible that where a scheme proposes a lower proportion than that required by planning, the weight that can be given to this may be more limited.
- Establishing and maintaining a register of brownfield sites and preparing and approving Planning Permission in Principle (PPIP) will place a resource burden on the Council and it is unclear how this process will be financed. Further consideration will have to be given to how PPIP could impact development management work streams.

Mitigating actions

- The Council has deferred the preparation of revised site allocations for the New Southwark Plan to ensure that when this does proceed, that it will be in accordance with the relevant regulatory requirements.
- The Council could seek to limit the number of sites on the brownfield register to sites where a landowner has nominated (or supported) their site for inclusion, to help minimise costs.

Policy – 1% social rent reduction

The Welfare Reform & Work Act 2016 included a requirement for an annual 1% reduction in social housing rents for four years starting from April 2016 (April 2017 for supported social rents). The original guidance had stated that social housing rents could increase by CPI+1%.

Impacts

- Lower payable rents for social tenants not on Universal Credit or housing benefit.
- For most households receiving housing benefit or Universal Credit a lower benefit payment to reflect the lower rent (a saving to the Treasury).
- A significant impact on the Council’s business plan and investment plans equating to a £62.5m loss in rental income to the Council’s HRA over the four years. This increases to a loss of £820m over the thirty years of the business plan.

Mitigating actions

The impact can be slightly reduced by increasing social rents to target rent before applying the rent cut for relets. As part of a refresh of the Council’s housing strategy, the Council will need to review the Council’s HRA business plan.

APPENDIX B

Southwark Housing and Planning Act communication and engagement plan

Key messages

To make residents aware of the changes in the Housing and Planning Act, particularly:

- To inform residents about the changes to lifetime tenancies for new lettings.
- To make residents aware of the changes with pay to stay, that the Council will be required by Government to make the introduction of an additional tapered charge to tenants that the Government defines as having a high household income from April 2017.
- To make residents aware that the Council may be forced to sell some of its higher value council homes, with the exception of newly built homes. This is likely to cause a reduction in the number of homes to rent.

Communication methods

- A letter from Cllr Stephanie Cryan, Deputy Leader and Cabinet Member for Housing, to accompany the July rent statement letter to all tenants.
- Further information concerning 'high income social tenant' pay to stay requirements in the October rent statement letter.
- A webpage on the Southwark Council website explaining the changes.
- Articles in Southwark Life Housing News magazine.
- A council assembly meeting on the housing crisis
- Press releases.

Future resident engagement

- The council will continue to engage with residents on the changes due to the Housing and Planning Act as the regulations are published. There will be areas where the regulations are likely to be very restrictive about what the council can do. However, where there is flexibility, the Council will work with residents to maximise any opportunities presented by the Act and to minimise the negative aspects.
- The main forms of resident engagement will be through existing tenant structures such as Tenant Council, Homeowner Council, the Future Steering Board, Area Housing Forums and tenants & residents Associations. The engagement will also reach out more widely to tenants who are impacted by the changes following the council's Approach to Community Engagement.
- Key points of engagement will include:
 - Reviewing the council's tenancy strategy
 - Reviewing tenancy agreements
 - Reviewing the allocations policy
 - Designing the processes for implementation of 'high income social tenant' pay to stay
 - The refresh of the Council's housing strategy
 - Changes to the Council's planning policies, such as the New Southwark Plan.

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 17. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Appropriation of land at Bournemouth Close from Housing to Planning Purposes | |
| Ward(s) or groups affected: | | The Lane | |
| Cabinet Member: | | Councillor Mark Williams, Regeneration and New Homes | |

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

As part of delivering a new square outside Peckham Rye Station we undertook an Equalities Impact Assessment (EqIA), this EqIA identified the potential for a negative impact on the hair and beauty businesses on Blenheim Grove. In response to this finding we have embarked on a project to relocate those businesses into a purpose built hair and beauty parade on nearby Bournemouth Close. The Peckham Palms project will see the investment of £1million in creating this new high quality home which we hope will become a destination for people from the local area and across London. We are in the process of appointing managers for Peckham Palms to run the new parade and to support the businesses, including marketing and promotional work.

To enable the Peckham Palms development to proceed, which in turn will allow the Peckham Rye Station Square to proceed, this report sets out the council's intention to transfer the land edged black in Appendix 1 from being held for housing purposes to planning purposes. This will remove the risk of any parties that have rights over the land from seeking an injunction to prevent the development. As set out in the report, the impact on those with rights over the land is expected to be minimal as access is maintained through the proposed development and there will not be an adverse impact on daylight or sunlight for residents of the Atwell Estate.

RECOMMENDATIONS

1. That Cabinet confirms that the land edged black on the plan at Appendix 1 that is currently held for housing purposes is no longer required for those purposes, and;
2. That Cabinet approves the appropriation of the land to planning purposes to facilitate the carrying out of the development proposals for the area in accordance with section 226 of the Town and Country Planning Act 1990 and section 122(1) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. On 17 March 2015, Cabinet agreed to make a Compulsory Purchase Order for the land adjacent to Peckham Rye Station in order to facilitate the creation of a new public square and improved commercial and community premises.

4. The Compulsory Purchase Order was made on 4 April 2016 and affects all individuals and organisations with an interest in the site adjacent to Peckham Rye Station.
5. As part of the Peckham Rye Station Square project a number of retail tenants, mainly Afro-Caribbean hairdressers and nail bars, currently occupying the units along Blenheim Grove will need to be re-located.
6. Due to the shortage of suitable available retail units in Peckham, the Council have proposed creating a bespoke temporary commercial space near to the current location of these retailers. The site for this proposal is where Bournemouth Close garages are currently situated herein referred to as 'the Site'. Please refer to Appendix 1 for a plan.
7. Following a feasibility study and a series of business engagement and resident consultation events, a preferred design option to house these businesses has emerged. This option has now been developed into a deliverable scheme and an application has been submitted for planning approval.
8. Relocation of the businesses will allow for the Council to progress with their plans to create a new gateway to Peckham Rye Station.

KEY ISSUES FOR CONSIDERATION

9. The appropriation of land and buildings refers to the process whereby a council alters the purpose for which it holds land and/or buildings. Where land has been appropriated for planning purposes third party rights enjoyed over the land can in certain circumstances be overridden.
10. The beneficiaries of such rights may however claim compensation (equal to the loss in value of their property caused by losing the right) but cannot seek an injunction to delay or terminate the development. This gives developers of land certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land cannot apply to the court to have the development stopped.
11. This is a very important tool in enabling development to proceed on brownfield sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. Developers can either insure against such compensation claims or quantify them whereas the grant or even risk of an injunction may be fatal to development or result in perhaps significant unquantifiable costs. For the reasons set out below in paragraphs 13 to 23 it is not thought that the proposal envisaged here will give rise to significant claims for compensation.
12. For the reasons set out below in paragraphs 13 to 23 the use of appropriation powers under S122 of the Local Government Act 1972 is considered to be justified in the circumstances.
13. The freehold land to be appropriated is owned by the council and held for housing purposes and comprises approximately 1,405 square metres of tarmacked surface on which an electricity sub station and twenty two garages are situated, seventeen of which are disused.

14. The London Borough of Southwark submitted an application for planning permission on 13 May 2016 to redevelop the site into a mixed use commercial and community centred scheme, primarily to enable the businesses near Peckham Rye Station to be relocated
15. The Site is currently used for rear access to a number of properties on Rye Lane which share their boundary with the Site. A number of these properties may have been granted rights of way over this land. However, it is unclear from the Council's title deed (please refer to Appendix 2) which of these properties benefit specifically from these rights. In addition, even where no rights are evident from Land Registry documents, occupiers of these properties may have acquired rights over the Site by prescription (long user).
16. The proposed scheme at the Site will not prevent access to these properties. However, it will inhibit vehicles from parking on the site. There are no formal parking arrangements on the Site at present. There are no parking bays allocated and the boundaries are marked with double yellow lines. However, as the site is not a designated highway, the Site has been used for this purpose at the risk of the vehicle owners.
17. The garages on the Site will need to be demolished. Only five of the garages are currently occupied, and there are more than five vacant garages located elsewhere on the estate, so the current licensees of the garages can be relocated nearby if they wish.
18. Many of the dwellings on the estate immediately adjacent to the Site have been sold off under part V of the Housing Act 1985 (right to buy). They are houses, so have been sold off freehold. Under the terms of the transfers, rights of way were granted in general terms over "estate roads". These were not specifically identified in the transfers but it is likely that they include the Site. Therefore it is possible that all of the freeholders, along with the remaining tenants on the estate, have rights of way over the Site. However, even once the development has been completed on the Site, it will still be possible to obtain access over those parts of the Site that are not built upon, although the width of the area over which rights of way may have been enjoyed will have been reduced.
19. Larger vehicles including refuse and fire tenders will enter and leave the site from the Bournemouth Close entrance. Turning areas for various vehicles up to the size of refuse collection vehicles will allow these vehicles to turn and exit the site in a three point turn. A fire tender can reach within 45m of all unit entrances as per the requirement of The Building Regulations (2000), cited in Manual for Streets (2007), turn without reversing more than 20metres, and exit the site in forward gear. The requirement for providing sufficient working width around a fire appliance of at least 3.7metres kerb to kerb is also achieved.
20. The amenity of the residential properties at Atwell Estate has been considered, with a 'rule of thumb' test of daylight sunlight impacts carried out. All of these terraced houses have habitable rooms at ground level. The rule of thumb tests, using the Royal Institute of Chartered Surveyors 25-degree rule, show that there will not be an adverse impact on sunlight and daylight for any of these properties. The *proposal* is therefore compliant with saved policy 3.11 of the Southwark Plan.
21. The reason appropriation is required is to facilitate the redevelopment and improvement of the Site and to provide alternative accommodation for a number

of businesses who will be relocated as a result of the Peckham Rye Station Square scheme. The scheme for the Site will contribute to the economic, social and environmental well being of the area, as well as enable works to commence on site for the approved scheme Peckham Rye Station. In order for the council to be certain that its development could not be stopped by an injunction from one of the adjoining owners based on interference with a right of way, it is proposed that the land be appropriated so that these rights can be overridden.

22. The effect of appropriation is to make any third party interests in the land edged black at Appendix 1 that might exist subject to compensation only and the third party cannot seek an injunction preventing the development proceeding. Therefore the development can proceed and the planning permission be implemented thus contributing to the economic, social and environmental wellbeing of the area.
23. Without the appropriation of the land edged black at Appendix 1 there could be a significant impact upon the regeneration proposals for the Site. This could delay the delivery of much needed commercial space for the relocation of businesses, in turn allowing the Peckham Rye Station Square scheme to proceed.

Policy implications

24. The appropriation of the land at Bournemouth Close will facilitate the construction of the new development for the Blenheim Grove occupiers to move to. This will help achieve the Council's vision contained in the Peckham and Nunhead Area Action Plan to deliver a new square at Peckham Rye Station. This also is in line with the other council objectives of a fairer future for all.
25. This procurement contributes to the Council's Fairer Futures promises of:
 - Making Southwark a place to be proud of - Revitalised Neighbourhoods
 - Building a strong local economy
 - Working for everyone to realise their potential
 - Treating residents as we would wish members of our own families to be treated.

Community impact statement

26. The site is in close proximity to residential dwellings on the Atwell Estate. Residents have been engaged as part of the design development process and their views incorporated in the proposals submitted for planning determination. It is anticipated that the impact of this proposal on local people will be largely positive. The provision of a new structure will provide natural surveillance in an area where anti-social behaviour has been prevalent. A new community facility which can be used by the residents will also be provided as part of the scheme.
27. A comprehensive Equalities Impact Assessment has been completed for the associated Peckham Rye Station Square project. This outlines the potentially negative impacts that could affect BAME business owners and employees. This proposal is a direct response to mitigate those potentially negative consequences. The appropriation of the Site will enable the Council to respond to the recommendations in the Equalities Impact Assessment to ensure that the Council's duty under the Equality Act 2010 is met.

28. Appropriation of land involves overriding the rights of third parties. However their rights are not extinguished, they are converted into a right to receive compensation for the loss of that right, rather than a right to seek an injunction to stop the interference with that right. Case law suggests that the overriding of a right that would otherwise be actionable at law may be an interference with human rights. In considering whether or not to appropriate land such that rights may be overridden it is necessary to consider the human rights of the person(s) whose rights are being overridden, and the proportionality of this. In this case, it is considered that the public interest in relocating occupiers from the vicinity of Peckham Rye Station to enable that development to proceed, and all the economic, social and environmental well-being benefits arising from that scheme, outweighs the interference with private rights. This is on the basis that alternative garage provision is available, and properties enjoying a right of way over the route to the rear of the Rye Lane properties will still be able to exercise that right, albeit the route will have been narrowed.
29. The Equality Act 2010 imposes a general equality duty on public authorities (the Public Sector Equality Duty, PSED), in the exercise of their functions, to have due regard to the need to :
- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act;
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it;
 - Foster good relations between people who share a relevant protected characteristic and those who do not share it.
30. For the purpose of the PSED the following are “protected characteristic” considerations:
- age
 - civil partnership
 - disability
 - gender reassignment
 - pregnancy and maternity
 - race
 - religion or belief
 - sex and sexual orientation.
31. The council has carried out investigations to try to ascertain who will be affected by the proposals and whether they have any protected characteristics. Where this is the case, appropriate mitigation measures will be considered.

Financial implications

32. It is vital that the council’s processes in appropriating the shaded land for planning purposes are without error or flawed to avoid the risk of judicial review.
33. The legislation provides that compensation for interference with rights is payable by the council. In cases where a third party is developing land the council would seek an indemnity from them. However this is not the case here.
34. Compensation is assessed on the basis of the value of the property with the right, compared with the value of the property without the benefit of that right.

On the basis that access will still be possible across the Site, and that alternative garage accommodation is available, it is not thought that any claims for compensation will be substantial.

35. Land appropriated from use for housing to a non-housing use may result in a transfer of debt charges from the housing revenue account to the general fund.
36. Of the twenty-two garages on the Site, five generate an income for the Housing Revenue Account, estimated at £5,000 per annum. The appropriation of the Site from housing to planning purposes will result in the transfer of any future income generated as a result of the existing and proposed development on this site from the Housing Revenue Account to the General Fund.

Resource implications

37. The resource implications of effecting the recommendation can be accommodated within the existing resource allocation for the wider project and delivery of the scheme.

Legal implications

38. The legal implications are set out in the concurrent report of the Director of Law and Democracy.

Consultation

39. Business Engagement Specialist, Tree Shepherd, have been working with businesses adjacent to the site to understand their servicing and access needs. The design development has responded to these needs and has maintained a vehicular access route for the commercial properties on Rye Lane which share their rear boundary with the Site.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

40. The report recommends the appropriation of council-owned land for planning purposes.
41. A council holds property for a variety of statutory purposes in order to perform its functions. A council is authorised, by virtue of section 122 of the Local Government Act 1972 (“the 1972 Act”) to appropriate land within its ownership for any purpose for which it is authorised to acquire land by agreement, where it is no longer required for the purpose for which it is held immediately before the appropriation.
42. The land must already belong to the Council. Paragraph 13 of the report, along with the Title Deed at Appendix 2, confirms that the land to be appropriated is in the council’s freehold ownership.
43. The land must be no longer required for the purpose for which it is currently held. The report confirms at paragraph 13 that the land has been held for housing purposes. The land is no longer required to be held for those purposes. There are no dwellings on the Site and the only buildings on the Site are garages, the

majority of which are vacant. In respect of those that are occupied, alternative garage provision is available in the immediate vicinity.

44. The purpose for which the council is appropriating the land must be authorised by statute. It is proposed that the land is held for planning purposes. This is a purpose which is authorised by statute. Section 227 of the Town and Country Planning Act 1990 (“TCPA 1990”) provides that a council may acquire land by agreement for any purposes for which it is authorised to acquire land compulsorily by s226 TCPA 1990.
45. The purposes for which a council can acquire land pursuant to s226 TCPA 1990 include purposes “which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated”. S226 also authorises the acquisition of land “... if the authority think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land”.
46. Where land has been appropriated for planning purposes then under s237 TCPA 1990 (power to override easements and other rights) the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as easements. Paragraphs 2 and 14 of the report confirm that the building work to be done on the land will be done in accordance with planning permission, and that a planning application has already been submitted.
47. The effect of triggering s237 is that private rights are effectively overridden and converted into a claim for compensation. The level of compensation for interference with rights is assessed on the basis of the loss in value of the claimant’s land as a consequence of the interference.
48. The Housing and Planning Act 2016 received Royal Assent on 12 May 2016. It contains new provisions relating to the power currently contained in s237 TCPA to override easements and other rights which will, when they come into force, replace s237. No date has yet been given for the coming into force of those sections. When they come into force they will have the same effect as s237 in that they will enable third party rights to be overridden.

Strategic Director of Finance and Governance

49. The strategic director of finance and governance notes the proposed appropriation of housing land to enable the wider Peckham Rye Station Square project to progress. Statutory accounting regulations require a notional debt adjustment to be made to reflect the appropriation of land and assets between the council’s Housing Revenue Account (HRA) and the General Fund and vice versa, based on valuation in the financial year the transaction occurs.
50. Subject to the valuation being finalised, this will most likely result in a modest reduction in debt charges to the HRA and compensatory increase to the General Fund. At present only five of the 22 garages are let generating a small income stream of c. £5,000 per annum, the remainder are not in a lettable state and would require sizable investment to bring them back into use, therefore the foregoing of any income can be contained within the HRA going forward,

notwithstanding that the current garage occupiers may well be relocated to alternative provision within the immediate vicinity, thereby negating any loss.

BACKGROUND DOCUMENTS

| Background Papers | Held At |
|---|--|
| Gateway to Peckham Project update and Approval of the making of an application to the Secretary of State for a compulsory purchase order | Southwark Council 160 Tooley Street London SE1 2QH |
| Link: http://moderngov.southwark.gov.uk/documents/s52545/Report%20Gateway%20to%20Peckham%20update%20and%20CPO.pdf | |
| Minutes of the open section of the Planning Committee held on Tuesday 1 March 2016 | Southwark Council 160 Tooley Street London SE1 2QH |
| Link: http://moderngov.southwark.gov.uk/documents/g5198/Printed%20minutes%20Tuesday%2001-Mar-2016%2017.30%20Planning%20Committee.pdf?T=1 | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix 1 | Site Plan - Drawing LBS_3445 |
| Appendix 2 | Title Deed and Plan – Title number SGL361793 |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Mark Williams, Regeneration and New Homes | |
| Lead Officer | Stephen Platts, Director of Regeneration | |
| Report Author | Lauren Sharkey, Development Project Officer | |
| Version | Final | |
| Dated | 7 July 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 | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | 7 July 2016 | |

TITLE.

Land at Bournemouth Close, SE15.



DRAWING No.

LBS_3445

DRAWN BY.

MMANKTELOW
Property Division

DATE.

28/6/2016

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THIS TITLE IS DEALT WITH BY LAND REGISTRY, TELFORD OFFICE.

TITLE NUMBER: SGL361793

There is no application or official search pending against this title.

A: Property Register

This register describes the land and estate comprised in the title.

SOUTHWARK

1 The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being 3, 8, 9, 11, 13 and 20 Almond Close, 4, 10, 11, 13, 18, 20, 21, 24, 26,, 29, 30, 32, 34 and 35 Birch Close, 53, 55, 61, 63, 69, 75, 81, 85, 87, 95, 97, 99 and 103 Copeland Road, 3, 4 to 12 (even) Hazel Close, 7, 13 and 15 Parkstone Road, electricity sub station, Bournemouth Close and electricity sub station Bournemouth Road.

NOTE: The land hatched green on the title plan is not included in this title.

- 2 The transfers of those parts tinted green and hatched green on the title plan which were made pursuant to Chapter 1 of Part 1 of the Housing Act 1980 took effect with the benefit of and subject to the easements and other rights prescribed by paragraph 2 of Schedule 2 of that Act.
- 3 The transfers of those parts tinted green on the title plan which were made pursuant to Part V of the Housing Act 1985 took effect with the benefit of and subject to the easements and other rights prescribed by paragraph 2 of Schedule 6 of that Act.
- 4 (22.03.2012) A new title plan based on the latest revision of the Ordnance Survey Map has been prepared.
- 5 The land tinted green on the title plan has been removed from this title and separately registered. The property description has been amended to reflect the land remaining in the title.
- 6 (22.03.2012) The land tinted pink on the title plan has been restored to the title.

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (10.01.1983) PROPRIETOR: THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK of 160 Tooley Street, London SE1 2TZ.
- 2 (13.04.2012) The proprietor's address for service has been changed.

Title number SGL361793

C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 The land tinted blue on the filed plan is subject to rights of way.
- 2 The land is subject to rights of drainage and rights in respect of water, gas and electricity supply services.
- 3 The roads and access ways are subject to rights of way.
- 4 The communal television aerial system is subject to rights of user.
- 5 The district heating system (if any) is subject to rights of user.
- 6 The parts of the land respectively affected thereby which adjoin the parts tinted green on the title plan are subject to rights of entry for the purpose of inspection repair maintenance and replacement of walls, sewers, drains, pipes, cables and other installations on the parts so edged and numbered.
- 7 (13.06.2006) The parts of the land affected thereby are subject to the rights granted by the Lease of the electricity sub-stations dated 16 December 1964 referred to in the schedule of leases hereto.
- 8 (13.06.2006) The parts of the land affected thereby are subject to the leases set out in the schedule of leases hereto.
The leases grant and reserve easements as therein mentioned.
- 9 (13.05.2014) The land is subject to the rights granted by a Deed dated 9 May 2014 made between (1) The Mayor And Burgesses Of The London Borough Of Southwark and (2) Southern Gas Networks Plc.

The said Deed also contains restrictive covenants by the grantor.

NOTE: Copy filed under TGL253544.

Schedule of notices of leases

- | | | | | |
|---|------------|---|--|-----------|
| 1 | 13.06.2006 | electricity sub-station, Bournemouth Close | 16.12.1964 60 years from 1.10.1963 | TGL273944 |
|---|------------|---|--|-----------|

NOTE 1: See entry in the Charges Register relating to the rights granted by this lease.

NOTE 2: The lease comprises also other land.

- | | | | | |
|---|------------|--|---|-----------|
| 2 | 13.06.2006 | electricity sub-station, Bournemouth Road | 16.12.1964 60 years from 1.4.1963 | TGL273964 |
|---|------------|--|---|-----------|

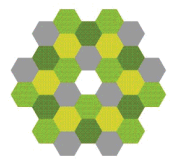
NOTE 1: See entry in the Charges Register relating to the rights granted by this lease.

NOTE 2: The lease comprises also other land.

End of register

Land Registry Current title plan

Title number **SGL361793**
Ordnance Survey map reference **TQ3476SW**
Scale **1:1250**
Administrative area **Southwark**



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The land hatched green is not included in this title.



This is a print of the view of the title plan obtained from Land Registry showing the state of the title plan on 05 August 2015 at 10:49:05. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by Land Registry, Telford Office.

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 18. | Classification: Open | Date: 19 July 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 meeting on Wednesday 16 March 2016 agreed several motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

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

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|---------------------------------|---|
| Council agenda | Report on the council's website | Lesley John Constitutional Team 020 7525 7228 |
| Link: http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=5068&Ver=4 | | |

APPENDICES

| Number | Title |
|---------------|---|
| Appendix 1 | Building more affordable homes in Southwark |
| Appendix 2 | Transport improvements |

AUDIT TRAIL

| | | | |
|---|---------------------------------------|--------------------------|--|
| Lead Officer | Ian Millichap, Constitutional Manager | | |
| Report Author | Lesley John, Constitutional Officer | | |
| Version | Final | | |
| Dated | 6 July 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 Finance and Governance | No | No | |
| Director of Law and Democracy | No | No | |
| Cabinet Member | No | No | |
| Date final report sent to Constitutional Team | 6 July 2016 | | |

APPENDIX 1**BUILDING MORE AFFORDABLE HOMES IN SOUTHWARK**

That council assembly:

1. Notes the escalating housing crisis in London and Southwark and the desperate need for more genuinely affordable housing for residents.
2. Further notes the negative impact that policies in the Conservative government's Housing and Planning Bill will have on the construction of new affordable homes and access to existing affordable housing. These policies include:
 - Extending the right to buy to housing association tenants.
 - Requiring councils to sell vacant high-value properties to fund the extended right to buy policy.
 - Introducing a 'Pay to Stay' scheme, where households with an income over £40,000 pay a higher rent to stay in their council or housing association home.
 - Forcing local authorities to reduce tenants' rents by £1 a week and thereby reducing the council's housing budget by £62.5m.
 - Extending the definition of 'affordable housing' to Starter Homes and requiring councils to promote them.
 - A reduction in the annual benefit cap for families to £23,000 in London making private rented housing even more unaffordable.
3. Acknowledges the steps the administration is taking in Southwark to solve the housing crisis, including building 11,000 new council homes over thirty years, the first 1,500 of which will be delivered by the end of 2018.
4. Condemns the previous Conservative/Liberal Democrat government for cutting the affordable housing grant by 70%, making it more difficult for councils to build much-needed affordable homes.
5. Believes that the scale of the housing crisis requires additional help from the Mayor of London to build new social rented housing in Southwark and other boroughs.
6. Calls on the cabinet to support plans for the future Mayor of London to:
 - support councils and housing associations to build homes for social rent
 - support councils to enforce clear, new rules to maximise the affordable housing in new developments
 - support Londoners struggling to rent private by providing Homes for London Living Rent and improving Londoners' experience of private renting by enabling London councils to strengthen renters' rights over tenancy lengths, rent rises, and the quality of accommodation

- provide homes to buy for Londoners, including for first-time buyers, by building new homes on land owned by the Mayor and tying in long-term planning for new and affordable homes with new transport infrastructure, including the Bakerloo Line extension.

APPENDIX 2**TRANSPORT IMPROVEMENTS**

1. That council assembly realises how essential good public transport is for residents in Southwark to carry out their day to day lives.
2. That council assembly recognises that transport fares are one of the biggest costs many households in the borough face.
3. That council assembly also is aware of the significant transport problems on trains across south east London, including overcrowding at London Bridge, Peckham Rye and Canada Water Stations, proposed ticket office closures, and unacceptable delays, cancellations and lack of capacity on the Govia Thameslink's Catford loop affecting passengers at Nunhead, Peckham Rye, Denmark Hill, and Elephant and Castle and reiterates its call for Transport for London (TfL) to run all rail services in south east London in order to have a properly integrated transport system.
4. That council assembly acknowledges this administration's commitment to prioritising sustainable journeys, including walking and cycling, to help minimise the environmental impact of transport and make this borough a safer, cleaner and healthier place to live and work.
5. That council assembly believes that our city needs a Mayor who will stand up for Londoners and deliver affordable, reliable public transport, and therefore welcomes London Mayoral candidate Sadiq Khan's commitments to:
 - Freeze all TfL Underground, Docklands Light Railway and Overground and travelcard fares for four years, freeze bus fares following a first-year cut in fares, and introduce a one-hour bus ticket;
 - Push TfL to take on more London commuter rail services so that responsibility for all transport within London lies with the Mayor;
 - Ensure that London councils are given a central role in planning London's transport infrastructure;
 - Champion new measures to encourage cycling and walking and prioritise 'Quiet Ways' to broaden London's safe cycle network, completing the roll out of the existing town centre cycling improvement plans; and make it easier and safer for our residents to cycle around the borough.

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 19. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Gateway 2 – Contract Award for the Parks Grounds Maintenance Service | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Maisie Anderson, Public Health, Parks and Leisure | |

FOREWORD – COUNCILLOR MAISIE ANDERSON, CABINET MEMBER FOR PUBLIC HEALTH, PARKS AND LEISURE

Southwark is renowned for its beautiful and well kept green spaces. A greener borough is central to our vision for a fairer future for all, and our parks and green spaces are central to this. High quality green spaces improve the health and wellbeing of our communities and contribute towards making Southwark such a prized borough in which to live and work.

Ensuring that the holder of our grounds maintenance contract shares this vision – providing a top quality service, a sustainable approach and value for money – is therefore of the utmost importance. Quality of service and value for money are central to our procurement processes and it is essential that the council is confident that it can secure this before awarding contracts to work with external partners.

The council’s current grounds maintenance contract with Quadron will expire on 2 October 2016. The contract that has been tendered is borough-wide covering some 97 sites including five major parks, 33 local parks, 15 gardens and squares, two sports grounds, three cemeteries and 39 other open spaces.

This report sets out the competitive tendering process that has taken place since Cabinet approved the Gateway 1 report in March 2015. It highlights that whilst there was initially significant interest in the contract, three of the five shortlisted bidders withdrew before the deadline. In light of the large disparity in tenders between the two remaining bidders, there was an attempt to clarify that one of the bidders had understood the criteria of the tender, however they did not choose to make any adjustments to their bid.

As a result, Quadron – the incumbent provider – were successful in their bid. As they are currently holding the contract, the transition process to the new contract should be smooth. The quality of service they have provided over the last 12 years has been very high and I am confident that this will continue. Whilst a saving has not been identified through this tendering process, I am confident that Quadron are the right provider for Southwark and their ‘above and beyond’ approach qualifies them to take on this new contract.

RECOMMENDATIONS

1. That cabinet approves the award of the contract to maintain the council's parks and open spaces to Quadron Services Limited (QSL) commencing from October 2016 at an annual value £2,761,435 for a period of seven years with an option to extend for a period or periods of up to a further seven years making a total revenue value of £38,660,090.
2. That cabinet notes that QSL's tender assumes a capital cost of £1,179,748 in year 1 by the council for the purchase of capital equipment being vehicles and plant items for use in the contract for the initial seven year period as detailed in paragraph 15-17.
3. That cabinet notes that the delivery of the council's Fairer Future promise of increasing the number of Green Flags, as outlined in paragraph 18, will be delivered via the contract.

BACKGROUND INFORMATION

4. The gateway 1 report for the procurement strategy was approved by Cabinet on 17 March 2015. The procurement route approved was for the council to carry out a competitive tendering exercise by way of an EU tendering process to seek a minimum of five tenders. The procurement timetable and methodology approved in the gateway 1 report was followed and is set out in the procurement project plan at Table 1.
5. The gateway 1 report identified additional services that were considered for inclusion in the new contract; the management of outdoor sports facilities in parks and grave digging. It was proposed that these services were priced as an additional option to the grounds maintenance contract to allow for further review. However following advice from legal and procurement it was agreed that these options should not be included in the original tender specification. Bidders were therefore not asked to tender for these services.
6. The council's current grounds maintenance contract with Quadron Services Limited (QSL) which commenced in May 2004 will expire on 2 October 2016. QSL's current contract performance has regularly exceeded the agreed performance target with an average score of 93 per cent over the past two years. Park stakeholders including 'friends of' groups are also satisfied with QSL's performance and parks customer satisfaction scores remain high.
7. The company's strong performance has assisted the council in gaining 23 Green Flags for parks in 2015. QSL has also won three national BALI (British Association of Landscape Industries) awards for landscape maintenance at Dulwich Park, Burgess Park and Southwark Park and two principal BALI awards for Burgess Park and Southwark Park.
8. The contract is borough-wide covering some 97 sites including five major parks, 33 local parks, 15 gardens and squares, two sports grounds, three cemeteries and 39 other open spaces.
9. The contract is based on six operational areas centred on the five major parks; Burgess Park, Dulwich park, Geraldine Mary Harmsworth park, Peckham Rye park, Southwark park, and the cemeteries. The scope of the services within the contract include:

- Grass, shrub and rose bed maintenance
 - Maintenance of hedges and young trees
 - Seasonal bedding supply and maintenance
 - Litter management, sweeping and cleaning including:
 - Leaf clearance
 - Litter and dog waste bins
 - Dog waste removal service
 - Sports pitch maintenance including:
 - Football pitches
 - Cricket squares
 - Bowling greens
 - Artificial surfaces
 - Maintenance of water features
 - Park attendants
 - BMX attendants
 - Gate opening and locking service.
10. The contract is largely output based and specifies the standard to be achieved for example the height of grass to be maintained at all times. However it sets out minimum inputs and frequencies that the council believes are required to achieve the specified standards. The contract is priced on an annual unit basis for each type of work (e.g. grass cutting) and full quantities of work for each site are provided within the bills of quantities.
11. The key objectives of the procurement strategy were:
- Social and Fairer Future priorities;
 - Maintaining the quality of parks and open spaces
 - Sustained service improvement (including greater innovation and community involvement)
 - Reducing costs
 - Sustainable asset management
 - Flexibility to make changes to the service as necessary.
12. Details of the procurement project plan are shown in Table 1 below.

Table 1. Procurement project plan (Key Decision)

| Activity | Completed by/Complete by: |
|--|----------------------------------|
| Approval of Gateway 1: Procurement Strategy Report | 17/03/2015 |
| Invitation to tender | 08/12/2015 |
| Closing date for return of tenders | 19/02/2016 |
| Completion of evaluation of tenders | 15/04/2016 |
| Forward Plan | 25/01/2016 |
| DCRB Review Gateway 2: | 18/05/2016 |
| CCRB Review Gateway 2: | 26/05/2016 |
| Notification of forthcoming decision – despatch of Cabinet agenda papers | 27/06/2016 |

| Activity | Completed by/Complete by: |
|---|----------------------------------|
| Cabinet Approval of Gateway 2: Contract Award Report | 19/07/2016 |
| End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision | 01/08/2016 |
| Standstill Period | 01/08/2016 |
| Contract award | 02/08/2016 |
| Add to Contract Register | 09/08/2016 |
| TUPE Consultation period | N/A |
| Contract start | 03/10/2016 |
| Publication of award notice in Official Journal of European (OJEU) | 09/08/2016 |
| Publication of award notice on Contracts Finder | 12/08/2016 |
| Contract completion date | 01/10/2023 |
| Contract completion date – if extension(s) exercised up to maximum of 7 years | 29/09/2030 |

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

13. The key objectives identified in the procurement strategy will be delivered through the specification and related contract documents including the ability to;
- deliver pre-identified standards and continuous improvement
 - deliver efficient and effective services while demonstrating value for money
 - deliver best practice and innovation
 - provide flexibility to manage change and emerging priorities.
14. A soft market testing exercise was carried out with five leading grounds maintenance companies to gauge their views on issues such as contract packaging, contract term, innovation and efficiencies. The exercise identified some key areas of potential savings and the contract was tendered on the basis that;
- the council would provide capital for the purchase of all vehicles and major plant items
 - the contract length would be seven years with an option for a further seven years
 - proposals would include the management and use of volunteers
 - we would seek contractor innovation during the lifespan of the contract to further achieve efficiencies.
15. The use of capital for the purchase of all vehicles and major plant items was identified in order to reduce the revenue cost and achieve the identified savings on the contract. As part of the tendering process for the contract, tenderers were asked to identify within their tender the annual sum for this provision and the capital sum required in year one. Details of the tender evaluation process and the tenders received are shown in paragraph 34-45 and within the closed report.

16. QSL's annual value of £2,761,435 assumes the council will purchase capital equipment being vehicles and plant items for use in the contract of £1,179,748 in year 1.
17. The useful life of the vehicles and major plant items funded by capital investment is seven years and if the contract is extended, a new arrangement would need to be made in relation to these items for future years.

Policy implications

18. The parks grounds maintenance contract will have cross cutting benefits in promoting good health and social cohesiveness. It will be the vehicle for delivering the council's Fairer Future promise of increasing the number of Green Flags in parks and extending opportunities to all residents to maintain and improve their health and wellbeing.
19. The Fairer Future promises were agreed through the council plan in 2014 and included five values, two of which are relevant to the procurement of grounds maintenance services;
 - Spending money as if it were coming from our own pocket
 - Making Southwark a place to be proud of.
20. The award of this contract to QSL should continue to deliver high standards of grounds maintenance in parks and open spaces and assist the council in maintaining the customer satisfaction target for parks.
21. The grounds maintenance service also contributes to the Biodiversity Action Plan through protecting and maintaining open space and the delivery of the Open Spaces Strategy through the effective management of high quality open space and improving access to nature.

Tender process

22. It was agreed that the procurement route for this contract would be the restricted tender process pursuant to the Public Contracts Regulations (2015), whereby an invitation was issued for expressions of interest via a pre-qualification questionnaire. Those service providers who were shortlisted (up to five organisations) following evaluation of the pre-qualification questionnaires were then invited to tender.

Tender prequalification questionnaire (PQQ)

23. The contract was advertised on 8 October 2015 through the OJEU and contracts finder website.
24. Eight PQQ's were submitted via the dedicated parks contract mailbox. The market response to the PQQ process was less than that anticipated and it is difficult to understand the reasons for this. Never the less, sufficient response and market interest was received to evaluate against the set criteria and process.
25. The PQQs were evaluated against a pass/fail assessment for the mandatory PQQ requirements and a scoring of the project related questions specific to this

tender such as quality management, experience of operating a similar contract, stakeholder engagement and social values.

26. All eight organisations passed the PQQ, but in accordance with the council's stated selection criteria, only the top five ranked providers were invited to tender as shown in Table 2 below. Further details of the companies who returned a PQQ and their scores are shown in the closed report.

Table 2. PQQ Evaluation

| Name | Rank |
|---|-------------|
| Quadron Services Limited | 1 |
| Glendale Countryside Limited | 2 |
| The Landscape Group Limited | 3 |
| ISS Facility Services - Landscaping | 4 |
| John O'Conner (Grounds Maintenance) Limited | 5 |

Invitation to tender (ITT)

27. On 17 December 2015, a bidders day took place at Burgess Park with a presentation from officers and self guided tours of the sites included in the contract. Nine representatives from four of the five companies invited to tender attended the meeting. John O'Conner (Grounds Maintenance) Limited did not attend and withdrew from the tender process on the day.
28. The council encouraged tenderers to visit the sites covered by the contract to enable the preparation of fully informed and high quality proposals.
29. During the tender process two of the five organisations invited to tender withdrew from the process and a third failed to submit a tender.
30. John O'Conner confirmed on the 17 December that 'having made an initial assessment of your contract requirements, on this occasion we do not consider ourselves to be best placed to offer you a value for money bona-fide tender'.
31. The Landscape Group confirmed that "As of today (17 February), TLG's parent company (idverde ltd) has completed the acquisition of Quadron Services Ltd, and therefore TLG and QSL are now sister companies rather than competitors. As a result, TLG must now withdraw from this procurement – therefore please accept this letter as our formal intention of withdrawal".
32. ISS failed to return a tender and confirmed their withdrawal in a subsequent telephone conversation on the 22 February stating that "Due to an internal re-organisation, ISS were unable to give this tender the attention it deserves and therefore were unable to submit a tender."
33. The two remaining tender returns were evaluated using published evaluation criteria based on a Most Economically Advantageous Tender (MEAT) approach which comprised a technical evaluation and a financial evaluation to assess quality and price. The council standard price: quality ratio for evaluating tenders is 70:30. However, with very competitive financial tenders expected it was important to ensure that standards of quality and delivery are maintained. In accordance with the gateway 1 report, the tenders were evaluated using a 60:40

price: quality ratio with quality thresholds set for all key method statements. The 13 method statements for the technical criteria are listed in Table 3 below.

Table 3. Technical method statements and price weighting

| Quality/Technical criteria | Weighting |
|--|------------------|
| Staff resources | 6% |
| Vehicles, machinery and equipment | 6% |
| Social values | 4% |
| Environmental considerations (Pesticides, Waste and recycling) | 4% |
| Health and Safety | 3% |
| Quality management systems | 3% |
| Volunteer management | 3% |
| Partnership working | 3% |
| Continuous improvement and innovation | 2% |
| Management and communication systems | 2% |
| Stakeholder engagement and consultation | 2% |
| Depots | 1% |
| Contract Mobilisation | 1% |
| Technical weighting (Quality) | 40% |
| | |
| Price weighting (Overall Price) | 60% |

Tender evaluation

34. The published evaluation methodology confirmed that a weighting of 60 per cent will be applied to the overall Contract Price including the annual cost for the purchase of all vehicles and major plant items.
35. The Contract Price was evaluated based on the lowest sustainable Tendered price. The lowest sustainable Tendered price received a score of 60 per cent i.e. all of the available marks with subsequent Tenders scored as a percentage of this.
36. The council received two tenders for the contract details of which are shown in the closed report.
37. Tenderers were asked to identify the annual capital cost for the provision of vehicles and major plant items and any savings arising from the council providing this capital in year 1.
38. Tenders were subject to an initial compliance check to confirm that;
 - Tenders had been submitted on time, were completed correctly and met the requirements of the Invitation to Tender
 - That no tenderer had contravened any of the terms and conditions of the Restricted Procedure or the tender process – either provided in the Public Contracts Regulations 2015 (as amended) and/or the Invitation to Tender
 - That each tenderer had confirmed the acceptance of the terms and conditions of the contract.

39. Despite having received only two tender returns officers were satisfied that, having passed the initial compliance check both tenders were capable of offering value for money and that it was appropriate to evaluate them.
40. Returned tenders were reviewed by an evaluation panel comprising suitably qualified officers reflecting the nature of the contract. The core panel were;
- Head of Parks and Leisure
 - Parks Service Development Manager
 - Head of Service Development
 - Business Services Manager
 - Parks Area Contracts and Service Manager
41. A number of council business units contributed to the process and they are listed below;
- Environment and Leisure Health and Safety
 - Procurement Advice Team
 - Departmental Finance
42. Key stakeholders including 'friends of parks' groups were invited to participate in the evaluation process as part of the consultation exercise carried out on the specification. However no expressions of interest were received to participate in the evaluation process.
43. QSL received the highest combined score, evaluated in accordance with the council's stated evaluation methodology, and as the most economically advantageous tender is recommended for award of this contract. QSL received the highest score for both price and quality. Full details of the scores for the two tenderers are noted in the closed report.
44. The award of the contract is based on M.E.A.T. The evaluation methodology set out that the top scoring tender would be awarded a contract. It is therefore recommended that QSL be awarded the contract.
45. QSL scored 7 (good response) in 6 of the 13 method statements, and obtained a satisfactory response in the remaining 7 method statements. Particular areas of strength were Health and Safety, staffing, vehicles machinery and equipment, continuous improvement and innovation, management and communication systems.

Plans for the transition from the old to the new contract

46. As QSL are the incumbent service provider, the council are able to work early with them to ensure a smooth transition to the new contract.
47. The council has identified a work depot in each of the six identified operational areas for the purposes of providing the grounds maintenance service.
48. New leases will be granted for each of the depots to enable the contractor to carry out the services. The leases will exclude security of tenure and will expire at the same time as the contract (after seven years or earlier if the contract is terminated earlier). The leases can be extended if the contract period is

extended. The cost of the depot maintenance liability and utility charges are included within the contract price.

49. The contractor has confirmed their intention to use the depots for the performance of this contract and will enter into a lease with the council for these premises.

Plans for monitoring and management of the contract

50. The client role including the management and administration of the contract will be managed by the parks operations team who will ensure that the contractor complies with the terms and conditions of the contract, contractor method statements and all related documents including the service specification and payment of LLW.
51. The contract will be measured on a monthly basis. Performance will be analysed and both the contractor and client work together to bring about continuous improvement. Customer satisfaction scores will continue to be monitored via resident surveys which will be undertaken on a quarterly basis.
52. The contract includes provisions should there be a need to default for poor performance and the ability to terminate the contract early for significant service failure including for any union membership blacklisting activity.

Table 5. Identified risks for the new contract

| Risk No. | Risk identification | Risk level | Mitigating action |
|-----------------|---|-------------------|---|
| R1 | No contract in place on 03/10/2016 | Low | Project management of procurement process |
| R2 | Contract fails to perform to contract standard | Low | Strong performance management, Incumbent contractor, history of high performance. Default and termination clauses included within contract documentation |
| R3 | Under resourcing of the contract. | Low | All existing resources identified during the procurement process and detailed staffing proposals submitted. Staffing levels will be monitored on a monthly basis. |
| R4 | Poor transition of services from the existing contract to the new contract | Low | Incumbent service provider, detailed mobilisation plan submitted, experience of change management, and effective project management with regular communication with the council |
| R5 | Provision of new vehicles and major plant items for the start of the contract | Low | Capital sum identified. Item included in detailed mobilisation plan submitted and effective project management as above |

Equalities and community impact statement

53. The contract is borough-wide and covers the majority of parks and open spaces. The contract specification will seek to maintain and improve the quality of the service and customer satisfaction level, currently 93 per cent. This is measured

by the Southwark Tracker Survey which is undertaken externally four times a year and includes parks and open spaces.

54. The impact of the grounds maintenance service will affect all communities/groups, residents, businesses, visitors and those that pass through the borough and will in turn improve the quality of life for all. Direct benefits are well maintained parks and open spaces that make an important contribution to the enjoyment of all. Continued emphasis on maintenance will especially benefit the most vulnerable members of the community i.e. the elderly, the disabled and young children providing clean, safe and well maintained parks. People in all areas of the borough are affected by the quality of the parks and their assets.
55. The Public Sector Equality Duty imposed by the Equality Act 2010 states that public authorities must give 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic (including disability) and those who do not. The procurement of this contract is not considered to have any detrimental impact on local people and communities.
56. A stage one Equalities Assessment has been carried out and no significant impacts were identified in relation to any protected characteristics. Any impacts are likely to be beneficial in terms of the active use of parks and open spaces and the promotion of general wellbeing. No specific issues were identified during the procurement process that would have any detrimental impact on local people and communities and therefore no further analysis is required.

Sustainability considerations

57. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations.

Economic considerations

58. The contractor has committed to supporting the council's policy of delivering a stronger local economy by focusing their recruitment, training and development strategies within the borough. The contractor is committed to implementing local initiatives for the promotion of employment and training, offering work placements and running annual employment fairs. Advertisements for job opportunities will be promoted through numerous local outlets.

Social considerations

59. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, our contractors and sub-contractors pay staff at a minimum rate equivalent to the LLW rate. The gateway 1 report confirms, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract offering enhanced quality of work from a motivated workforce and a lower staff turnover. QSL have confirmed that they meet the LLW requirements. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of each of the contract review processes.

60. The contractor has committed to continuing to employ, as a minimum, five apprentices across the contract each year throughout the duration of the contract. The contractor has extensive experience of running apprenticeship and NVQ schemes and has a good track record of delivering award winning schemes including two recent pride of London awards and Horticulture Week's apprentice of the year for apprentices within the current contract.
61. The contractor fully supports the council's approach to not utilising zero hour contracts and has a commitment to employing full and part time staff as opposed to casual staff which has been factored into their staffing structure and costs.
62. The contractor recognises Trade Unions and has committed to continue working with them throughout the life of the contract. 90% of QSL's current staff in Southwark are members of the BCSA Union. QSL's approach to maintaining good working relationships with the Union is summed up by its General Secretary, Ted Purcell, who has written that "we have found management within Quadron Services at all levels very approachable; they are willing to meet on a regular basis to try and resolve any work place issues that arise". He also complimented "the professional way they manage and support their staff."

Environmental considerations

63. The contract requires that vehicles used by the contractor are 'clean and green' with classification specified as, i.e. Euro Class 6 or equivalent as a minimum. Vehicles are required to be regularly emission tested and well maintained.
64. The contract specification sets out requirements relating to the recycling and reuse of all green waste.
65. The scheduled use of pesticides is not permitted within this contract.
66. The contractor is ISO 14001(Environmental Management) accredited and is committed to retaining specific accreditation for this contract.

Market considerations

67. QSL currently employs over 700 full time staff. This includes a head office support function of 21 staff and eight regional support staff.
68. QSL are the incumbent service provider and operate other local authority contracts for Kensington and Chelsea, Kingston upon Thames, Hammersmith and Fulham, Croydon, Wandsworth, Birmingham and Bristol City Councils, Charnwood, Wokingham and Tandridge Borough Councils, Medway and Teignbridge District Councils.

Staffing implications

69. TUPE will not apply as the award of the contract is to the incumbent service provider.
70. The contractor has current Investors in People accreditation and is committed to continue with this accreditation.

71. There will be no impact on council staff caused as a consequence of implementing this contract. Officers are already fulfilling the monitoring roles of the current contract and this function will continue under the new contract. The contract will be managed by the council's parks service development manager.

Financial implications

72. The report seeks approval for the award of parks grounds maintenance contract from October 2016 at an annual value £2,761,435 for a period of seven years with an option to extend for a period or periods of up to a further seven years making a total value of £38,660,090.
73. The contract cost will be subject to an annual inflationary adjustment in line with the Consumer Price Index (CPI). The first adjustment will be made on the 1st April 2018 and annually thereafter throughout the contract period, including any extension permitted.
74. The contract includes payment of the London Living Wage (LLW). LLW will increase from 1 April 2016 by £67,000; these costs are included in the figures above and will be covered by the existing revenue budgets within the Parks and Leisure division.
75. The proposed annual revenue contract cost of £2,761,435 was less than the estimate within the Gateway 1 report and can be contained within the divisional budget.
76. In addition to the above annual revenue costs, the proposed contract award also assumes the council will purchase capital equipment being vehicles and plant items for use in the contract of £1,179,748 in year 1.
77. Any contract monitoring and supervising costs will be funded from the existing Parks and Leisure division's revenue budgets.

Legal implications

78. Please see concurrent from the director of law and democracy.

Consultation

79. The parks conference held with stakeholder groups in June 2015 included a workshop on priorities for the new contract. Stakeholders were asked to consider the relative importance of a range of specification items which would be used to assess areas of potential savings for the contract.
80. All stakeholders were subsequently given the opportunity to review and comment on the draft specification. Stakeholders were also given the opportunity to participate in the tender evaluation process.
81. Feedback from stakeholders on the specification has been used to shape the specification for this contract.
82. The cabinet member for public health, parks and leisure will be regularly updated on performance and any other contract issues.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC16/007)

83. The strategic director of finance and governance notes the recommendations in this report for the award of a contract to maintain the council's parks and open spaces. The first year contract costs fall within the financial year 2016-17 for which the budget has already been agreed, and the financial implications note that these can currently be contained within budget. The contract lasts for 7 years and is subject to an inflationary increase using CPI.
84. The contract arrangements also include the purchase of capital equipment to be used by the contractor in pursuit of the contract. The use of council capital funds in this way will need to be agreed as part of the capital programme update elsewhere on the agenda. Use of capital in this way has led to a lower contract cost in each year.

Head of Procurement

85. This report seeks approval to award the Parks Ground Maintenance contract to Quadron Services Limited (QSL) for a contract period of seven years with an option to extend for an additional seven years. The contract is due to commence in October 2016.
86. The report confirms that the procurement strategy identified in the previously approved Gateway 1 report was followed. This was an EU Procurement following the restricted procedure, as set out by the Public Contracts Regulations (2015), with the top five scoring bidders at pre-qualification questionnaire (PQQ) stage being invited to submit a tender. It is noted that the procurement project plan has been followed as identified in the Gateway 1 report.
87. The report notes that the level of interest expected was not met by the number of PQQ's received however there were sufficient responses to evaluate and identify five bidders to invite to tender. Eight PQQs were received, all responses were compliant but as per the tender documentation only the top scoring five were invited to submit a tender.
88. The report outlines that during the tender process two organisations withdrew from the process and one bidder failed to submit a tender. The two remaining bidders were evaluated using the evaluation criteria as published in the tender documentation. Bids were evaluated on both price and technical ability with a 60:40 price/quality ratio agreed in order to ensure that the standard of quality and delivery are maintained. Bidders were required to respond to 13 method statements, a quality threshold was set for each statement.
89. The report notes that despite only two tenders being returned officers were satisfied both tenders offered value for money and met the compliance checks in order to be evaluated. QSL were awarded the highest marks on price and quality.
90. The report notes that, as QSL are the incumbent contractors there will be early engagement to ensure a smooth transition onto the new contract. The contract will be monitored and managed by the parks operations team. Performance will

be measured on a monthly basis and customer satisfaction will be monitored on a quarterly basis through the use of resident surveys.

91. The report confirms that the payment of London Living Wage (LLW) will be paid under this contract. It is also noted the commitment to no zero hour contracts and the employment of five apprentices (as a minimum) each year throughout the duration of the contract.

Director of Law and Democracy

92. This report seeks approval of the award of a contract to Quadron Services Ltd for the maintenance of the council's parks and open spaces, as detailed in paragraph 1.
93. The proposed contract has been procured in line with the requirements of the EU procurement regulations ("the EU Regs") and in accordance with the council's Contract Standing Orders ("CSOs"). Legal advice has been provided to officers throughout the procurement process. This report confirms that the most economically advantageous tender is recommended for acceptance. The procurement process makes allowance for a standstill period between notification of the recommendation for award of the contract and the conclusion of the contract, in order to comply with the EU Regs and to demonstrate best procurement practice, and a contract award notice will be posted in the OJEU and on Contracts Finder following the award of the contract.
94. CSOs reserve the decision to authorise the award of this contract to the Cabinet, after consideration of the report by the corporate contract review board (CCRB).
95. CSO 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the council. The financial implications section of this report details how the proposed contract will be funded.
96. Paragraph 56 notes the steps that have been taken to demonstrate compliance with the Public Sector Equality Duty imposed under the Equality Act 2010. Officers should ensure that the equality analysis is kept under regular review throughout the contract term.

BACKGROUND DOCUMENTS

| Background documents | Held At | Contact |
|---|--|---------------------------------|
| Gateway 1 - Procurement Strategy Approval Parks Grounds Maintenance Contract (Item 18) | Environment and Leisure 160 Tooley St. London SE1 | Rebecca Towers 020 7525 0771 |
| Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4868&Ver=4 | | |

APPENDICES

| No | Title |
|------|-------|
| None | |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Maisie Anderson, Public Health, Parks and Leisure | |
| Lead Officer | Fiona Dean, Director of Leisure | |
| Report Author | Rebecca Towers, Head of Parks and Leisure | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments sought | Comments included |
| Strategic Director of Finance and Governance | Yes | Yes |
| Head of Procurement | Yes | Yes |
| Director of Law and Democracy | Yes | Yes |
| Contract Review Boards | | |
| Departmental Contract Review Board | Yes | Yes |
| Corporate Contract Review Board | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 7 July 2016 |

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 20. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Disposal of Council's Freehold Interest at 99-161 Ilderton Road SE16 3JZ | |
| Ward(s) or groups affected: | | Livesey | |
| Cabinet Member: | | Councillor Mark Williams, Regeneration and New Homes | |

FOREWORD - COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

As part of our work to invest in and regenerate the Old Kent Road we must use all tools at the council's disposal to build homes of all kinds that our residents so desperately need. This is in addition to the new jobs, parks, schools, and transport improvements that we will deliver. We are currently consulting on the Old Kent Road Area Action Plan and a consultation with residents and local businesses will take place over the next three months. This report sets out how we will use our freehold interest at 99-161 Ilderton Road to build new homes, including 35% affordable housing, on what is currently a storage area for old trucks.

RECOMMENDATIONS

1. That the cabinet agrees to grant an option to acquire the council's freehold interest in land at 99-161 Ilderton Road (as shown hatched black in Appendix 1) to CB Southberm 2 Limited (CB) for residential development in accordance with the terms set out in the closed cabinet report.
2. That the cabinet authorise the Head of Property to negotiate the option agreement and subsequent development agreement with CB.

BACKGROUND INFORMATION

3. The council is the freeholder of land at 99-161 Ilderton Road SE16 over which a long leasehold was granted for a peppercorn rent to RS Joyner & Son Limited (Joyner). There are approximately 95 years left on the lease.
4. Joyner is also the freeholder of land adjoining the subject (as shown cross-hatched black in Appendix 1) and the two sites together are proposed to be developed.
5. CB Southberm 2 Limited (CB), a developer, has agreed terms with Joyner to buy out their head leasehold and freehold interests and to enter into an option agreement to purchase the council's freehold interest.
6. No planning application has yet been made but the council will require the developer to build out and complete a planning policy compliant scheme of 35% affordable homes by putting a restrictive covenant on the land.

7. The land is currently used as a commercial vehicle sales yard and is in a Preferred Industrial Location, however, this area was designated a Housing Zone by the GLA in February 2015.
8. The council has prepared a draft Area Action Plan for the Old Kent Road area which includes this site and allows residential and mixed use proposals.

KEY ISSUES FOR CONSIDERATION

9. Negotiations have taken place between CB and the council's property officers regarding the sale of the council's freehold interest in the land. The council wishes to support planning policy by requiring that the developers build out a fully planning compliant scheme providing 35% affordable and that no subsequent viability assessment can change this. It is intended to secure this obligation by placing a restrictive covenant upon the land.
10. The option period will be for 18 months and require the developer to apply for planning permission. The council will receive a non-returnable option payment to secure the agreement and require the developer to pay a land value to reflect the value of the council's reversionary freehold interest when the option agreement is exercised. The option sum will not be deducted from the principle land payment.
11. The developer must have previously or simultaneously with the council option agreement, acquired ownership of the Joyner land so that the council is able to ensure that the one developer is able to deliver the scheme despite the interests being split. The option agreement will not be assignable.

Policy implications

12. The ultimate disposal of the council's interest will generate a capital receipt that can be used by the council to further its key strategic objectives.
13. The ability to impose restrictions on the land title to ensure that planning requirements on social housing are complied with will mean greater certainty that the council's policies are implemented.

Community impact statement

14. The impact of the proposed development on the local community will be slight but positive. The current use as commercial vehicle sales is an eyesore and its redevelopment will improve the visual amenity of the area and provide much needed private and affordable housing.
15. The council will receive market value for its freehold interest which can be spent upon council priorities.
16. There are no direct negative implications of the report's recommendations on the Council's Managing Diversity and Equal Opportunities Policy.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

17. Section 1, Localism Act 2011 provides councils with a general power of

competence whereby a local authority has the power to do anything that individuals generally may do. However, this power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 123, Local Government Act 1972 is a pre-commencement statute which imposes restrictions on a council's power to dispose of land.

18. Section 123, provides that a council shall not dispose of land under the section (unless it is by way of a short tenancy) for a consideration which is less than the best that can reasonably be obtained except with the consent with the Secretary of State.
19. Paragraph 10 of the report confirms that the developer will pay a consideration to reflect the value of the council's reversionary interest. Paragraph 12 of the closed report confirms that this will represent best consideration.
20. The report also comments on the importance of ensuring that the scheme is planning policy compliant providing 35% affordable housing. This is complicated by the fact that the site is currently within a Preferred Industrial Location although this will be reconsidered as the draft Old Kent Road Area Action Plan emerges. A further complication is development plan policy (London Plan Policy 3.12) supported by the National Planning Policy Framework allows the affordable housing contribution in a scheme to be reduced where viability appraisals suggest this is justified.
21. Whilst a requirement to this effect will be included in the sale agreement, this will not necessarily be effective against a successor in title of the purchaser. CB Southbern 2 Limited is a relatively newly formed company and it will be necessary to bind not simply the purchaser but also the land being disposed of for the covenant to be enforceable against future purchasers.
22. The law relating to restrictive covenants whilst long-standing, is rather complex and has been the subject of much litigation since introduced in 1925. In order to be able to enforce such a covenant against future owners, it is essential to ensure that the covenant is genuinely restrictive; it must be properly registered with the Land Registry; and it must be capable of benefiting land retained by the original covenantee. Accordingly, to be effective the covenant must be in terms that it benefits particular parcels of land in the vicinity of the site where ownership is held by the London Borough of Southwark. The relevant land is shown hatched black in the plan attached at Appendix 1.
23. Cabinet should be aware that the legislation allows the possibility of a restrictive covenant being modified or even discharged. The process for this is set out under section 84, Law of Property Act 1925 and it involves an application to the Upper Tribunal (Lands Chamber). When considering an application to modify or discharge, the Upper Tribunal must be satisfied that the restriction is contrary to the public interest. Assuming the council's existing affordable housing policy is endorsed within the New Southwark Plan, then it is difficult to see that an argument for discharge would be sustainable. However, it should be noted that section 84(1B)) requires the Tribunal to take into account the development plan – and this will include not only the Southwark Local Plan but also any adopted Area Action Plan for the Old Kent Road area, and the London Plan.

Strategic Director of Finance and Governance (FC16/010)

24. The report is requesting Cabinet to grant an option to acquire the council's freehold interest in land at 99-161 Ilderton Road (as shown hatched black in Appendix 1) to CB Southberm 2 Limited (CB) for residential development and to authorise the head of property to negotiate the option agreement and subsequent development agreement with CB. Terms of the agreement and the financial implications are detailed in the closed version of the report.
25. The strategic director of finance and governance notes the head of property considers the proposed transaction as set out in the closed version of the report to represent best consideration in terms of S123 of the Local Government Act 1972.
26. The capital receipts generated from the proposed arrangement will be recycled into the council's capital receipts funds in financing council priorities.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|-------------------|---------|---------|
| None | | |

APPENDICES

| No | Title |
|------------|---|
| Appendix 1 | Site plan showing the overall development site edged black with the council's freehold hatched black and Joyner's freehold cross-hatched black. |

AUDIT TRAIL

| | | |
|---|--|------------------------|
| Cabinet Member | Councillor Mark Williams. Regeneration and New Homes | |
| Lead Officer | Eleanor Kelly, Chief Executive | |
| Report Author | Marcus Mayne, Principal Surveyor | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| | Officer Title | Comments Sought |
| | Director of Law and Democracy | Yes |
| | Strategic Director of Finance and Governance | Yes |
| | Cabinet Member | Yes |
| | Date final report sent to Constitutional Team | 7 July 2016 |



TITLE.

Land at Ilderton Road, SE15.

KEY. LBS Freehold.

Joyner Freehold.

DRAWING No.

LBS_3441

DRAWN BY.

MMANKTELOW
Property Division

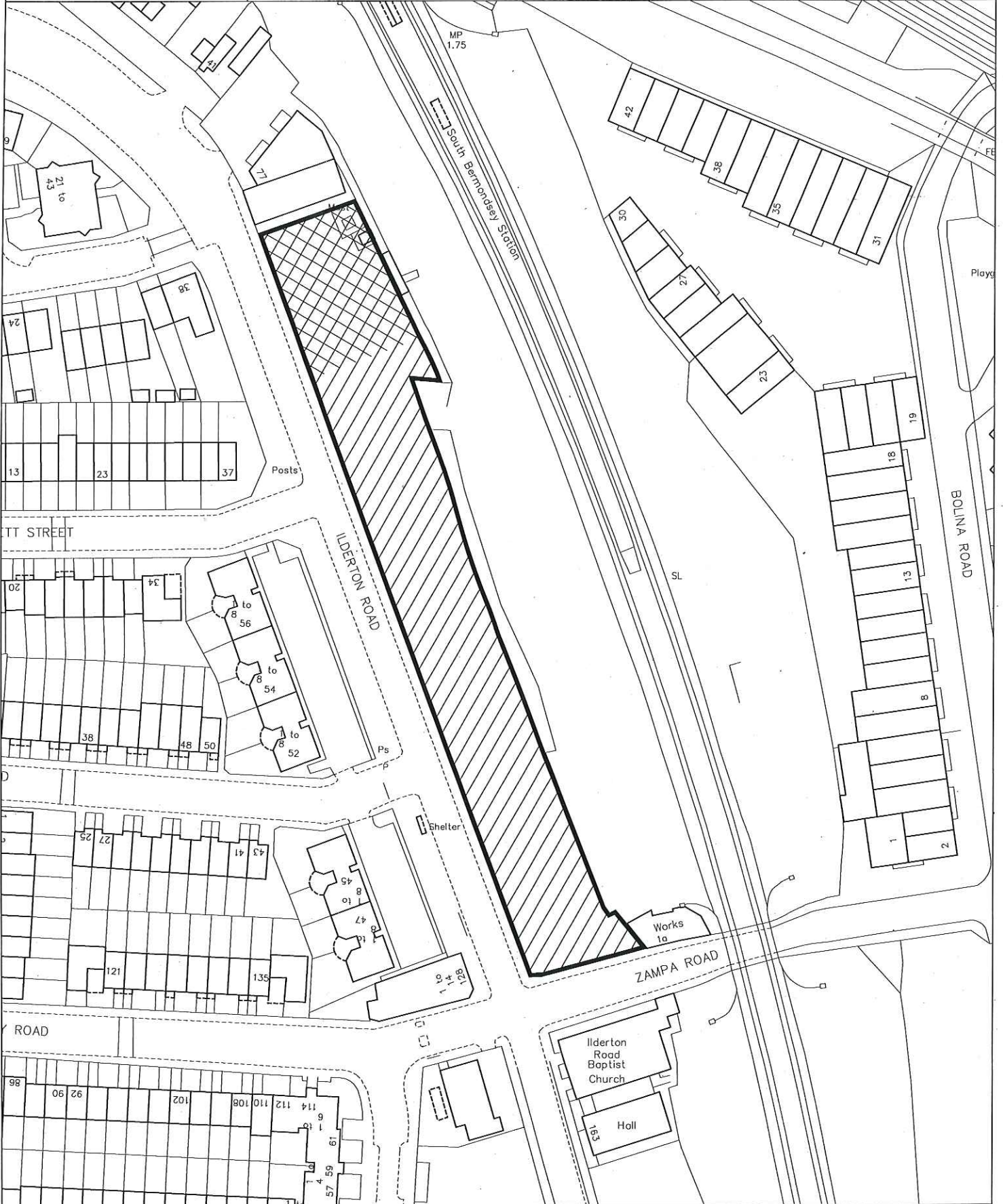
DATE.

22/6/2016

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| | | | |
|---------------------------------|--------------------------------|---|---------------------------------|
| Item No. 21. | Classification: Open | Date: 19 July 2016 | Meeting Name: Cabinet |
| Report title: | | Sale of 42 Harper Road, London, SE1 6AD | |
| Ward or groups affected: | | Chaucer | |
| Cabinet Member: | | Councillor Fiona Colley, Finance, Modernisation and Performance | |

FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE

This report recommends the sale of the council's freehold interest in 42 Harper Road to the current leaseholder. The existing lease has a further 20 years to run and currently pays us only a very small annual ground rent.

The proceeds of this sale will help fund our housing investment programme - building new council homes and installing new kitchens and bathrooms in existing homes.

RECOMMENDATIONS

That Cabinet agrees:

1. The sale of the freehold interest in 42 Harper Road, London, SE1 6AD, (The Property) on the principal terms set out in the closed report.
2. The Director of Regeneration be delegated authority to agree the detailed terms of the transfer.

BACKGROUND INFORMATION

3. The Property is located on the south corner of Harper Road and Falmouth Road within the Chaucer Ward of the Borough. A location plan is attached in appendix 1 and shows the extent of The Property edged red.
4. The freehold interest in The Property is held by the Council within the Housing Revenue Account. The interest is subject to a 99 year lease in favour of Urbanicity LLP (the parent company of the Proposed Purchaser). The lease currently has approximately 20 years to expiry.
5. The Property is a 1930s brick building with pitched roof behind a parapet wall. It was purpose built as part of the adjoining housing block, Bramwell House. The ground floor and basement was built as a public house and the upper two floors as ancillary residential units. It is currently vacant and appears to have been so for some time.
6. The Proposed Purchaser has negotiated terms to acquire the Council's freehold interest. This will subject to planning approval result in the property being converted into homes for market sale.

7. The terms agreed with the proposed purchaser are set out in the closed version of this report.

KEY ISSUES FOR CONSIDERATION

8. The Property is currently let on a long lease at a nominal rent. This sale will release the latent value in the form of a substantial capital sum, which can be used to deliver Council's housing investment objectives. It is confirmed that the price agreed with the proposed purchaser represents market value and therefore best consideration.
9. The Property is located on the edge of the Elephant and Castle opportunity area and specifically in the Rockingham character area. The vision for the Elephant and Castle opportunity area targets the delivery of 4,000 new homes by working with the local community, registered providers and private developers.
10. There are three public houses on Harper Road, including The Property – The Rising Sun (about 200m from The Property) is currently trading. There is also the former King William IV at 16 Harper Road that is currently called the LE K-VO Lounge and is undergoing refurbishment with the aim of re-opening this summer. It is about a 100m away from The Property.
11. The Proposed Purchaser has expressed the intention to retain viable commercial use on the ground floor in order to contribute positively to the vitality of the area. Should a use under the use class A4, which public houses fall under, not be considered viable, taking into account similar uses on the road, other commercial uses that would positively contribute to the streetscape and the liveliness of the environment will be provided.
12. The redevelopment of The Property will be in line with the Council's existing planning policies.
13. The Property was declared surplus to operational requirements on 25 May 2016.
14. The capital receipt expected from the sale can be re-invested in existing Council homes as part of the warm, dry, safe project to contribute towards the provision of quality affordable homes.
15. Owing to the size of the property its conversion is unlikely to result in ten or more units of housing being formed so additional social housing is not likely to be secured through the planning process.
16. The proposed ground floor commercial use will contribute towards the achievement of the Council's fairer future promises by contributing towards active frontage on Harper Road and specifically the revitalisation of the neighbourhood.
17. The environmental improvements arising from the redevelopment of the Site will assist the Council in meeting its cleaner, greener and safer agenda. Any new dwellings arising from the redevelopment will be designed to meet latest energy efficiency building regulations.

Rationale for recommendations

18. To bring an unused building into beneficial use and improve the local street scene.
19. To provide a small number additional housing units for sale.
20. To realise a substantial capital receipt to invest in the Council's Warm Safe and Dry programme whilst only foregoing a nominal rental payment.

Community impact statement

21. The capital receipt to be received as a result of the transaction will assist with delivery of the council's corporate objectives. It will help achieve its stated budget principles of delivering value for money and creating a 'fairer future for all' by promoting social and economic equality in an economically vibrant borough.
22. It is not considered that the sale will have any adverse effect on any of the protected characteristics under the equalities legislation or the Council's ability to promote diversity and equality of opportunities.
23. The buyer will be required to consult local residents, businesses & stakeholders as part of the planning application process.
24. Redevelopment of The Property is likely to have a positive effect on the local environment and streetscape.

Resource implications

25. The negotiations have been carried out by officers within Property Services and the proposed purchaser will pay a reasonable sum for the time expended in dealing with the matter. Since only a nominal rent is payable under the lease there will be no significant loss of income arising as a consequence of the proposed sale.
26. Officers from Legal Services will be involved in drafting and agreeing the final contract. Their time working on the case will also be reimbursed by the prospective purchaser.

Financial implications

27. Details of the capital receipt payable to the council on completion of the sale are set out in the closed report.
28. The Capital receipt is expected to be received in this financial year.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Director of Law and Democracy**

29. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute which

imposes limitations on the council's powers of disposal.

30. As the property falls within the council's housing portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
31. A number of General consents have been issued in the General Housing consents 2013.
32. Consent A3.1.1 of the General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985-2013 enables a local authority to dispose of land for a consideration equal to its market value subject to exceptions in paragraph A3.1.2. The exceptions in paragraph A3.1.2 are disposals to a body owned or partly owned by the local authority, disposals that fall into a separate consent for reversionary interests in houses and flats and disposals that would result in a local authority tenant becoming the tenant of a private landlord; none of these exceptions apply here.
33. The report confirms in paragraph 8 that the price agreed with the prospective purchaser represents market value.
34. The report also confirms in paragraph 15 that the property was declared surplus to the council's requirements on 25 May 2016.
35. Cabinet may proceed with the approval of the recommendation.

Strategic Director of Finance and Governance (FC16/008)

36. This report is seeking cabinet to agree the sale of the freehold interest in 42 Harper Road, London, SE1 6AD, (The Property) on the principal terms set out in the closed report and delegate to the Director of Regeneration to agree the detailed terms of the transfer.
37. It is noted that the freehold interest of the property is currently held within the Housing Revenue Account and it has been declared surplus to operational requirements
38. The strategic director of finance and governance notes that this sale will generate capital receipts which will be recycled into the council's Housing Investment Programme in funding council priorities.
39. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

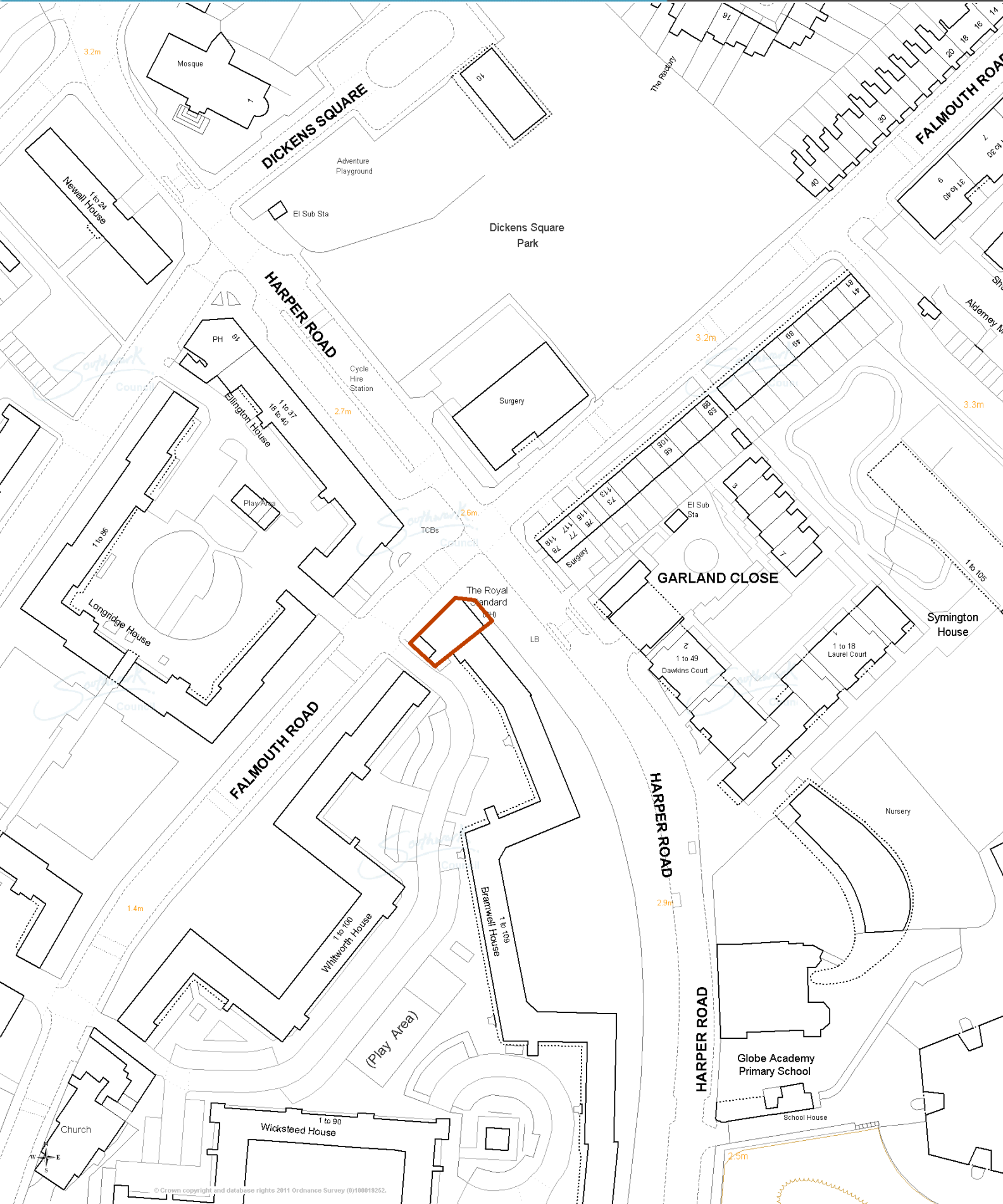
| Background Papers | Held At | Contact |
|--------------------------|----------------|----------------|
| None | | |

APPENDICES

| No. | Title |
|------------|---------------|
| Appendix 1 | Location Plan |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Cabinet Member | Councillor Fiona Colley, Finance, Modernisation and Performance | |
| Lead Officer | Eleanor Kelly, Chief Executive | |
| Report Author | Bunmi Olafare, Senior Surveyor | |
| Version | Final | |
| Dated | 7 July 2016 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| | Officer Title | Comments Sought |
| | | Comments Included |
| | Director of Law and Democracy | Yes |
| | Strategic Director of Finance and Governance | Yes |
| | Cabinet Member | Yes |
| | Date final report sent to Constitutional Team | 7 July 2016 |



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