

Cabinet

Tuesday 18 September 2018

4.00 pm

Ground Floor Meeting Room G02C - 160 Tooley Street, London SE1 2QH

Membership

Councillor Peter John OBE (Chair)
Councillor Rebecca Lury

Councillor Stephanie Cryan
Councillor Jasmine Ali
Councillor Evelyn Akoto
Councillor Richard Livingstone

Councillor Victoria Mills
Councillor Leo Pollak

Councillor Johnson Situ
Councillor Kieron Williams

Portfolio

Leader of the Council
Deputy Leader and Cabinet Member for Culture,
Leisure, Equalities and Communities
Housing Management and Modernisation
Children, Schools and Adult Care
Community Safety and Public Health
Environment, Transport Management and Air
Quality
Finance, Performance and Brexit
Social Regeneration, Great Estates and New
Council Homes
Growth, Development and Planning
Jobs, Skills and Innovation

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Babysitting/Carers allowances

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Contact

Gerald Gohler 020 7525 7420 or Paula Thornton 020 7525 4395 or email: gerald.gohler@southwark.gov.uk or paula.thornton@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 10 September 2018



Cabinet

Tuesday 18 September 2018

4.00 pm

Ground Floor Meeting Room G02C - 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

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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.

Item No.	Title	Page No.
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 12 September 2018.	
6.	MINUTES	2 - 13
	To approve as a correct record the minutes of the open section of the meeting held on 24 July 2018.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Wednesday 12 September 2018.	
8.	REVIEW OF THE COUNCIL'S APPROACH TO COMMUNITY ENGAGEMENT	14 - 20
	To approve a review of the council's approach to community engagement and the methodology for developing the approach.	
9.	SOUTHWARK HOMELESSNESS STRATEGY 2018-22	21 - 30
	To approve the draft homelessness strategy 2018-22.	
10.	POLICY AND RESOURCES STRATEGY REVENUE MONITORING REPORT, INCLUDING TREASURY MANAGEMENT 2018-19	31 - 43
	To note issues relating to the council's budget and to approve the general fund budget movements that are more than £250k.	
11.	POLICY AND RESOURCES STRATEGY: CAPITAL MONITORING REPORT, INCLUDING CAPITAL PROGRAMME UPDATE 2018-19	44 - 68
	To note the general fund capital programme and the housing investment programme as at month 4 and to approve the virements and variations to the general fund and housing investment capital programmes.	
12.	POLICY AND RESOURCES STRATEGY: 2019-20 UPDATED FINANCIAL REMIT	69 - 92
	To note various issues connected with the policy and resources strategy financial remit 2019-20.	

Item No.	Title	Page No.
13.	LAND AND GARAGES OPPOSITE 58 - 72 DANIEL'S ROAD AND 130 - 140 TAPPESFIELD ROAD NUNHEAD	93 - 105
	To confirm that the land currently held for housing purposes is no longer required for those purposes and to approve the appropriation of the land to planning purposes.	
14.	SOUTHWARK SCHOOL DESIGN GUIDELINES	106 - 114
	To approve the final Southwark School Design Guidelines for adoption as policy.	
15.	LOCAL GOVERNMENT DECLARATION ON THE REDUCTION OF SUGAR AND HEALTHIER FOOD	115 - 125
	To sign the Local Government Declaration on Sugar Reduction and Healthier Food and to agree the initial actions for the six key cross council areas.	
16.	MOTIONS REFERRED FROM COUNCIL ASSEMBLY	126 - 140
	To consider the motions referred from council assembly as follows:	
	<ul style="list-style-type: none"> • Stronger, safer, more resilient communities • Corporate parenting in Southwark • Rising crime in Surrey Docks • Modern slavery • Saving the RV1 bus • Securing a Bricklayers Arms tube station • Taking action on short term letting • Jamaica Road gridlock. 	
17.	APPOINTMENT TO OUTSIDE BODIES: SOUTH BANK BUSINESS IMPROVEMENT DISTRICT LIMITED BOARD	141 - 142
	To agree nominations to the South Bank Business Improvement District Limited Board for the 2018-19 municipal year.	
18.	DISPOSAL OF COUNCIL'S FREEHOLD INTEREST AT DEVONSHIRE GROVE, TO REAR OF 745-775 OLD KENT ROAD SE15	143 - 148
	To agree to sell the council's freehold interest in land at Devonshire Grove to the rear of 747-775 Old Kent Road and to authorise the director of regeneration to negotiate the sale and development agreement with Barkwest Ltd.	

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| 19. | PROPOSED ACQUISITION OF FREEHOLD INTEREST IN LAND IN THE OLD KENT ROAD OPPORTUNITY AREA | 149 - 152 |
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To approve the acquisition of the freehold interests in three sites in the Old Kent Road opportunity area, and to delegate to the strategic director of place and wellbeing authority to proceed with the acquisition.

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

EXCLUSION OF PRESS AND PUBLIC

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

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

Date: 10 September 2018



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

Cabinet 18 September 2018

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 18 September 2018 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 21: Disposal of Council's Freehold Interest at Devonshire Grove to rear of 745-775 Old Kent Road, SE15

Item 22: Proposed Acquisition of Freehold Interest in Land in the Old Kent Road Opportunity Area

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.

Gerald Gohler
For Proper Constitutional Officer

Dated: 10 September 2018



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 24 July 2018 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John OBE (Chair)
Councillor Rebecca Lury
Councillor Evelyn Akoto
Councillor Stephanie Cryan
Councillor Richard Livingstone
Councillor Leo Pollak
Councillor Johnson Situ
Councillor Kieron Williams

1. APOLOGIES

Apologies for absence were received from Councillors Jasmine Ali and Victoria Mills.

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

The chair gave notice of the following late item:

Item 7: Deputation requests

Reasons for urgency and lateness will be specified in the relevant minute.

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

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

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

None were declared.

5. PUBLIC QUESTION TIME (15 MINUTES)

Public question from Caterina Sartori

I have submitted two formal complaints about the interruptions to hot water and heating supplies on the Aylesbury Estate. One of them had 200 signatories. Other than to intentionally frustrate and neglect residents why has nobody responded to these written complaints?

Response by Councillor Stephanie Cryan, cabinet member for housing management and modernisation

Although a verbal response has been done to the complaint to Ms Sartori, due to an administrative error a full response was not done to the complaints and this has now been taken to stage 2 and a full response will be provided by 13 August at latest. This will include an apology for not correctly responding to the complaints at stage 1 as well as for the issues with the communal system. An immediate apology is offered for not following procedures correctly and any inconvenience involved.

There have been issues on the estate, mostly with boiler and associated plant and a cost report and plan of action is being prepared to advise on the most cost effective remedy, which may include additional planned preventative maintenance and/or major repairs. Calculations are also being undertaken to see where compensation is required and details of this will be provided as part of the stage 2 complaints response.

Supplemental question

Ms Sartori advised that she was requested to submit her complaint via the tenants and residents association; Taplow did not currently have a tenants and residents association.

Councillor Stephanie Cryan responded by apologising further and confirming that it was not necessary for her complaint to go via a tenants and residents association and that there was a set process for complaints. She invited Ms Sartori to contact her if she experienced any further difficulties in respect of this matter.

Public question from Victoria Briden

Why did you sell a 125 year lease when the building has a shorter service life, and why am I being charged upwards of £17,000 in major works for a building that is due for demolition due to a shorter service life?

Response by Councillor Stephanie Cryan, cabinet member for housing management and modernisation

The Right to Buy legislation requires us to sell a property on a 125 year lease (unless our own legal interest is shorter). The council has no option but to sell under the Right to Buy and the requirements are laid down in the Housing Act. Once we know about a proposal to demolish, we issue demolition notices, which stays and then stops the RTB for a period of time – but this was not an option in 2003 when the lease was acquired because the intention at that time was to refurbish not demolish. The older a property, the more work may be required in order to maintain the building so the major works costs could increase as a building deteriorates over time. We carried out refurbishment works in Taplow

including fire safety works in 2010-11 – the actual service charge for this was £1,667.89. We also carried out lift repairs/refurb, electrical works and work to the heating system. The last major works service charge was for £3,442.84 in Feb 2015, for Warm, Dry and Safe works carried out in 2014 -2015. We are legally required to maintain the building in a safe and habitable state while we still have tenants in it; we only carry out necessary work in order to maintain the building.

Supplemental question

Ms Briden stated that if works were being carried out that meetings should take place with the tenants/leaseholders for officers to explain the current position and background for these works and charges.

Councillor Stephanie Cryan responded by confirming that she would ensure that meetings take place to inform and update residents about these works.

Public question from David Bailey

If you are advertising the land allocation in the papers. What measurements are in place to reach the people who don't check the newspapers?

Response by Councillor Johnson Situ, cabinet member for growth, development and planning

Where the council intends to appropriate land that comprises open space, the statutory requirement is for the council to advertise its intention in a local newspaper for a period of two consecutive weeks. There is no requirement for the council to advertise an intention to appropriate where land does not include open space.

In respect of land at the First Development Site and at Plot 18, the council's intention to appropriate was advertised by way of notices published in the Southwark News on the 5 and 12 July. The Southwark News also publishes digital copies of its newspaper on its website, and the notices were also included in the digital version published online. In addition, prior notice of the cabinet agenda items relating to the recommendation to appropriate these two sites were advertised in the council's forward plan published on the council's website 1 month ahead of the relevant cabinet meeting.

Supplemental question

Mr Bailey queried why meetings with leaseholders and officers were no longer take place.

Councillor Johnson Situ confirmed that action would be taken to ensure that these meetings take place in the future.

Public question from Felix Badu

My block has been earmarked for demolition for use as a flower patch, a car park and now most recently due to noise pollution if I am prepared to tolerate the noise, why is the council still issuing a CPO?

Response by Councillor Johnson Situ, cabinet member for growth, development and planning

As set out in the cabinet report of 31 October 2017, upon which cabinet resolved to make a compulsory purchase order for the relevant land, although construction of the Plot 18 scheme can commence on land already within the council's control, full implementation of the scheme will require the council to achieve vacant possession of the block at 57–76 Northchurch to enable this building to be demolished and this land to be redeveloped as part of the scheme in line with the existing planning consent. That scheme will deliver 122 new homes plus a range of community facilities for residents that include a new library, community trust offices, GP and health centre and early years facility.

The land upon which the block of 57–76 Northchurch presently sits is required to construct the new highway that will be delivered as part of the Plot 18 development, with residual land being soft landscaped for the period up to its redeveloped as part of the wider Phase 3 development. The council therefore requires vacant possession and demolition of the block in order to fully implement the scheme.

Supplemental question

Mr Badu asked whether it was possible to refurbish Chartridge ?

Councillor Johnson Situ confirmed that he was happy to meet with the residents to discuss their specific queries and issues.

Public question from Prudence Amuzu

The recently cancelled HDV and numerous submissions from Aylesbury leaseholders have revealed significant flaws to social housing regeneration schemes, can the council state the measures they have put in place to rectify these?

Response by Councillor Johnson Situ, cabinet member for growth, development and planning

The reported concerns around the Haringey Development Vehicle (HDV) related to the level of certainty around the proportion of new homes to be delivered at social rents and the offer for affected leaseholders. The council considers that these issues are fully addressed in the Aylesbury regeneration programme.

For the Aylesbury estate the proportion of new homes that are to be delivered at social rents is set out in adopted planning policy in the Aylesbury Area Action Plan (AAP) and is also fixed both within the s.106 planning agreement for the scheme as well as the council's development partnership agreement with its development partner, Notting Hill Genesis. The council has also recently revised its rehousing offer for resident leaseholders affected by the Aylesbury redevelopment scheme in response to feedback from residents and has introduced an additional form of rehousing assistance, which gives qualifying resident leaseholders further options for purchasing new homes in the local area.

Supplemental question

Ms Amuzu referred to the average salary for residents set against the costs of shared ownership homes which would require a minimum income of £73,000 plus approximately.

It was felt that the prices were not affordable for local residents.

Councillor Johnson Situ confirmed that it was the council's main priority to ensure that local residents housing needs were met, including through social housing and that he was happy to meet the residents to discuss further.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 26 June 2018 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

The report had not been circulated five clear days in advance of the meeting. The chair agreed to accept this item as urgent as the request had been received in line with the constitutional deadline for the receipt of deputation requests.

RESOLVED:

That the deputation be received.

Aylesbury Estate residents

The deputation spokesperson addressed the meeting to highlight their concerns in respect of what they felt were the displacement of local residents and the impact on their personal and mental health arising from the uncertainty. The residents demanded refurbishment rather than demolition in order to retain the diverse community.

The deputation also identified practical problems (including a lack of hot water) experienced by the residents.

Councillor Johnson Situ thanked the deputation and expressed a commitment to meet with local residents (with ward members also present).

8. BOROUGH EMERGENCY PLAN 2018-19

RESOLVED:

That the annual review of the generic borough emergency plan be agreed.

9. AYLESBURY ESTATE: FIRST DEVELOPMENT SITE (FDS)

RESOLVED:

1. That the current position in relation to the delivery of the First Development Site at Phase 1b/1c of the Aylesbury regeneration programme be noted:

- Demolition of the vacant buildings within the site underway and well advanced
 - Compulsory Purchase Order (CPO) inquiry concluded with just one statutory objector remaining and a Secretary of State decision is expected in due course
 - A detailed tender process for a principal contractor for the first package of development works on the FDS is now underway.
2. That the area of council-owned land hatched black on the plan at Appendix 1 of the report be confirmed as no longer required for the purposes for which it is currently held and 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 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972 be approved.
 3. That following completion of the appropriation at recommendation 2 above, the area of council-owned land hatched black on the plan at Appendix 1 of the report be confirmed as no longer required for planning purposes and the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972 be approved.
 4. That the relevant cabinet members and ward councillors have regular meetings with Aylesbury estate residents on an ongoing basis.

10. AYLESBURY ESTATE: COMMUNITY FACILITIES AT PLOT 18 DELIVERY

RESOLVED:

1. That it be noted on 31 October 2017 that cabinet resolved to make a compulsory purchase order (CPO) under section 226 (1)(a) of the Town & Country Planning Act 1990 for all land and rights within the area of land identified within the plan at Appendix 1 of the report.
2. That the content of the update report on progress towards obtaining vacant possession of the site be noted and in particular that:
 - The council has updated its leaseholder assistance policy enabling qualifying residential leaseholders to purchase under improved shared equity or equity loan terms
 - All remaining owners have received further revised financial offers for the acquisition of their properties since the cabinet resolution to the use of CPO powers
 - Officers have met all remaining leaseholders jointly about the proposed acquisition of their homes
 - While officers will continue to engage with all remaining property owners to attempt to buy back those properties by agreement, the council will now proceed to make a compulsory purchase order.
3. That the overall progress on the delivery of the project also be noted:

- Major enabling works contract comprising a package of site clearance and remediation and utilities diversions and connections has been let and is on site, reducing the risk for the main development works package
 - A detailed tender process for a principal contractor for the main development works on Plot 18 is due to be commenced later this month.
4. That the area of council-owned land hatched black on the plan at Appendix 2 of the report be confirmed as no longer required for the purposes for which it is currently held and that 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 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972 be approved.
 5. That following completion of the appropriation at recommendation 4 above, the area of council-owned land hatched black on the plan at Appendix 2 of the report be confirmed as no longer required for planning purposes and that the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972 be approved.

11. AYLESBURY ESTATE: APPROVED PREMISES FACILITY (APF) DELIVERY

RESOLVED:

1. That it be noted that on 31 October 2017 cabinet resolved to make a compulsory purchase order under section 226 (1)(a) of the Town & Country Planning Act 1990 for all land and rights within the area of land identified within the plan at Appendix 1 of the report.
2. That the content of this update report on progress towards obtaining vacant possession of the site be noted and in particular that:
 - The council has updated its leaseholder assistance policy enabling qualifying residential leaseholders to purchase under improved shared equity or equity loan terms
 - The council has completed the acquisition of one leasehold property
 - Terms have been agreed for the acquisition of one further leasehold interest underway
 - Just two third party interests in the site, one leasehold and one freehold, remain to be acquired
 - All remaining owners have received further revised financial offers for the acquisition of their properties since the cabinet resolution to the use of compulsory purchase order (CPO) powers
 - While officers will continue to engage with all remaining property owners to attempt to buy back those properties by agreement, the council will now proceed to make a compulsory purchase order.
3. That the overall progress on the delivery of the project be noted:

- A detailed tender process for a principal contractor for the construction of the new approved premises facility (APF) has been completed and a preferred contractor has now been appointed
- The main construction contract has now been entered into and practical completion of the new APF is programmed for Spring 2020.

12. REVENUE MONITORING REPORT AND TREASURY MANAGEMENT 2017-18 OUTTURN REPORT

RESOLVED:

1. That the general fund outturn position for 2017-18 (Table 1 of the report) be noted.
2. That the key adverse variations and budget pressures underlying the outturn position be noted:
 - The continuing pressures on children's and adults' social care leading to an overall adverse variance of £2.258m (paragraphs 23 to 27 of the report)
 - The dedicated schools grant (DSG) outturn position of a £4.111m deficit and the significant pressures on the high needs budgets (paragraphs 29 to 30 of the report)
 - the budget pressures on temporary accommodation (paragraphs 34 to 38 of the report)
 - the budget pressures on No Recourse to Public Funds (paragraph 39 of the report).
3. That the variations helping to relieve the outturn position be noted:
 - The favourable budget variance on strategic finance (paragraphs 51 to 53 of the report)
 - The largely planned favourable position on finance and governance budgets (paragraphs 49 to 50 of the report)
 - utilisation of £4m contingency (paragraph 54 of the report) to offset adverse variances across the council
 - planned use of earmarked reserves of £3.700m to support the general fund budget.
4. That the following in respect of ring-fenced budgets be noted:
 - housing revenue account outturn for 2017-18 (Table 2, paragraphs 55 to 65 of the report)
 - the dedicated schools outturn and utilisation of £5.360m reserves (paragraphs 29 to 30 of the report).
5. That the detailed utilisation of reserves in 2017-18 and closing reserve balances as set out in the report (paragraphs 66 to 71 of the report) be noted.
6. That the treasury management activity in 2017-18 (paragraphs 80 to 89 of the report) be noted.
7. That the general fund budget movements that exceed £250,000 as shown in

Appendix A of the report be approved.

8. That cabinet general fund budget movements that are less than £250,000 as shown in Appendix A of the report be noted.
9. That the outturn position implications for the 2018-19 budgets and beyond set out in paragraphs 78 to 80 of the report) be noted.

13. OUTTURN CAPITAL MONITORING FOR 2017-18 AND CAPITAL PROGRAMME REFRESH FOR 2018-19 TO 2026-27

RESOLVED:

1. That it be noted that a refresh of the ten-year capital strategy and capital programme will be presented to council assembly in quarter 1 2019, following cabinet approval.
2. That the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C of the report be approved.
3. That the inclusion in the programme of the capital bids set out in Appendix E of the report be approved.
4. That the outturn and resources for 2017-18 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D of the report be noted.
5. That the resulting general fund capital programme for the period 2017-18 to 2026-27 as at year-end, as detailed in Appendices A and D of the report be noted.
6. That the substantial funding requirement of £264m for future years which needs to be identified for the general fund programme in order for this to be fully delivered, as summarised in Appendix A of the report be noted.
7. That the resulting housing investment programme for the period 2017-18 to 2026-27, as detailed in Appendix B of the report be noted.
8. That the significant funding requirement of £308m which needs to be identified for the housing investment programme to be fully delivered over the remaining term of the programme, as detailed in Appendix B of the report be noted.

14. SOUTHWARK CONVERSATION - ADDITIONAL ANALYSES AND DISSEMINATION

RESOLVED:

1. That the key findings from the additional analyses of the Southwark Conversation, as set out in the report at Appendices 1 and 2 of the report were considered and noted.
2. That the key findings of the Southwark Conversation be considered in the development of the social regeneration framework.

3. That the role of the Southwark Conversation in shaping the draft council plan be welcomed, and that officers use its findings to shape the council plan's performance schedules and monitor its implementation.
4. That the Southwark Conversation findings be disseminated more widely and shared across the council and with partners to help inform further policy developments.

15. GATEWAY 0 - STRATEGIC OPTIONS ASSESSMENT FOR 2019 + HIGHWAYS SERVICES DELIVERY OPTIONS AND CONTRACT PROCUREMENT STRATEGY

RESOLVED:

1. That it be noted that the current highways and professional services (HAPS) contract ends between March 2019 and March 2021 providing the council with an opportunity to review the way in which those services are delivered.
2. That the recommended strategic delivery option (paragraphs 24 and 25 of the report) to bring essential services such as highway safety inspections and the routine and reactive gully emptying service under the direct control of the council and to enhance the in-house design and project management team within the highway division be approved.
3. That it be noted that a gateway 1 report will be prepared for the purpose of obtaining approval of the procurement strategy for the remaining out-sourced works and services based on the cabinet's decision.

16. PROPOSAL TO ESTABLISH SPECIALIST SEND EDUCATION PROVISION FOR CHILDREN AND YOUNG PEOPLE WITH LEARNING DISABILITIES, AGED 16-25 AT BISHOPS HOUSE

RESOLVED:

1. That further to priority 5 of the special educational needs and disabilities (SEND) capital strategy, preparatory work is to begin to facilitate in-borough 16+ provision for pupils with complex SEND.
2. That the establishment of a specialist SEND education provision by Spa School for children and young people with learning disabilities aged 16-25 at Bishops House be noted.
3. That the first tranche of the SEND capital fund allocation be made available to Spa School to make premises secure and fit for purpose for students to start in 2018-19.

17. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - LOCAL COMMUNITY OFFER (VCS HUBS)

RESOLVED:

That the procurement strategy outlined in the report to undertake a competitive tender for the provision of a local community offer (VCS - Voluntary Community

Sector Hubs) with an estimated annual value of £1,500,000, for a period of 3 years from 2 December 2019, with the option to extend for a further two years, making an estimated cost of £7,500,000 over the total life of the contract inclusive of extensions be approved.

18. AMENDMENT TO SENIOR MANAGEMENT ARRANGEMENTS

Sue Plain, Southwark Unison addressed cabinet to request that before the proposals are implemented that officers consider and work through the ramifications for affected staff, in line with council's policies and procedures. This reassurance was given.

RESOLVED:

1. That the creation of a temporary post of strategic director place and wellbeing for the period 1 September 2018 to 30 September 2020 be agreed. This post incorporates the council's statutory director of public health role.
2. That it be recommended to council assembly that the allocation of responsibility of the statutory director of public health be designated to the strategic director place and wellbeing; and that part 21, "statutory officers list", of the council's constitution be amended accordingly.
3. That it be noted that all chief officer posts are contractually inter-changeable; therefore placement of function and post-holders is otherwise delegated to the head of paid service in accordance with the council's policy and procedures.

19. APPOINTMENTS TO OUTSIDE BODIES 2018-19 - BOARD OF LEWISHAM SOUTHWARK COLLEGE CORPORATION

RESOLVED:

That the Councillor Kieron Williams, cabinet member for job, skills and innovation be nominated as Southwark Council's representative on the Board of Lewisham Southwark College Corporation for the 2018-19 municipal year.

20. DISPOSAL OF COUNCIL'S FREEHOLD INTEREST IN FORMER CAR POUND, MANDELA WAY, SE1

RESOLVED:

That in accordance with the terms set out in the closed cabinet report:

1. The freehold interest in land at Mandela Way (as shown outlined in black in Appendix 1 of the report) be sold to the long leasehold owner of the site Firmdale Hotels for mainly residential development subject to planning permission being obtained.
2. The director of regeneration be authorised to negotiate the sale and development agreement with Firmdale Hotels and place a covenant on the site which binds successors in title to an affordable housing requirement.

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

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

The following is a summary of the decisions taken in the closed part of the meeting.

21. MINUTES

The minutes of the closed section of the meeting held on 26 June 2018 were approved as a correct record and signed by the chair.

22. DISPOSAL OF COUNCIL'S FREEHOLD INTEREST IN FORMER CAR POUND, MANDELA WAY, SE1

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

The meeting ended at 6.30pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 1 AUGUST 2018.

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: 18 September 2018	Meeting Name: Cabinet
Report title:		Review of the Council's Approach to Community Engagement	
Ward(s) or groups affected:		All Wards	
Cabinet Member		Councillor Rebecca Lury, Deputy Leader and Cabinet Member for Culture, Leisure, Equalities and Communities	

FOREWORD – COUNCILLOR REBECCA LURY, DEPUTY LEADER AND CABINET MEMBER FOR CULTURE, LEISURE, EQUALITIES AND COMMUNITIES

Community engagement is vitally important to our borough and I want to make it better.

One of the complaints that I hear most often when we talk about the council's consultation process is that we don't consult enough, or that we don't consult in the right way.

Too often, there is a consultation, which our residents give their time to, coming up with creative solutions and fighting for their community, but we don't do well enough to tell them that we have listened.

We fall at the final hurdle, not showing them that we value their opinions, and the changes that we have made to our plans as a result.

That is why this paper sets out the council's commitment to our residents to co-create a better borough through establishing a set of Consultation and Engagement Principles.

We will undertake a process which will assess the current evidence and what others are doing in this space, before looking to co-design a set of principles with the community in Southwark. These will then be tested and challenged to ensure that our principles are robust, before we roll them out to the whole of the council.

In doing so, the council will set out a new approach to consultation and engagement, to which the whole council can be held to account.

I hope that Cabinet agree the recommendations in this report so that we can move ahead with establishing a new approach to consultation and engagement in the borough.

RECOMMENDATIONS

That Cabinet:

1. Approves a review of the council's approach to community engagement.

2. Approves the methodology for developing the approach outlined in the paper.
3. Notes that our approach is based on being open, honest and transparent and involves working closely with our colleagues within the council, residents, locally based organisations and partners and our commitment to proactively disseminate and intermittently review, assess and evaluate our engagement efforts in the spirit of continuous improvement. Some of the goals of the new approach will be to look at how we can:
 - Build our principles, approach and practices in community engagement upon the emerging evidence and best and promising practices
 - Embed collaborative working with key engagement partners such as the CCG, Healthwatch and Community Southwark.
 - Ensure that a broad range of voices are heard; that these reflect the diversity, and inclusiveness of the borough; and we that reach all parts of our community not just those that speak the loudest.
 - Ensure that our engagement contributes to building strong and trusting relationships with our communities and develops continuing relationships with our communities building on the principles of asset based community development.
4. Notes that recommendations on new approach to engagement will be presented to Cabinet by April 2019.
5. Notes that this work will sit along side and inform and be informed by the current Review on Resident Involvement and support the development of the Consultation Charter to ensure local residents can hold private sector developers to account.

BACKGROUND INFORMATION

6. In December 2012 the Cabinet agreed a new approach to Community Engagement, which set out the principles for engagement that the council continues to use.

The current principles are:

- **Communicate** – where we provide high quality, comprehensive information in a range of formats so that residents can choose the best option for them
 - **Consult** – when we ask you to tell us what you think about something, by completing questionnaires, online surveys or feedback forms, attending forums or one-off focus groups, and we listen to what you tell us before we take any action
 - **Decide together** – where we work closely with residents to share ideas and options and together decide what we are going to do
 - **Act together** – where we work with our partner organisations on shared priorities and deliver outcomes together
7. The approach adopted in 2012 reflected that Southwark had a very well developed architecture of engagement including the formal housing tenant and resident involvement structures, the community councils, a range of service user

forums and working parties, the Southwark Youth Council, Voluntary and Community Sector Networks and a range of Community of Interest Forums.

8. However it also recognised that many of our residents were not involved in these traditional structures, so as well as seeking to improve engagement through our existing structures we would offer more new methods for others to engage, reflecting their interests and the time they can give.
9. Since its introduction we have had a number of successful engagements that have delivered these principles and where residents in Southwark have had a key role to play in influencing the decisions we have made or how we work with our residents. The following are examples of this:
 - The Housing Commission 2013
 - Working with SHU residents to tackle isolation and building connections with VCS 2013/2014
 - Charter of Principles 2014
 - Putting Residents First review 2015
 - Ageing Well consultation 2015
 - VCS Strategy 2016
 - Youth and Play strategy 2016
 - Fire Safety Resident Scrutiny 2017
 - Southwark Conversations 2017
10. In particular the Southwark conversation and 'Lets Talk about...' brand has facilitated our reach of people who are not participants in our formal engagement structures, and our ongoing monitoring of participants supports us ensure that we are speaking to those who are affected and that participants reflect the diversity of the borough. There are now about 100 consultations placed on our consultation hub annually and the number of responses in 2017 was 14,980 representing a 77% increase on 2016.
11. The work to develop the VCS strategy in partnership with the VCS is an excellent example of co production and partnership working.
12. We are currently working to develop a new relationship with faith organisations and working with the Latin American community to support improved access to services and celebrate their contribution to life in Southwark.
13. We developed an engagement guidance in 2017 to support the council deliver improved consultation and engagement across the range of work that we undertake.
14. In 2017 the council undertook both a consultation on resident involvement focused on the experience of our tenants and leaseholders and the Southwark conversation which asked:
 - What are some of the ways you are personally involved in contributing to life in Southwark?
 - How do you think local people could become more actively involved in the changes that are happening in their communities?
15. These consultations and work on Charter of Principles and the ongoing work with faith organisations have provided invaluable feed back on how people are and

would like to be involved in their communities and with the council. This provides a foundation from a wide range of voices on which to review and refresh our approach to community engagement.

16. Although there are examples of good work across the council our engagement is still at times criticised and some people feel that their voice is not heard, or miss opportunities to get involved, and in particular there are parts of our community that can have less influence than others. There remains inconsistency in the approach used across the council and there is a need to ensure that the council reaches seldom heard communities.
17. In particular there is a gap between working with the voluntary sector and organisations resourced to partner with us, and the outreach approach both on the street and through our partners that can exclude knowledgeable voices from our dialogues.
18. There are a number of organisations in the borough who play a significant role in engaging with residents on issues that concern them, in particular the CCG, Communities Southwark and Healthwatch. A review of our approach should also think about how we can work better together to ensure wider and more imaginative engagement to deliver both better relationships and better feedback to inform our policy and service development.
19. A review of our approach, the tools and mechanisms we use to reach people and how people belonging to different communities are able to engage with us on key decisions is timely. The review will establish a new set of engagement principles that will deliver consistent approach to engagement but ensuring that we remain flexible and able to adapt how we engage to the needs of each situation.
20. This review will support the work to deliver the fairer future principle outlined in the new Council Plan of 'a modern efficient council working with the community listening to residents and open to you' and ensure that throughout the eight priority themes and the new vision for a fairer future the voice of our residents is at the heart of our decision making.
21. Our ambition with this review is to strengthen our engagement with our residents, and locality based organisations improve their satisfaction with this engagement, and agree an approach to continuously improving our standards.

KEY ISSUES FOR CONSIDERATION

22. The methodology for the review will follow the following stages:
 - **Stage one: Assessing the evidence** - review of current evidence base and literature regarding best and promising practices on community engagement. Collation and summary of resident feed back received through the Southwark Conversation and evaluation of recent community engagement events.
 - **Stage two: Developing the principles** - work with colleagues within the council as well as key external partners such as Community Southwark, Healthwatch, the CCG and community representatives through a series of workshops that begin to develop, test and improve the principles and objectives for the new approach that will outline the why, what, how and

when we engage.

- **Stage three: Testing and challenge the emerging principles and approaches** - engaging more broadly with a wider group of stakeholders, building on our commitment to diversity and inclusion, on the emerging approach and with business units in the council to ensure that the principles and approaches are feasible, acceptable and deliverable across the many services that engage with our residents and businesses.
- **Stage four: Reporting and dissemination** - reporting to cabinet on the Proposed new approach to community engagement by April 2019 with a plan for broader dissemination within the council and with key external partners on the new ways of working and continuous improvement.

23. Consideration will also be given to a number of cross cutting themes including and how we build these into the new approach:

- **Digital approaches:** How we can broaden the range of digital mechanisms on offer for engagement?
- **Efficiency and effectiveness:** How we can meet our objectives within the resource constraints and how those organisations responsible for engagement in Southwark can work more collaboratively, on engagement with the community.
- **Quality of our engagement:** How the way in which we deliver engagement improves the quality of our decision making, the quality of our proposals and builds the capacity of the participants.
- **Equalities:** This provides an opportunity to consider how we use engagement to better deliver our obligations under the Public Sector Equality Duty and ensure that when we consult with the public that participants reflect the diversity of the people who live and work in the borough.

Community impact statement

24. 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.
25. This review of our approach to engagement and how we place residents at the heart of our decision making will bring about improvements in our processes to ensure that residents are included in the design of policy, local development and services and the varying needs of our communities.
26. Our approach to engagement will remain one that seeks to widen participation while ensuring that the process is able to adapt to local needs and circumstances.

Resource implications

27. The work has no resource implications as development of the new approach will be absorbed into existing work plans.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC18/009/SR)

28. Relevant budgets previously held within the Communities division of the Housing and Modernisation department have been identified for virement across to form part of the newly-established Place and Wellbeing department. These include provision already made in 2017-18 for the delivery of a Community Engagement service, and no additional resource forms part of this transfer

Director of Law and Democracy

29. The report seeks Cabinet's approval of a review of the council's approach to community engagement, and its methodology.
30. The report contains an account of the existing approach to community engagement, and the benefits that engagement can bring. While exercises in community engagement are desirable, for the reasons set out in the report, there are circumstances where some form of engagement, specifically "consultation", will be a mandatory legal requirement in the exercise of one of the council's many functions. There may be an explicit statutory duty to undertake consultation. Alternatively, the council may have made a statement or a promise that it will undertake some consultation, or there may be an established practice of consultation on a particular issue, either of which may give rise to an expectation that such a consultation will happen. In the absence of any of these factors, consultation may nonetheless be necessary if a failure to consult will cause particular unfairness.
31. Where consultation takes place, it must meet a minimum standard of fairness if it is to be considered lawful. In order to ensure any consultation is fair, the following fundamental principles of sound consultation should be followed: consultation should happen when the proposals are still at a formative stage; sufficient information should be given to enable the proposal to be intelligently considered; adequate time for responses should be given; and decision makers must conscientiously take into account responses to a consultation before finalising any proposal (see the Supreme Court decision in *R (Moseley) v Haringey London Borough Council* (2014)).
32. Cabinet is reminded that the council is subject to the public sector equality duty in section 149 Equality Act 2010. This requires the council, in the exercise of all its functions, to have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Paragraph 24 refers to the “cross-cutting” theme of equality, and giving consideration to the use of engagement by the council as a means of complying with this duty. Cabinet should note that the public sector equality duty is a continuing one, and will be therefore be a relevant consideration in the development of the methodology of the review, as well as a factor to consider when undertaking exercises of engagement in the future.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Future Approach to Community Engagement Cabinet paper December 2012	Southwark Website	
Link: http://moderngov.southwark.gov.uk/ielssueDetails.aspx?Ild=50001026&PlanId=0&Opt=3		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Rebecca Lury, Deputy Leader and Cabinet Member For Culture, Leisure, Equalities and Communities		
Lead Officer	Kevin Fenton, Strategic Director of Place and Wellbeing		
Report Author	Jessica Leech, Community Engagement Manager		
Version	Final		
Dated	6 September 2018		
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 September 2018	

Item No. 9.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Southwark Homelessness Strategy 2018-22	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Housing and Modernisation	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR HOUSING AND MODERNISATION

Since 2010 we have seen an increase in homelessness across London and the UK and Southwark has seen one of the largest rises. Over the past year, Southwark Council has been asking for input from partners and residents across the borough in developing a new homelessness strategy. The introduction of the Homelessness Reduction Act in April has meant that we now have new ways of working to prevent Homelessness and as an early adopter of the Act the feedback we have received will help shape the way forward in how the council tackles homelessness. The strategy covers every aspect of risk to homelessness, rough sleeping, vulnerability, supply and demand and how to help those on the council's waiting list for housing.

Whilst the largest cause of homelessness in Southwark continues to be evictions by family and friends we are seeing a worrying rise in evictions in the private sector as the impacts of Welfare Reform including the introduction of Universal Credit and the freeze on the Local Housing Allowance are at odds with the rising rental incomes in this sector.

Tackling rough sleeping is also a priority and our “No first night out” model is helping to reduce the numbers of rough sleepers but we can not be complacent and this must remain a priority for us if we are truly able to reduce homelessness across the borough.

Southwark is a trailblazer borough and is at the forefront of homelessness prevention. We have a strong relationship with our partners and have Shelter and Solace Women's Aid embedded within the Homelessness Service. We have also set up a training academy, training councils across London and the South East.

Homelessness is a huge issue and we want to make sure we continue to be at the forefront of dealing with it, in the most effective ways possible. The impacts of homelessness reach further than needing a safe place to live, put simply homelessness needs all of us to play our part and this strategy helps lay the foundations.

RECOMMENDATION

1. That cabinet approve the draft Homelessness Strategy 2018-22.

BACKGROUND INFORMATION

2. The Homelessness Act 2002 places a duty on housing authorities to conduct a review of homelessness in their area every five years and develop a homelessness strategy based on the findings of that review.
3. Southwark Council's homelessness statutory duties are primarily set out in the Housing Act 1996 (as amended), including:
 - Section 179: Duty to provide advisory services
 - Section 184: Duty to make enquiries in respect of eligibility and duties owed
 - Section 188: Interim duty to accommodate in cases of apparent priority need
 - Section 189B: Help to Secure Accommodation Duty. A new duty to be introduced by the Homelessness Reduction Act.
 - Section 192: Duties to people found not to be in priority need and not homeless intentionally.
 - Section 193: Duties to people found to be in priority need and not homeless intentionally.
 - Section 195: Duties to those threatened with homelessness
 - Section 198: Referral of case to another local housing authority

KEY ISSUES FOR CONSIDERATION

4. The new Homelessness Strategy is a response to a period of unprecedented change, including the Homelessness Reduction Act 2017, which came into force in April 2018, public services facing significant financial challenges and social housing and welfare reforms.
5. The effectiveness of the Homelessness Reduction Act, which has an emphasis on the prevention of homelessness, is twinned with the effectiveness of partnership work with statutory, voluntary and third sector agencies to ensure households' needs are met and that they are assisted as they engage and work through their personalised plans, which is another duty laid out in the Act.
6. The Act also has a focus on helping households to access housing and we need to make sure that we have effective pathways to work collaboratively with and encourage households to secure their own accommodation.
7. Following our homelessness review and with regard to national, regional and local context, policy and strategies including our Housing Strategy we have defined three strategic objectives:
 - to offer a high quality and innovative service to homeless households and households threatened with homelessness,
 - to use our position as a leading trailblazer authority to make a positive contribution to national policy around homelessness and welfare reform,
 - to work collaboratively in finding long-term housing solutions for people threatened with homelessness.

8. In order to achieve these three over-arching objectives we have identified five priorities:

Priority One - Homelessness prevention.

We will deliver a leading prevention service building on our early adopter trailblazer project to meet the aims and intentions of the Homelessness Reduction Act.

Priority Two - Tackle rough sleeping.

We will use the Rough Sleeping Prevention Trailblazer funding to continue to make even more progress at tackling rough sleeping in Southwark.

Priority Three - Vulnerability and Health.

We will ensure our services remain accessible to the most vulnerable households and can support those who need it most, such as those affected by domestic abuse.

We aim to increase the resilience of households and communities, equip them with the necessary skills to prevent crises, such as homelessness, before they occur.

We aim to end the use of nightly rate (bed and breakfast style) temporary accommodation with shared facilities for homeless families.

Priority Four - Responding to the local housing market.

We will respond to the challenging local housing market conditions by working collaboratively with, and offering advice and support to, households and landlords to develop suitable private rented sector offers for all client groups.

Priority Five - Responding to the Welfare Reforms.

We will work closely in partnership with support agencies and local services to offer solutions that ensure households are able to maintain tenancies and their homes sustainably.

9. This can be summarised into an overall aim to: “deliver an innovative, leading and accessible service to prevent homelessness and assist homeless households in finding long term affordable and sustainable housing”
10. Evidence highlighted in the strategy shows that nationally homelessness levels have steadily increased over the last five years. This is due in part to the impact of the welfare reforms and rising cost of the private rental market making it more difficult to find suitable and affordable accommodation for many households.
11. The timing of this homelessness strategy is particularly relevant in light of the Homelessness Reduction Act which received Royal Assent in April 2017 and came into force in April 2018.
12. The Homelessness Reduction Act changes the way homelessness advice and assistance is provided by local authorities. The Act places additional statutory responsibilities upon local authorities. The strategy therefore sets out what we have already achieved as we prepare for implementation of the Act in addition to setting out an action plan which outlines our ongoing and future aims.
13. Significantly, since 2016, Southwark became one of three early adopter trailblazer local authorities, along with Newcastle and Manchester, to be awarded funding for

trialling and developing new services reflecting the reforms set out in the Homelessness Reduction Act to provide early feedback to the Department for Communities and Local Government.

Policy implications

14. The proposed strategy takes account of the existing overarching Council policies:
 - Achieve budget savings over the next three financial years to achieve the council's Housing Investment Strategy.
 - Contribute to the delivery of the Council's Fairer Future Promises, particularly the promise to deliver 11,000 new council homes by 2043, as well as investment plans for the council's housing stock.
 - Provide clear leadership and management to ensure the council is able to deliver commitments as set out in the Housing Strategy 2013 – 2043 and the action plans contained therein.

Community impact statement

15. 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 ("the approach") commits the council to ensuring that equality is an integral part of our day to day business.
16. Equality Impact Assessment (EIA) is attached at Appendix 3. The EIA identifies that certain groups are more likely to be affected by the policies, as they are more likely to present themselves to the council as homeless, these group are:
 - Black African, Black Caribbean, Asian and Other ethnic groups
 - The 25-44 age group (this group is also more likely to have children)
 - Women
 - Households with children/pregnant women
 - Children
 - Lone parents
 - Low income households.
17. The strategy's focus on preventing homelessness will therefore benefit these groups.
18. Overall the EIA concludes that where potentially negative impacts on households have been identified, not all of these can be mitigated, but that equality implications have been fully considered. It is required to consider the potentially negative impacts on protected groups and whether these impacts are justified by the council's wider objectives in implementing these strategic actions by using its resources to provide the best outcomes for the residents of the borough. The impact of the strategy and in particular the equality impact of the strategy will in any event be kept under regular review.

Financial implications

19. The actions and activities set out in the detailed strategy and framework will be funded from existing budgets within the Housing and Modernisation budget.
20. The strategy is based on known funding streams but these are liable to reduce or cease over time. In the event of changes to funding we will review and update the strategy with further consultation.
21. Further details of our resources for tackling homelessness are outlined in Appendix 3 (section 1.0). These include the Homelessness Prevention Grant (anticipated at £1.5m pa and £1,236,085 in DHP funding for 2018-19). The Flexible Homelessness Support grant funding has been confirmed for 2017-18 and 2018-19 as £2,669,863.97 and £3,164,922.16, respectively. Southwark was awarded funding by DCLG for becoming one of three early adopter trailblazers in 2016 and received £1.0m over two years (to mid-2018). The Council successfully bid for a further £0.4m over three years (to 2019) to tackle rough sleeping. Long term it is expected that the trailblazer funding will be superseded by New Burdens funding provided by central government. This funding will help support extended homelessness prevention duties as part of the Homelessness Reduction Act. The funding announced for Southwark was £474,625 (2017-18), £434,757 (2018-19) and £411,240 (2019-20). In addition to this the council obtained the third largest allocation of funding through the Rough Sleeping Initiative funding in July 2018 and this funding totalled £615,000 to help eliminate rough sleeping.
22. The strategy has an overall preventative approach to homelessness and therefore the funding is targeted to be utilised with a spend to save approach in line with the Council's Fairer Future principle *spending money as if it were from our own pocket*.

Legal implications

23. Under the Homelessness Act 2002, all housing authorities must have in place a homelessness strategy based on a review of all forms of homelessness within their district. Failure to produce an up-to-date strategy will be open to legal challenge.
24. As a public authority, the council must take account of the provisions of the Human Rights Act 1998 and not act in a way which is incompatible with a Convention right. Under Article 8, any interference with the right to respect for a person's private and family life and home must be proportionate and Article 14 requires that there must be no unjustified discrimination within the scope of human rights on any grounds, such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth, or other status.
25. In discharging its functions to homeless persons, the council must also have due regard to the Public Sector Equality Duty in s149 Equality Act 2010. S149(1) provides that, in exercising its functions, a public authority must have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the 2010 Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
26. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
27. S149(3) provides that having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
28. S149(4) provides that the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
29. Section 149(6) provides that compliance with the duties in section 149 may involve treating some persons more favourably than others.

Risk management implications

30. Increasing levels of homelessness and households being provided with temporary accommodation is a financial risk to the council. This strategy therefore sets out an approach to mitigate these risks including developing our access to the private rental market.
31. As a result of welfare reforms it has become increasingly difficult to procure affordable and suitable accommodation locally. There is a risk of legal challenges where accommodation offers are outside Southwark and London. To minimise this,

an individual suitability assessment will be carried out before an offer is made in line with legislation and statutory guidance.

32. With the ongoing changes being seen with the trailblazer prevention approach and the implementation of the Homelessness Reduction Act, the government is assessing the true cost of providing transformed services to those threatened by homelessness. Therefore, much of the current grant funding has not been committed too beyond 2019 and so the full budget constraints on the service beyond this relatively short term date are not yet known.

Consultation

33. During the formulation of this strategy, the following internal consultation took place with:

Senior Management Team (Housing and Modernisation)
Public Health (Regeneration, Planning & Housing, Programmes)
Strategy & Partnerships (Local Economy)
Children's and Adults' Social Services (Adult Social Care, NHS CCG, Children's Social Care, NRPF, Commissioning, Strategy, Planning & Performance)
Exchequer Services (Strategy & Compliance)
Resident Services (Housing Strategy, Supported Housing Services)
Housing Solutions (all senior managers)
Planning (Policy)
Community Engagement (SASBU, Equalities and Inclusion)
Asset Management (Empty Homes, Investment)
Environment and Social Regeneration (Regulatory Services)

34. The following external stakeholders were also involved in developing this strategy through a series of workshops and consultation on the draft as it developed -

Advising London
Citizens Advice Southwark
Depaul Uk
DWP
Guys and St Thomas Hospital NHS
Homelesslink
Hyde Housing
Lookahead
The Manna Society
Mungos Broadway
Shelter
SLAM
Solace women's aid
Southwark Day Centre for Asylum Seekers
Southwark Disability
Southwark Law Centre
Southwark Carers
St Giles Trust
Thamesreach

35. Housing Solutions conducted best practice visits to Camden, York and Hart Councils. A further best practice visit to Newport helped staff to understand how the Welsh homelessness legislation, which would broadly reflect the Homelessness Reduction Act, was applied in practice and some of the challenges it posed.
36. A six week public engagement period on the draft strategy took place between June and August 2018. The feedback was integrated into the main body of the strategy report and the action plan. Overall, feedback strongly supported the main objectives. The main themes that came through from the feedback were rough sleeping is a growing concern and more needs to be done to tackle it and educate the public about it. There are also concerns that Southwark could do more with ensuring developments are reserved and affordable for local households.
37. See Appendix 5 'Consultation Feedback' for full analysis and comments received.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

38. Section 1(1) of the Homelessness Act 2002 ('The Act') gives housing authorities the power to carry out a homelessness review for their district and formulate and publish a homelessness strategy based on the results of the review. Section 1(4) requires housing authorities to publish a new homelessness strategy, based on the results of a further homelessness review, within the period of 5 years beginning with the day on which their last homelessness strategy was published.
39. A "homelessness strategy" means a strategy formulated by a local housing authority for: (a) preventing homelessness in their district; (b) securing that sufficient accommodation is and will be available for people in their district who are or may become homeless; (c) securing the satisfactory provision of support for people in their district: (i) who are or may become homeless; or (ii) who have been homeless and need support to prevent them becoming homeless again.
40. The homelessness review forming the evidence base for the proposed new strategy is appended to this report.
41. In formulating or modifying a homelessness strategy a local housing authority must have regard to:
 - (a) its current allocation scheme under section 166A of the Housing Act 1996,
 - (b) its current tenancy strategy under section 150 of the Localism Act 2011, and
 - (c) in the case of a London borough council, the current London housing strategy.
42. The council is required to take its Homelessness Strategy into account in the exercise of its functions.
43. Section 3(8) of the Act requires the council to consult such public or local authorities, voluntary organisations or other persons as they consider appropriate before adopting or modifying a homelessness strategy.
44. Paragraphs 36-39 of the report set out the consultation that has taken place.

45. Cabinet members are referred to the legal requirements of consultation which are that the council must; consult when the proposals are still at a formative stage; include sufficient reasons for the proposals to allow any interested party the opportunity to consider the proposal and formulate a response; allow adequate time for interested parties to consider the proposal and formulate their response; and conscientiously take all the results from interested parties into account when the decision is taken.
46. Housing authorities must keep their homelessness strategy under review and may modify it accordingly. Before modifying the strategy, they must consult on the same basis as required before adopting a strategy.
47. Housing authorities must make copies of their homelessness review and the homelessness strategy available for inspection at their principal office at all reasonable hours and without charge, and the strategy must be available to any member of the public, on request (for which a reasonable charge can be made). In the Homelessness Code of Guidance, housing authorities are advised to publish the strategy and review documents on their website.
48. The decision on the recommendation(s) in this report is reserved to the cabinet under Part 3 of the council's constitution.
49. Cabinet members, when making a decision on the recommendation in this report are required to give due regard to the public sector equality duty (PSED) in section 149 of the Equality Act 2010. This duty requires the council to consider all individuals when carrying out its functions. Specifically, to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and foster good relations between people with protected characteristics and those who do not. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Cabinet members are referred to the community impact statement of this report and the equality impact assessment appended to this report.

Strategic Director of Finance and Governance

50. The financial implications are set out in the body of this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Southwark Homelessness Strategy 2018 (circulated separately)
Appendix 2	Equality and Health Analysis (circulated separately)
Appendix 3	Review of Homelessness in Southwark (circulated separately)
Appendix 4	Southwark Homelessness Strategy Action Plan 2018-22 (circulated separately)
Appendix 5	Consultation Feedback (circulated separately)

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Housing Management and Modernisation		
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation		
Report Author	Alex Skerten, Project and Change Manager		
Version	Final		
Dated	6 September 2018		
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 September 2018

Item No. 10.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: Revenue Monitoring Report, including Treasury Management 2018-19 (Month 4)	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

FOREWORD – COUNCILLOR VICTORIA MILLS, FINANCE, PERFORMANCE AND BREXIT

This is the first budget monitoring report of 2018-19 showing our position at the end of month 4 of the financial year (July 2018). It is welcome that, with the exception of Dedicated Schools Grant, it is anticipated that in year revenue spending will be within approved budget.

The monitor shows that Children's and Adults' social care services continue to build on the stronger budget oversight achieved in 2017-18, with improved practices now embedded. This, together with the increase in budgets and efficiency savings for both Adults and Children's in 2018-19, indicate the department is now on a sustainable financial footing. This is reflected in the latest forecast which indicates a combined favourable variance of £88k anticipated at year-end.

The Dedicated Schools Grant position was a £4m deficit at 31 March 2018. In year pressures on the high needs block are expected to be around £6m and therefore the forecast position at 31 March 2019 is a £10m deficit. The deficit position is common across London and elsewhere and reflects increasing need and demand for Special Educational Needs and Disabilities (SEND) provision, the inadequacy of supply of special school places (this is being addressed within the capital programme) and also the inadequacy of funding for the high needs block.

Other significant areas of ongoing budget pressure include Temporary Accommodation, where projections indicate a £3.3m overspend and, to a lesser extent, No Recourse to Public Funds. Notwithstanding Southwark's success in homeless prevention, temporary accommodation remains particularly challenging from rising demand, restricted housing supply and statutory and policy obligations.

These budget pressures will be considered in our budget commitments for 2019-20, again seeking to ensure that we have sustainable budgets for these services.

RECOMMENDATIONS

1. That the cabinet notes:

- the general fund outturn forecast for 2018-19 of £0.042m (Table 1)
- the continuing pressures on the Dedicated Schools Grant (DSG), £6.0m in 2018-19 (paragraphs 16 to 17);
- cost pressures in Housing and Modernisation, largely relating to Temporary Accommodation (£3.3m) (paragraph 20 to 30);

- the £4m contingency is utilised in full to mitigate the total impact of cost pressures (paragraph 36);
 - the general fund outturn forecast indicates a net reduction in reserves of £3.1m (Table 1 and Table 3 paragraphs 48 to 54);
 - the update on the London Business Rate pool net financial benefits (paragraphs 52 to 54);
 - the housing revenue account forecast set out in Table 2, paragraph 38 to 47;
 - the treasury management activity to date in 2018-19 (paragraph 55 to 57).
2. That cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.
 3. That cabinet note the general fund budget movements that are less than £250k as shown in Appendix A.

BACKGROUND INFORMATION

4. The purpose of this report is to provide a forecast for the end of the financial year 2018-19, using predictions based on the experience to date, and to use this to inform the policy and resources strategy for future years' budgets. Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.
5. The council agreed a balanced general fund budget of £294.269m on 21 February 2018 based on a 2.99% council tax increase (with 3% precept for adult social care). The Policy and Resources Strategy for 2018-19 assumes that reserves will no longer be used to underwrite the budget.
6. In 2017-18, after the utilisation of £5.361m of DSG reserve, the council was able to contribute £10.799m to general fund reserves to mitigate future risks, fulfil commitments already made and to provide resources to support service transformation. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one-off contributions to the budget are appropriate and affordable.
7. The council also approved budget decisions including reductions of £18.2m within the general fund for 2018-19. Performance on achieving these savings is closely monitored and significant variances will be included in departmental narratives.
8. The cabinet agreed a balanced housing revenue account (HRA) budget on 23 January 2018.

KEY ISSUES FOR CONSIDERATION

General fund overall position

9. Table 1 below shows the current forecast outturn position by department. All strategic directors will continue to take action to ensure that they deliver their services within budget. Progress for each department is shown in the narrative below.

Table 1: General fund outturn position for 2018-19

General fund	Original budget	Budget change	Revised budget	Forecast spend	Variance before use of reserves	From (-) / to reserves	Total use of resources	Variance after use of reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults' (excluding	195,138	-12,048	183,090	184,203	1,113	-1,201	183,002	-88

DSG)								
Environment and Social Regeneration	65,744	-240	65,504	65,502	-2	0	65,502	-2
Housing and Modernise	67,462	-119	67,343	71,666	4,323	-1,348	70,318	2,975
Chief Executive's	6,412	0	6,412	6,500	88	0	6,500	88
Finance and Governance	21,135	-178	20,957	21,500	543	-543	20,957	0
Strategic Finance	-28,369	12,585	-15,784	-18,715	-2,931	0	-18,715	-2,931
Support cost recharges	-37,264	0	-37,264	-37,264	0	0	-37,264	0
Contingency	4,000	0	4,000	4,000	0	0	4,000	0
Total General fund Services	294,258	0	294,258	297,392	3,134	-3,092	294,300	42
Dedicated School Grant (DSG)	11	0	11	6,011	6,000	0	6,011	6,000
Net revenue budget	294,269	0	294,269	303,403	9,134	-3,092	300,311	6,042

10. As shown in Table 1, within services there is a forecast adverse variance of £0.042m; this is after the utilisation of £3.092m of general fund reserves. Over spending on the DSG is £6m which will result in an increase in the deficit on the DSG reserve of £10m at the year end.

Children's and Adults' Services

11. Children's and Adults' social care services are forecasting a small favourable variance of £88k on a gross expenditure budget of £200m. There are growing pressures on the Dedicated Schools Grant (DSG), which is ring-fenced, and council officers are working with Southwark Schools Forum to agree a budget recovery plan for them to address this directly.

Social Care

12. The Children's, Adults', Education and Commissioning divisions continue to build on the momentum achieved in 2017-18, with culture and practices now embedded, and this is reflected in the latest forecast. A combined favourable variance of £88k is anticipated at year-end.
13. Despite continued pressures as a result of Government funding reductions, rising costs, demographic growth and Care Act implementation, without the Government implementing Part II of the Care Act on reform of funding for Adult Social Care, the Adult Social Care teams have streamlined and adapted their approach to deliver high quality services, with good outcomes, within budget. This is the result of a wide-ranging collection of initiatives, from smarter commissioning and tighter brokerage controls to the re-alignment of care pathways and closer working with NHS and voluntary sector partners. The division has worked closely with finance, procurement, legal and HR colleagues to develop rounded, sustainable solutions that enable teams to continue to deliver excellent care despite ongoing austerity and a disjointed approach to health and social care by Government.
14. Children's Services are under growing pressure from new duties, inadequately funded by Government and whilst we welcome these new duties it is very problematic that they present a significant burden to local authorities due to Government's failure to fund them sufficiently. We exceed our Government threshold for supporting unaccompanied

asylum seeking children, with 52 children and young people now in our care (from a baseline of 7 in 2014), representing 15% of our children in care and 20% of our care leaver populations. The division has introduced Access to Resources (ART) processes which have coordinated all our resources around the needs of children and families, resulting in us now having half the number of children in residential care in comparison to this time last year – now 32 children in residential care. This is right for the children, and with each residential placement typically costing between £150-200k per annum (some costing much more dependent on need) is a significant part of our plans to deliver safe, effective and value for money services. There continue to be pressures in retention and recruitment of Social Workers for Children's Services and there is more to be done to support our intentions, such as key-worker housing for social workers. Looked After Children (LAC) placements, whilst currently stable, can fluctuate with demand and individual high-cost cases have the potential to adversely affect budget forecasts.

15. Of particular concern as we look towards 2019-20 is the threat from the Department of Health that failure to achieve Delayed Transfer of Care targets may result in punitive reductions in our Better Care Fund (BCF) grant. This is a disappointing and unhelpful approach from the Department given Southwark Council's consistent over performance in this area and our excellent work with the local CCG on this pooled budget. Southwark is one of only six local areas in the country to have had a fully assured BCF plan since its introduction. Whilst the council has consistently over-performed on our targets the NHS locally have not met their targets and the risk is now joint so the council could be punished for the NHS not meeting their targets, and NHS England have revised the targets in-year to make them even more challenging, using a methodology that punishes good performance rather than rewards it. The BCF is under the governance of the Southwark Health and Wellbeing Board (HWBB) and these risks will need to be considered and responded to by the HWBB.

Dedicated Schools Grant (DSG)

16. The DSG position was a £4.11m deficit at 31 March 2018. In year pressures on the high needs block are expected to be around £6m and therefore the forecast position at 31 March 2019 is a £10m deficit. The deficit position is common across London and also nationally across many LAs and reflects increasing need and demand for SEND provision, the inadequacy of supply of special school places (this is being addressed within the capital programme) and also the inadequacy of funding for the high needs block.
17. A strong lobbying stance has been taken with the Government with regard to the inadequacy of funding (including for 16-25yr olds) and also the need for flexibility on DSG block transfers, however even this will become challenging, noting the worsening position of schools from National Funding Formula (NFF) and falling rolls. The council is working with Southwark Schools Forum to develop a DSG budget recovery plan for the medium to long term and within the council the Budget Recovery Board will bring oversight, challenge and support to this process, given the potential risk overall.

Environment and Social Regeneration (including Public Health)

18. The department is forecasting a small favourable variance of £2k at month 4. There are some costs pressures impacting on departmental budgets in some areas but these are being monitored very closely and mitigated mainly by robust management of departmental budgets to enable the department to forecast a small underspend.
19. In addition to this, the department is also implementing various proposals as agreed by the council's 2018-19 budget setting process to ensure the 2018-19 total savings target

of more than £5.4m (including Public Health) are achieved by year end.

Housing and Modernisation (H&M)

20. The forecast as at the end of July 2018 shows an adverse variance of £3.0m against budget including a provisional sum for severance and redundancy and planned movements in earmarked reserves. The primary cost pressure remains in temporary accommodation/housing solutions (£3.3m), but is mitigated to some degree by favourable variances in other areas. As detailed below, NRPF remains a risk, but at this stage the pressure forecast is limited to £0.2m. The key headlines are outlined below.

No Recourse to Public Funds (NRPF)

21. NRPF represents a significant pressure on council resources requiring growth in recent budget rounds. The council continues to make progress on stabilising acceptance rates and reducing long-term caseload and bringing costs closer to budget. However, the process is protracted and reliant on the Home Office determining a client's status to remain and therefore gain eligibility for welfare assistance. A strategic project board has been established and the council continues to lobby the Home Office to expedite decision making. The current forecast is around £0.2m over budget.

Temporary Accommodation(TA) / Housing Solutions

22. Notwithstanding Southwark's success in homeless prevention (676 preventions in the first quarter of 2018-19), this area remains particularly challenging from rising demand, restricted housing supply and statutory and policy obligations. Current projections give rise to an estimated budget pressure of £3.3m and assumes caseload can be stabilised at current levels. However, if the upward trend continues there is a risk the overspend could be as high as £4m.
23. Net caseload has risen from 792 (at June 2016) to 992 (at June 2017) and 1,451 (at June 2018). Contributory to this increase has been the suspension of direct offers from July 2017 arising from the situation at Ledbury. The recommencement of direct offers is expected to absorb between 40 and 50 homeless cases each month from the autumn and help stabilise caseload at its current level going forward as stated above. The requirement to avert family placements in unsuitable nightly paid accommodation is more expensive and requires the council to pay upfront incentives to landlords, which can distort budget projections. The prevalence of HRA estate voids (predominantly Aylesbury) helps to mitigate the impact to some extent, but as regeneration progresses the number and incidence of properties will fluctuate and decline. Policy considerations in relation to the discharge of duty into the private sector and out of borough would greatly assist in alleviating the budget pressure in TA and potentially offer opportunities to re-direct resources into more acute service areas.
24. Since the introduction of Universal Credit (UC), there has been a detrimental impact in collection performance and an increase in arrears, requiring higher levels of bad debt provision, which is a further revenue budget pressure (estimated at £0.2m in the current year). However, following a change in Universal Credit (UC) conditions from 11 April 2018, new benefit claims or changes in circumstances, now fall within the Housing Benefit (HB) regime rather than UC, which should have a positive bearing on arrears going forward.

Information Technology and Digital Services (ITDS)

25. The IT shared service went live in November 2017 and cabinet approved additional revenue and capital resources to facilitate a stable, resilient and quality IT service,

capable of supporting the council's transformation agenda and realising potentially significant operational cost savings down the line.

26. The service continues to review systems and software applications in use across the council, with a view to securing either improved value as contracts come up for renewal or alternative delivery models to drive greater efficiency and deliver cashable savings. Flexibility to accommodate the evolving nature of the service has been built into the ITDS budget in the form of a prudent contingency. Expenditure is currently forecast to remain within the financial cost model developed for the shared service.

Corporate Facilities Management (CFM)

27. The council has a considerable operational estate to which facilities management services must be delivered to ensure that buildings are compliant with health and safety regulations and fit for purpose for both staff and service users. As part of budget setting for 2018-19, cabinet approved a commitment to address long-standing cost pressures and realign and stabilise the position going forward. Notwithstanding new pressure emerging from the impending re-procurement of FM contracts in 2020, the forecast is currently neutral save for a planned reserve drawdown from the PPM and Compliance Reserve.

Human Resources (HR)

28. HR administers and manages the Comensura contract for the provision of temporary staff across the council and while usage/costs are variable and subject to changing circumstances, volumes continue to exceed expectation which is reflected in both higher costs across the council and higher management fee income than budgeted with HR. Measures are in place to reduce usage through workforce planning and recruitment to long-standing vacancies covered by agency, which will over time result in lower agency expenditure and consequently the fee income will move within budget.
29. Proposals to restructure HR resulting in a small reduction in establishment are at an early stage. Whilst nothing has been decided, it is prudent to make some allowance for potential one-off severance and redundancy costs (including a possible ill-health retirement) being incurred this year which would be a first a call against any divisional/departmental underspend.

Customer Services

30. One of the key areas of responsibility within Customer Services is the administration of concessionary travel. The budget was set at a similar level as the previous year; however the cost of provision by TFL is expected to be £0.4m less than budget. Other activities within the division are currently expected to be broadly on track.

Chief Executive's department

31. The Chief Executive Department is forecasting an unfavourable variance of £0.088m at this stage. The variance is mainly due to unbudgeted cost pressures on business rates for various vacant and surplus properties. The budgets are being monitored very closely and any changes to this projected outturn position will be reported in the next revenue monitor report to cabinet.
32. The department is also on course to meet all of the savings and income generating targets set for 2018-19.

Finance and Governance

33. The department continues to be under pressure as a consequence of the ongoing challenges associated with the implementation of Universal Credit reform and the additional cost of administering the May 2018 Local Council election.
34. The finance and governance department is reporting at budget after utilisation of planned reserves, and has successfully achieved all savings as required for the financial year 2018-19.

Strategic Finance

35. Strategic Finance is currently forecasting a favourable variance of £2.931m. The variance is largely attributable to revenue savings arising from a review of how the council funds debt repayments, i.e. minimum revenue provision (MRP).

Contingency

36. It is anticipated that the £4m contingency budget will be fully utilised to meet the Temporary Accommodation and other pressures within the 2018-19 general fund budget.

Progress in Delivering Efficiencies and Improved Use of Resources and Income Generation

37. As part of the budget setting process for 2018-19, £18.2m savings and income generation proposals were agreed. At this point, it is anticipated that in the majority of cases where savings are at risk of not being fully implemented in year, substitute savings have been identified, as reflected in the forecast outturn position reported for each department.

Housing Revenue Account (HRA)

38. Table 2: HRA forecast outturn position for 2018-19

Division/Activity	Full Year Budget £000	Outturn £000	Variance £000
Asset Management	50,028	53,848	3,820
Communities	9,026	9,066	40
Resident Services	38,581	39,177	596
Customer Services	8,421	8,965	544
Central Services	118,124	115,183	-2,941
Exchequer Services	13,244	12,190	-1,054
Rents & Service Charges	-225,185	-226,297	-1,112
Homeowner Service Charges	-30,984	-28,102	2,882
Revenue Contribution to Capital	18,745	18,745	0
Appropriations to/(from) Reserves	0	0	0
Total HRA	0	2,775	2,775

39. The forecast includes a number of known budget pressures and other potential commitments yet to be fully determined that will be kept under review and reported in subsequent monitors. The underlying position is a negative variance of £2.8m and in

the event that it cannot be contained through compensating underspends elsewhere within the HRA by year-end, it will be necessary to moderate the capital financing requirement and/or drawdown HRA reserves to ensure a balanced position.

40. Within Asset Management, repairs, maintenance and renewal of the housing stock consume the greatest proportion of operating resources and control of high volume, high value contracts is critical in delivering greater value for money. Responsive R&M and engineering budgets remain under pressure, particularly district heating plant and asbestos removal in voids which are currently forecast to be £1.9m over budget.
41. From 1 October, the repairs service will undergo a significant change as Mears contract ceases and responsibility transfers to the in-house provider - Southwark Building Services (SBS). This is an opportunity to gain greater control over service provision and make tangible improvements for the benefit of residents, but it is not without risk and additional cost. The financial model indicates higher operating costs of £1.9m in the current year and a further £1.5m one-off transition/mobilisation costs. Growth will be required going forward and will be addressed as part of budget setting for 2019-20.
42. Under self-financing, rents and service charges and other income streams assumed paramount importance for the sustainability of the HRA business plan. However, there have been a succession of changes in government policy subsequently, culminating in the imposition of the 1% rent reduction policy (2016-17 to 2019-20), which has reduced the financial flexibility within the HRA to maintain and invest in the housing stock and build new homes as originally envisaged.
43. A key indicator for the HRA is the rent debit, which is currently tracking above target, principally due to lower RTB sales, increased garage lettings and greater availability of estate voids for temporary accommodation use (which helps to mitigate the cost of TA in the general fund). Assuming the trend continues to year-end, additional income of £1.1m will be generated to help off-set cost pressures elsewhere in HRA. Rent collection performance continues to show resilience, despite the impact of welfare benefit changes and the implementation of direct payment and universal credit. The HRA continues to maintain adequate revenue provisions to meet potential losses of this nature.
44. Homeowner service charges represent the second largest income stream to the HRA and costs are fully recoverable under the terms of their lease in order to prevent cross-subsidy with tenants. The level of rechargeable income fluctuates dependent on the type and extent of works being undertaken. The scale of capital investment in the housing stock over recent years has been unprecedented and reflected in budget surpluses, which have been recycled back into the HIP.
45. However, with the Quality Housing Investment Programme (QHIP) replacing Warm, Dry and Safe (WDS), the works programme going forward is not of the same magnitude and is more focused towards internal works rather than external and hence the proportion and value of rechargeable works has fallen. This reduction was particularly acute during 2017-18 and action was taken to moderate the position through budget setting. Notwithstanding, the value of major works billing will not reach target in 2018-19 and is further impacted by prior-year billing adjustments necessitating the forecast to be reduced by £2.9m (net). Measures to mitigate the position are being examined and the situation will be kept under review.
46. Other budget variations (£0.6m) occur in Resident Services for ad-hoc security services and service charges (for which the council are liable) on private units acquired

for rehousing Ledbury residents and towards achieving the councils' new homes target. The downturn in RTB activity is having an impact on the level of fee income (£0.5m) that is normally generated in relation to RTB sales and associated Homeowner activity within the MSHO in Customer Services.

47. The ring-fenced nature of the HRA requires that surpluses/deficits are carried forward between years and the outturn for 2017-18 enabled reserves to be increased to £19.9m. Every effort is made to maintain reserves at an appropriate level to mitigate risks, fulfil future commitments and enable the transformation and modernisation of services. However, reserves remain below the optimal level required for an authority with an HRA and HIP the size of Southwark's, which presents a moderate risk. This will be managed over the medium-term with a view to building a more sustainable level of balances going forward.

Reserves

48. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to fund:
 - invest to save opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings
 - investment in regeneration and development where spend may be subject to unpredictable market and other factors
 - exceptional items or pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme.
49. Where a department identifies a need for additional funding there is a robust process for seeking support from reserves. The department must demonstrate that it is unable to contain the identified additional pressure within its existing budget, or provide evidence of prior agreement that the expenditure will be met from reserves. Further, opportunities will be sought to reduce the call on reserves through capitalisation of costs as appropriate.
50. The budget approved by council for 2018-19 included no planned release of reserves. As the year progresses, departments will continue to take management actions to reduce the cost pressures identified, and any plans to draw down further from reserves to support the budget for 2018-19 will be monitored.
51. The level of reserves will need to be kept under close review. In 2017-18, after the utilisation of £5.361m of DSG reserve, the council was prudently able to contribute £10.799m to reserves resulting in revenue reserves opening balances of £44.039m for 2018-19. As the period of austerity and funding reductions for local government continues, the council will wish to ensure that reserves are retained at appropriate and adequate levels to safeguard service provision as well as to support modernisation of the organisation.
52. The forecast level of closing revenue reserves are set out below, indicating a net reduction of £3.134m.

Table 3: Forecast Revenue Reserves 2018-19

	2018-19 opening balance £000	From(-) /to reserves £000	Forecast Budget variance £000	Total Movement £000	Forecast closing balance £000
Corporate Projects and Priorities	5,500	-1,027	-	-1,027	4,473
Service Reviews and Improvement	11,166	-1,748	-	-1,748	9,418
Strategic financing, technical liabilities and financial risk	33,231	-317	-42	-359	32,872
Total	49,897	-3,092	-42	-3,134	46,763
Public Health Grant	-1,747	-	-	-	-1,747
Dedicated Schools Grant	-4,111	-	-	-	-4,111
Total	44,039	-3,092	-42	-9,134	40,905

NB the above table excludes capital programme reserves totalling £22.502m.

London Business Rates Pool

53. As agreed by Council in December 2017, the council is part of the London wide business rate pool for 2018-19. The London Business Rates pilot agreement set out the principles and method for distributing any net financial benefits generated by the pool. The Assembly of London Councils, including the GLA, is to meet in October to consider the net financial benefits, including decisions on the allocation of the 'Strategic Investment Pot'. The Strategic Investment Pot is a collective investment pot designed to promote economic growth and lever additional investment funding from other sources.
54. As set out in the February Budget Report, although the first year of the pilot relates to business rates generated during 2018-19, the available distribution will not be known until September 2019. Accordingly any additional pooled business rate receipts retained by Southwark during 2018-19 will be taken to reserves, pending final reconciliation and calculation of the final growth/decline for the pool as a whole. The initial estimate of (one-off) growth is between £6m and £10m.

Treasury management

55. 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 for treasury resources are capital preservation and liquidity. These investments are managed by an in-house operation and two investment firms: Aberdeen Standard and Alliance Bernstein.
56. For the period 1 April 2018 to 31 July 2018 the average available cash balances for the council were £115m (£141m during the same period last year) and the balance at 31 July 2018 was £98m (£125m at 31 July 2017). The annualised investment return, based on Q1 performance, is 0.8%.
57. During the period to 31 July 2018, £10.2m in Public Works Loan Board (PWLb) loans matured and were paid off. No new long term debt was drawn in the period; however current forecasts for capital expenditure when combined with the extent of internal borrowing and the need to refinance scheduled debt repayments highlight the need for long-term borrowing during 2018-19.

Community impact statement

58. This report monitors expenditure on council services, compared to the planned general fund budget agreed in February 2018, and HRA budget agreed in January 2018. Although as a monitoring report this report has been judged to have no direct 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 Strategy 2018-19 to 2020-21: Cabinet 06/02/2018	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s73878/Report%20Policy%20and%20Resources%20Strategy%202018-19.pdf		
Housing Revenue Account: Final Rent-Setting and Budget report 2017-18: Cabinet 24/01/2017	160 Tooley Street PO Box 64529 London SE1P 5LX	Ian Young 020 7525 7849
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s66095/Report%20Housing%20Revenue%20Account%20-%20Final%20Rent-Setting%20and%20Budget%20Report%202017-18.pdf		
Treasury Management Strategy 2018-19 including: Annual Investment Strategy, Prudential Indicators, and Minimum Revenue Provision Statement	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s74017/Report%20Treasury%20Strategy%202018-19.pdf		

APPENDICES

No.	Title
Appendix A	Interdepartmental Budget Movements months 1 to 4

AUDIT TRAIL

Cabinet member	Councillor Victoria Mills, Finance, Performance and Brexit	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report author	Rob Woollatt, Departmental Finance Manager	
Version	Final	
Dated	7 September 2018	
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 September 2018

Interdepartmental Budget Movements months 1 to 4

Interdepartmental movements to be approved for months 1 to 4

Department From	Amount £	Department to	Amount £	Description of the budget movement
Children's and Adults' Services	(12,584,184)	Strategic Finance	12,584,184	Transfer of Increased Better Care Fund income
Housing and Modernisation	(358,620)	Children's and Adults' Services	358,620	Transfer of commissioning budgets from Organisational Transformation

Interdepartmental movements to be noted for months 1 to 4

Department From	Amount £	Department to	Amount £	Description of the budget movement
Environment and Social Regeneration	(239,600)	Housing and Modernisation	239,600	Transfer responsibility for St Mungo's SPOT contract
Finance and Governance	(177,658)	Children's and Adults' Services	177,658	Transfer of Professional Finance Service (Children's Services) staff to Children's Services

Item No. 11.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: Capital Monitoring Report, including Capital Programme Update 2018-19 (Month 4)	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT

As ever the council's capital programme continues to deliver major investments and improvements into our borough.

Key capital achievements since the previous report include the completion of the Peckham Rye and Mint Street playgrounds in time for the school summer holidays in addition to play areas at Southwark Park and Leyton Square. On the resources side, the council has been successful in its application to the Greater London Authority for a contribution of 50% of the cost of construction of a temporary traveller's site at Devonshire Grove.

This investment is additional to the major regeneration projects at Aylesbury, Elephant and Castle, Camberwell and other parts of the borough, all aimed to make Southwark a great place to live, work and study and to improve the opportunities and outcomes for all residents.

In order to ensure that the council's capital investment ambitions continue to be deliverable, affordable and to align with local priorities and the council plan, it is necessary to periodically review and refresh the capital programme. In consultation with cabinet, the capital programme will be reviewed during the remainder of 2018, including a bidding round, with proposals to be presented to council assembly for approval in February 2019.

RECOMMENDATIONS

That cabinet:

1. Notes the general fund capital programme for the period 2018-19 to 2027-28 as at Month 4, as detailed in Appendices A and D and the reduction in financing required (i.e. borrowing) from £187.9m to £158.6m.
2. Notes the housing investment programme for the period 2018-19 to 2027-28 as at Month 4, as detailed in Appendix B. Financing of the anticipated spend of £145.1m for 2018-19 has been identified.
3. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C.

4. Notes the projected expenditure and resources for 2018-19 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D. This position will be updated during the year when more up to date information is available.

BACKGROUND INFORMATION

5. On 24 July 2018, the 2017-18 capital outturn report was presented to the cabinet. This reported the capital outturn position of £231.4m on the general fund programme and £167.5m on the housing investment programme for the financial year 2017-18.
6. At that meeting, cabinet also approved the re-profiling of the expenditure and resources for the financial year 2018-19 and future years in light of the 2017-18 outturn position for both the general fund and housing investment programme and noted that further re-profiling will be required during 2018-19 based on more up to date information becoming available.
7. The scale of the capital programme is immense, with a total forecast spend of nearly £2 billion, it 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 do business in the borough.
8. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. This report sets out the re-profiled budget and forecast outturn position for 2018-19 for the General Fund and the Housing Investment Programme (HIP).

KEY ISSUES FOR CONSIDERATION

Programme position at Month 4 2018-19

9. The capital programme is detailed within the report appendices as follows:
 - Appendix A set out the summary of the general fund capital programme 2018-28
 - Appendix B sets the housing investment programme 2018-28
 - Appendix C sets out capital programme budget virements
 - Appendix D provides further information on the general fund capital programme 2018-28.

General Fund

10. Attached at Appendix A is a summary of the general fund capital programme position as at month 4. The total programmed expenditure over the period 2018-19 to 2027-28 is £615.0m. The forecast spend in 2018-19 is £259.9m against a plan of £264.2m.
11. Capital expenditure to the end of Month 4 was £49.3m representing 19% of total forecast spend for the year.
12. Appendix D provides a breakdown of the programme by directorate and project and the departmental narrative statements (paragraphs 22 to 75) provide further details.

13. Appendix C shows the budget virements and variations for approval by cabinet.
14. This programme position will continue to be monitored and reviewed over the remainder of the financial year and the final outturn position will be reported to cabinet.

Housing investment programme

15. The housing investment programme is forecasting total expenditure of £1,135.7m over the period 2018-19 to 2027-28. The forecast spend in 2018-19 is £145.1m against a plan of £137.1m. Spend to the end of month 4 was £19.7m (14%).
16. A breakdown of the schemes and budgets within the Housing Investment Programme is included in Appendix B. Further narrative is provided at paragraphs 76 to 87. The majority of the expenditure on the Housing Investment Programme relates to the Quality Homes Improvements Programme.

Resourcing the capital programme in 2018-19 and onwards

17. The make up of the capital programme is significantly influenced by the scale of resource availability from grants, s106, community infrastructure levy (CIL) and capital receipts and their timing. Over the life of the programme, all commitments must be met from anticipated resources. In the event of any shortfall in resources to fund the programme in any particular year the council would need to consider the use of prudential borrowing to bridge the gap. The cost of servicing the debt will be a charge to the revenue budget.
18. The month 4 monitor indicates that there is likely to be shortfall in available resources of £158.6m to finance the general fund capital commitments in 2018-19 and £254.0m in total over the ten year programme. There is currently a shortfall of £282.3m to fund the ambitious housing investment programme.
19. Proceeds from capital receipts are continually kept under review especially for sales and development agreements. Financing will require careful monitoring of commitments and a drive to secure the forecast capital receipts and other resources as planned over the rest of the financial year. As part of work to review capital financing, a review of s106 has been undertaken to identify where contributions can appropriately be utilised to support the capital programme, subject to the agreement of the Planning Committee.
20. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources. Beyond 2018-19, there are likely to be future demands for borrowing and these will be assessed as necessary at the time as part of our Treasury Management Strategy. In accordance with the approved strategy, £150m will be borrowed externally in 2018-19 with further external borrowing expected in 2019-20. The timing of any borrowing will be mindful of cash flows and risk/probability of future interest rate increases.

21. The sections below provide commentary on the budget position by departments for 2018-19.

GENERAL FUND (APPENDIX A)

CHIEF EXECUTIVE'S DEPARTMENT

22. The total value of the capital programme for the department over the period 2018-19 to 2027-28 is £285.4m. Project managers have reviewed the progress of the various schemes and budgets have been re-profiled in line with anticipated spend. Total expenditure incurred to end of July 2018 amounted to £29.3m and forecast to spend total expenditure of £135.3m in 2018-19 with the remaining budgets profiled to spend in the following years.

Regeneration Division

23. The regeneration division (comprising of 4 project areas namely Regeneration North, Regeneration South, Regeneration Capital Works & Development and Property Services) has a combined budget of £224.6m with a projected expenditure of £118.0m in 2018-19 and the remaining spend profiled across future years.

Walworth Rd Town Hall

24. In July 2017 cabinet considered a further report on the regeneration of the building and agreed a revised project mandate, which authorised Officers to seek expressions of interest from the market for Arts and Culture D1 uses, as a means of taking forward the regeneration of the building. An extensive marketing process began with a soft launch in December 2017 following which 18 Expressions of Interest (Eoi) were received outlining a wide range of proposals. Following a review of Eoi's, the internal project Board overseeing the governance of the project has agreed the projects to take forward into the Invitation to Bid phase. Clarification meetings are being held with the selected teams to confirm arrangements for the next phase which is expected to run through until spring next year following which Cabinet will receive a further report on the project. This next phase will also include public consultation. Cabinet also instructed Officers to identify alternative locations in the area for a new Newington Library and these investigations are ongoing.

25. The extent to which an Arts/Culture use of the buildings may require council funding from the allocated budget will be assessed fully in the Invitation to bid phase and the outcome will form part of the next report to cabinet. In the meantime the Former Newington Library continues to be used on a temporary basis by the Art Academy which has provided a number of free exhibitions alongside its education role and local charity Cool Tan arts have also occupied space within the building.

Elephant & Castle Open Spaces

26. Consultation on Dickens Square Park is continuing with a third consultation event in autumn 2018. Geraldine Mary Harmsworth masterplan phase 2: playground consultation is scheduled to start in autumn 2018 with construction works currently programmed to start in spring/summer 2019.

Canada Water Leisure Centre

27. In March 2018, Cabinet agreed to enter into a Master Development Agreement with British Land (BL) to regenerate the shopping centre, former print works and Mast Leisure sites. Cabinet further agreed that “plot A2” within this large site would be the preferred location for the new Canada Water leisure centre. The high level specification for the project incorporates an 8 lane 25m swimming pool, learner pool, 4 court sports hall, gym, dance studio’s, spin studio’s and changing facilities. BL have subsequently submitted a detailed planning application for phase 1 [which includes Plot A2] and public consultation on this proposal is underway.
28. Cabinet in March 2018 also endorsed a framework for taking forward the project which includes agreement on a council budget cap of £35m meaning the council’s contribution to the scheme from its capital programme will not be greater than this figure. The Capital Programme Refresh for 2018-19 to 2027-28 which was approved in the Cabinet meeting held on 24 July 2018 included a £35m allocation for the project. Governance arrangements to oversee the coordination of the project internally have been put in place and the council team is now engaging with BL to develop a design of the scheme to RIBA stage 3 at which point, the costs for the project will be rebased. This phase of the project is expected to be completed by the end of the current financial year.

Central School of Ballet

29. Five years ago, the development of 6 Paris Gardens was completed which has created a culture space specifically designed for the Central School of Ballet charity, who has chosen to relocate to Southwark. The Central School of Ballet has developed a prestigious reputation, and the move will allow them to quadruple the size of their home, with a new theatre which will be used by the school, cultural partners and the community. This new facility will bring benefits for our residents, including access to education, the development of our teachers, well being programmes, community hire of the facilities, and training and employment opportunities. At it’s meeting on 24 July 2018, cabinet agreed to provide a £3m loan to enable the charity to make the project happen now and to place an order for fit-out works so that the school can open its doors in Southwark in 2019. The next step is for officers to agree the final terms of the loan and a set of community engagement targets.

Revitalise Peckham Rye

30. Work on the playground has now completed and the playground opened successfully in time for the school summer holidays 2018. There is still some planting to be undertaken, but due to the continued high temperatures, this is being postponed until the conditions will allow the planting to be successful. The defects period has now commenced on the playground and the team are working with the parks and leisure team to ensure all playground equipment continues to be safe for all to use.

Top Quality Playground - Mint Street

31. The works are now complete and the adventure playground and building, together with the public playground, are now in operation. The project is now in

the defects period, and the team is working closely with the parks and leisure team to ensure any defects are rectified.

Mountview

32. The new building in Peckham is nearing completion and students are due to start courses there from end of September. The fitting out of the theatre was dependent upon external fundraising which despite efforts has not yet achieved its target. Following discussion with Mountview, the Council has agreed to re-profile loan repayments over the first two years which enables the theatre contract to be let. The implications of the re-profiling are built into the Capital Monitor.

Aylesbury Plot 18

33. The redevelopment of Plot 18 of the Aylesbury Estate will deliver flagship new community facilities including a new council library with stay and play and community trust offices, health centre and GP surgery and an early year's facility.
34. Enabling works are well advanced and include demolition and site clearance and major long lead-in utilities diversions. A tender process is now underway to secure a principal contractor to deliver the scheme. Appointment is anticipated at the end of 2018 with development works anticipated to commence in spring 2019.

London Bridge Portfolio

35. The capital allocation is to enable the potential acquisition of income generating assets to replace revenues foregone where assets have been released into home building, regeneration and disposal programmes. In so doing poorer quality assets are being replaced with significantly better ones in investment terms.

Strategic Property Purchase

36. The council is seeking to make several strategic land acquisitions in the Old Kent Road opportunity area to help deliver a number of regeneration objectives including the ability to provide a new secondary school at the point it is needed, new council homes, the new Surrey Canal linear park and temporary business space. Terms have been provisionally agreed on two sites and exchange and completion would be subject to cabinet approval in September. An offer has been made on a third site, and if agreed, would be reported to cabinet in the autumn for approval.

Planning and Transport Division

37. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £17.1m with £12.4m projected to spend in 2018-19 and the balance profiled over future years.
38. The transport planning budget of £9.6m is largely funded by Transport for London (TfL) to deliver transport improvement programme as contained within the borough's transport plan. Planning Projects budget of £7.5m is funded mainly

by s106 to deliver various projects to mitigate the impacts of new developments, improve public realm, parks and open spaces as well as supporting the commercial viability of local shopping areas.

Planning Projects

39. A number of projects totalling nearly £1.3m are currently on site or being developed by the Regeneration Teams which promote the council's programme for supporting high streets. The schemes for East Street (the "What Walworth Wants" programme); Walworth Road; Harper Road, Lower Road, Tower Bridge Road and Rye Lane are currently on site or well advanced in the design phase. The first phase of the Peckham Townscape Initiatives now on site and the second phase is currently being developed.
40. TfL Funded works Schemes currently being implemented include bus priority measures, Denmark Hill safety improvements, the Southwark Spine cycle infrastructure alongside studies associated with Old Kent Road /Ilderton Road.
41. The capital programme also includes the remaining s106/CIL contribution of £43.8m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.

CHILDREN'S AND ADULTS' SERVICES

42. The total value of the departmental capital programme for the period 2018-19 to 2027-28 is £151.5m.

Children's Services

43. The capital programme budget for 2018-19 to 2027-28 is £128.0m. This consists mainly of the £48.8m schools expansion programme to ensure the availability of school places and the £26.4m Primary Schools Refurbishment programme to ensure that pupils can study in a safe environment to support learning. Other major projects including the extension for London South Bank University (LSBU) £5.0m and Beormund primary school redevelopment totals £11.6m.
44. The primary expansion programme comprises Bessemer Grange, Dulwich Wood, Lyndhurst, Ivydale, Keyworth, Crawford, Phoenix, Bellenden, Grange, Charles Dickens, Robert Browning, The Belham, Albion, Cherry Garden (SEN) and Rotherhithe schools. The new buildings have been handed over and are in use at thirteen out of fifteen schools. The two remaining are Cherry Garden School, which is due to complete in September 2018, and Rotherhithe School, which is currently at the design stage and targeted for completion by August 2020. Ivydale, Grange and Charles Dickens schools were each awarded a 2018 RIBA Regional Award. In addition, Albion School won 'Best Educational Building' at the 2018 Local Authority Building Control (LABC) Building Awards, the largest business to business awards in the building control sector. Southwark Council was also recognised in the Building Design 2018 Architect of the Year Awards where it was awarded "Client of the Year". Further schools are under review for possible expansion, to meet the potential uneven demand for pupil places in future years arising from the regeneration at Old Kent Road and Canada Water. These may be the subject of a future capital bid.

45. Excellent progress is also being made with the secondary expansion programme. Works at St Michael's Catholic College to provide one additional form of entry are substantially complete and will be ready for use in time for the start of the new term in September 2018. Works are also underway on the Dulwich Hospital site to provide the permanent home for The Charter School – East Dulwich, which opened in temporary accommodation in September 2017. Phase 1 of the new buildings, which provide the vast majority of the teaching accommodation, will open in spring 2019. Phase 2, which includes the 6th form centre, is scheduled to start on site in April 2020 and complete by September 2121.
46. The Primary Schools Refurbishment programme for 2018-19 is underway, with works to 14 primary schools being undertaken mainly over the summer holiday period in order to minimise disruption to school operations.
47. The council is investing £5m in a partnership with London South Bank University. This has been for the creation of the Passmore Centre as the hub of a new Institute for Professional and Technical Education (IPTE). In return, LSBU will assist in delivering commitments made in the Council Plan relating to education, employment and training.

Southwark Schools for the Future (SSF)

48. The capital programme budget for the period 2018-19 to 2027-28 is £9.6m.
49. The main residual item from the Southwark Schools for the Future (SSF) programme is the provision of new accommodation for SILS3. Planning consent for the new SILS3 was granted in September 2017 and tenders for the works contract are currently being evaluated. A start on site is on target for November 2018 and completion by June 2020.

Adult Social Care

50. The capital programme budget for the period 2018-19 to 2028-29 is £23.4m, the main projects being £7.89m in respect of an essential lifecycle capital maintenance programme for the residential care homes operated by Anchor Trust, £5.16m for the Cator Street 2 Hub and £1.79m for new office accommodation in Castlemead.
51. Preparatory work is under way on the Cator Street 2 site, where the new disability Hub is to be sited. This new facility will be adjacent to the existing Extra Care housing at the Cator Street 1 site and this second phase of the build will incorporate a further 50 Extra Care flats.
52. The main contract has been awarded for the remodelling and refurbishment of Castlemead, 232 Camberwell Road as office accommodation for the service's mental health teams. Work is expected to start in October 2018 and is due to be completed by May 2019.
53. In addition to the £7.89m essential lifecycle capital maintenance programme for the Anchor Trust managed homes, which has been programmed in from 2019-20, some emergency works are being undertaken at the homes in the current year. This is expected to be completed by December 2018 and is forecast to cost in the region of £1.76m.

ENVIRONMENT AND SOCIAL REGENERATION

54. The total value of the departmental capital programme for the period 2018-19 to 2027-28 is £84.6m. The latest projected spend for the year 2018-19 is estimated to be £25.0m. The budget has been re-profiled in line with the projected expenditure for 2018-19 and future years.
55. The progress of major schemes is outlined below.

Highways

56. The Highway Asset Investment Programme (non-principal and principal roads) continues to deliver improvements to the roads in the borough and this is reflected in our improving statistics in terms of both road pavement condition and also public survey feedback. Spend in the first quarter was ahead of forecast reflecting the momentum gained on non-principal roads in 2017-18 continuing into 2018-19. Devolved highway spending is forecast to commence in quarter 2 and expenditure of nearly £1m is expected by year end. Overall, the budget is forecast to be fully spent by year end.
57. Cleaner Greener Safer Programme is forecast to spend £2.1m which is slightly below budget due to resourcing issues in early part of the year.
58. The council continues to attract considerable external funding from TfL to develop its cycle infrastructure and as such the Cycle Infrastructure Fund budget has been reprofiled into 2019-20.
59. St Saviours Dock footbridge will be complete by the end of the financial year. The Flood Prevention Programme budget is expected to be fully spent with the completion of the Coleman Road project.
60. The programme to roll out secure cycle parking will increase in intensity in quarter 3 funded by CGS and devolved highway funding, following the award of a new contract, which will also facilitate further investment in this priority in 2019-20.

Parks and Leisure

61. The implementation of the cemetery strategy continues in order to create further burial space and make associated infrastructure improvements. Construction works have been completed on area D1 and have commenced on site at Area B and Area Z and the projects are expected to be completed within approved budgets.
62. Southwark Athletics Centre: The contractor has been appointed on a design and build basis with a view to submitting the planning application in September 2018.
63. Major Parks: Burgess Park West has commenced on site. Construction has also started on site to deliver the new café building in Southwark Park.
64. Top quality play: Southwark Park and Leyton Square play areas have been completed.

65. Dulwich Leisure Centre: after some delays, the air conditioning works are now scheduled. A contractor has been appointed and works are due to commence by the end of August 2018, with completion scheduled for late autumn.
66. All the above projects within the parks and leisure capital programme are expected to be delivered within budget.

Culture

67. Grove Vale Library: Construction of new Grove Vale library is in progress and the library is due to open in November 2018. Hand over of the building from the developers is due to take place in mid August. The fit out will then take place to include heating, lighting, and construction of a meeting room, library office, toilets, library furnishings and IT facilities. Libraries are also scoping a suitable operator to run a coffee provision facility at the new library. The project is on budget and is forecast to be fully spent by year end.
68. Kingswood House: The final phase 3 works are scheduled to take place during Oct – Dec 2018 to include refurbishment of the existing accessible toilets, damp proofing and improvements to the kitchen area. The project has been profiled to be delivered within the allocated budget and is forecast to be fully spent by year end.

Housing Renewal

69. Housing Renewal comprises a range of initiatives that principally support private sector housing and council tenants. The largest component is in relation to adaptations to residents' homes. The budget for the year is £2.3m, of which £1.5m is funded by the Disabled Facility Grant (DFG), received via the Better Care Fund. Following restructuring and consolidation of functions the service is now fully operational and expected to have a fully committed grants programme this year, with spend forecast to be on budget.

HOUSING AND MODERNISATION

70. Overall, the total value of the Housing and Modernisation general fund capital programme up to 2027-28 (10 years) is £83.8m, with spend of £15m forecast for 2018-19.

Traveller sites

71. Reconstruction of the railway embankment at the Ilderton Road site has been completed and agreement reached with Network Rail to share the cost (c. £150k each). These works have necessitated the construction of a temporary site at Devonshire Grove and decanting of residents from the western end of the site and provided the opportunity for reconfiguration and improvement works to address health and safety and compliance issues. Following their return, residents at the eastern end will be decanted and works carried out similarly. Proposed upgrading works to Burnhill and Brideale sites are also included in the programme at a total estimated cost of £3.5m, which forms part of the capital refresh report. The council has also been successful in securing 50% grant funding from the Greater London Authority for the project.

Modernisation

72. In November 2017 the council successfully transitioned from an external managed IT service provider to a shared service with Brent and Lewisham councils. One of the most pressing and critical tasks now is the move to a new data centre as the existing provision is due to be decommissioned in early 2019. Substantial investment in both hardware and software has already taken place and been reported to Cabinet as part of the capital outturn report for 2017-18, and further investment is planned in the current year to complete this process, along with specific projects to renew and upgrade applications at an estimated cost of £6.4m.
73. The facilities management capital programme focuses on two main areas, firstly, health and safety and compliance works to ensure all operational buildings meet regulatory standards and are suitable for both employees and service users. Forecast investment of £0.5m during 2018-19 includes both remedial and planned works. Secondly, life cycle investment, currently forecast at £2.5m, which sits alongside the council's wider workplace strategy with the focus being the rationalisation of the existing estate and disposal of surplus assets to support future investment, modernisation and improvement of those buildings that will continue to support service delivery in the longer term and new provision where appropriate. An integral part of CFM's strategic plan is putting in place a new delivery model for 2020 when the current contractual arrangements co-terminate.

Housing Renewal

74. Housing Renewal comprises a range of initiatives that principally support private sector housing and council tenants. The largest component is in relation to adaptations to residents' homes. The budget for the year is £2.3m, of which £1.5m is funded by the Disabled Facility Grant (DFG), received via the Better Care Fund. Following restructuring and consolidation of functions the service is forecast to have a fully committed grants programme this year, with spend forecast to be on budget.

HOUSING INVESTMENT PROGRAMME (HIP)

75. Overall, the HIP is forecast to spend £145m, comprising £77.7m on existing stock, £49.2m on new council homes including acquisitions and £18.1m on wider regeneration schemes, which also delivers affordable housing.
76. Looking beyond the current year, there are a number of potentially significant financial risks that are not currently in the programme that would put a severe strain on the council's resources and have a detrimental bearing on the existing planned programme. It is critical that the emphasis remains on a resource-led approach rather than expenditure-led and that new or emerging commitments are prioritised within the context of the existing programme resources. Work is ongoing to reconfigure the HIP to ensure it remains sustainable over the foreseeable future.

Existing Housing Stock

Warm, Dry, Safe (WDS)

77. The WDS programme has been running since 2011 and invested over half a billion pounds bringing the housing stock up to the 'Decent Homes Standard'. The programme is now nearing completion with all planned works committed and remaining schemes expected to complete this financial year.
Fire safety
78. The council has made substantial investment in fire safety since 2009 and in the aftermath of the Grenfell Tower tragedy is undertaking intrusive type 4 fire risk assessments on all 174 high rise blocks and has investigated cladding panels on all blocks that were potentially at risk. LD2 smoke alarms have been installed in all the highest priority blocks and the majority of street properties (including ex-right to buy), and continue to be delivered along with the five-year electrical testing programme.

Quality Homes Investment Programme (QHIP)

79. QHIP is the principal element of the council's asset management strategy and whereas the focus of WDS was generally on the external fabric, QHIP recognises the need for a cyclical approach to maintenance and aims to address wider investment needs including internal works. The 2018-19 programme will be substantially committed by financial year-end and spend is forecast at £56.2m. Preparation of subsequent year's programmes is underway, but given the competing capital commitments it remains subject to review and reprofiling in line with resource availability.

Other Major Works

80. The programme covers those estates identified as high need/high cost requiring extensive repair and refurbishment with spend of £7.6m forecast for 2018-19. The new build scheme at Lakanal and works at Portland are on site and works at Maydew, Tustin, Chilton Grove and Damory and Thaxted are programmed to commence either this financial year or during 2019-20.

Ledbury Estate

81. Following a review of fire safety measures in tower blocks and in response to tenants' concerns a structural issue affecting the upper floors of the four towers on the Ledbury Estate was identified. The council appointed Arup to carry out an urgent investigation which identified the need for remedial strengthening works to the blocks. In the interim, the council has undertaken emergency safety works, including the disconnection of the gas supply as a precautionary measure and is in the process of rehousing residents. Independent consultants have been appointed to undertake an options appraisal of the estate to inform matters going forward.

New Council Homes

82. The Council aims to deliver 2,500 new council homes by 2022, of which 569 have so far been built and 1,931 still required to be delivered. The delivery programme also includes shared ownership and private sales units. The homes

are being delivered through a combination of direct delivery, the Southwark Regeneration in Partnership Programme (SRPP), hidden homes and the acquisition of privately developed new build affordable homes.

Regeneration schemes

83. Regeneration of the Aylesbury is planned in four phases, demolition at the first development site is underway and expected to complete in 2018-19. Forecast expenditure is £4.4m with a further £5.2m on associated construction works of the Approved Premises Facility (APF) which is due to complete next financial year. The project has been subject to unavoidable delays arising from the rejection of the council's original CPO application resulting in a slower acquisition completion rate for phases 1 and 2. Given the continued uncertainty further revisions to the current forecast and the overall acquisition programme are likely.
84. Elmington Estate Phase 3 - site G is demolished and sites C, D & E are under construction with anticipated completion this year (site C) and 2019-20 for sites D and E.
85. Wooddene and Acorn Estates Energy Centre - the energy centre has been demolished and the site handed to Notting Hill for the construction phase with completion due in 2021-22.
86. Regeneration North – the programme is now substantially complete and should conclude by the end of this financial year. There remains one potential acquisition to be settled and agreement of the final account for Crossways Church re-provision.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

87. 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.
88. 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
Outturn Capital Monitoring for 2017-18 and Capital Programme Refresh for 2018-19 to 2026-27	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Rob Woollatt, Departmental Finance Manager, Finance and Governance
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s69822/Report%20Outturn%20Capital%20Monitoring%20for%202016-17%20and%20Capital%20Programme%20Refresh%20for%202017-18%20to%202026-27.pdf		

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position at Month 4 2018-19
Appendix B	Housing investment programme summary monitoring position at Month 4 2018-19
Appendix C	Budget virements and variations at Month 4 2018-19
Appendix D	General fund programme detail at Month 4 2018-19

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Finance, Performance and Brexit		
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Rob Woollatt, Interim Departmental Finance Manager, Finance and Governance		
Version	Final		
Dated	7 September 2018		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Director of Law and Democracy	Yes	Yes	
Strategic Director of Finance and Governance	N/a	N/a	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team		7 September 2018	

Department	2018/19			2019/20			2020/21+			Total Programme 2018/19-2026/27		
	Revised Budget	Forecast	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 Adults Services	79,774	75,521	(4,253)	32,631	36,884	4,253	39,053	39,053	-	151,458	151,458	-
Southwark Schools for the Future	9,066	9,066	-	564	564	-	-	-	-	9,630	9,630	-
Environment and Social Regeneration	25,036	25,036	-	23,502	23,502	-	36,076	36,076	-	84,614	84,614	-
Housing General Fund	15,079	14,973	(106)	10,212	10,877	665	58,556	57,997	(559)	83,847	83,847	-
Chief Executive	135,287	135,287	-	63,103	63,103	-	87,034	87,034	-	285,424	285,424	-
TOTAL EXPENDITURE	264,242	259,883	(4,359)	130,012	134,930	4,918	220,719	220,160	(559)	614,973	614,973	-
FINANCED BY:												
Corporate Resource Pool	47,000	47,000	-	84,500	84,500	-	89,539	89,539	-	221,039	221,039	-
Reserves	262	262	-	-	-	-	3,412	3,412	-	3,674	3,674	-
Capital Grants	35,642	35,642	-	17,538	15,587	(1,951)	14,617	16,568	1,951	67,797	67,797	-
Section 106 Funds	12,756	12,756	-	9,220	9,220	-	36,804	36,804	-	58,780	58,780	-
External Contributions	5,592	5,592	-	4,063	4,063	-	-	-	-	9,655	9,655	-
TOTAL RESOURCES	101,252	101,252	-	115,321	113,370	(1,951)	144,372	146,323	1,951	360,945	360,945	-
Financing to be agreed		158,631			21,560			73,837			254,028	-

HRA Capital Programme - 2018/19 Month 04																	Appendix B		
Project description	2018/19				2019/20			2020/21			2021/22+			Total Programme 2018/19-27/28					
	Revised Budget	Actual	Forecast	Variance	Revised Budget	Forecast	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	£'000	£'000	£'000	£'000			
Warm Dry and Safe																			
WDS 2-year programme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
WDS 2012 major works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
WDS 2013 major works	100	-	100	-	-	-	-	-	-	-	-	-	-	100	100	-			
WDS 2014 major works	29	6	29	-	-	-	-	-	-	-	-	-	-	29	29	-			
WDS 2015 major works	7,391	1,629	5,159	(2,232)	1,808	3,923	2,115	108	108	-	-	117	117	9,307	9,307	0			
M&E heating	181	42	181	-	-	-	-	-	-	-	241	241	-	422	422	-			
M&E electrical	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
WDS Leathermarket JMB	2,704	-	2,704	-	2,704	2,704	-	2,704	2,704	-	363	363	-	8,474	8,474	-			
	10,405	1,677	8,173	(2,232)	4,512	6,627	2,115	2,812	2,812	-	604	721	117	18,332	18,332	0			
Special Schemes/HINE																			
Chilton Grove Wall - Decent Homes	767	-	767	-	1,760	1,760	-	307	307	-	-	-	-	2,834	2,834	-			
Tustin	1,381	583	1,381	-	12	12	-	-	-	-	-	-	-	1,393	1,393	-			
Portland	2,049	505	2,049	-	20	20	-	-	-	-	506	506	-	2,575	2,575	-			
Damory/Thaxted externals	383	268	383	-	1,205	1,205	-	-	210	210	-	-	-	1,588	1,799	210			
Maydew	3,399	241	2,135	(1,265)	10,683	11,947	1,265	-	-	-	-	-	-	14,082	14,082	-			
Four Squares (HINE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Lakanal House	736	249	402	(334)	-	334	334	-	-	-	-	-	-	736	736	-			
Lebury Emergency Works	500	342	500	-	-	-	-	-	-	-	-	-	-	500	500	-			
	9,214	2,189	7,616	(1,598)	13,680	15,279	1,598	307	518	210	506	506	-	23,708	23,918	210			
QHIP (Inc. Kitchens & Bathrooms & LD2)																			
Asset Management Strategy 2016/17 (QHIP)	17,806	3,637	20,772	2,966	9,193	5,772	(3,421)	313	769	455	-	-	-	27,312	27,312	(0)			
Asset Management Strategy 2017/18 (QHIP)	11,850	3,116	13,899	2,049	10,701	11,082	381	10,152	7,785	(2,367)	63	-	(63)	32,765	32,765	(0)			
Asset Management Strategy 2018/19 (QHIP)	16,531	1,853	17,781	1,250	33,227	30,866	(2,362)	2,528	3,640	1,112	-	-	-	52,287	52,287	(0)			
Asset Management Strategy 2019/20 (QHIP)	1,399	-	1,203	(197)	50,708	50,160	(548)	17,220	17,965	745	-	-	-	69,327	69,327	0			
Asset Management Strategy 2020/21 (QHIP)	152	-	135	(17)	1,992	2,009	17	70,623	40,495	(30,127)	955	31,082	30,127	73,722	73,722	-			
Asset Management Strategy 2021+Future years (QHIP)	-	-	-	-	-	-	-	-	-	-	527,448	527,448	-	527,448	527,448	-			
Installation of LD2	1,590	-	1,590	-	1,955	1,955	-	2,000	2,000	-	16,617	16,617	-	22,162	22,162	-			
FRA Contingency Budgets	792	-	792	-	1,188	1,188	-	-	-	-	-	-	-	1,980	1,980	-			
	50,120	8,605	56,171	6,050	108,963	103,030	(5,933)	102,837	72,655	(30,182)	545,083	575,148	30,065	807,003	807,003	(0)			
Regeneration																			
Aylesbury Estate regeneration	14,798	993	14,798	-	14,374	14,374	-	6,725	6,725	-	-	-	-	35,897	35,897	-			
Bermondsey Spa refurbishment	21	10	7	(14)	-	14	14	-	-	-	-	-	-	21	21	0			
East Dulwich Estate	656	105	656	-	1,721	1,721	-	470	470	-	-	-	-	2,847	2,847	-			
Elmington Estate	262	-	516	254	-	-	-	-	-	-	-	-	-	262	516	254			
Heygate Estate	690	0	690	-	-	-	-	-	-	-	-	-	-	690	690	-			
Local authority new build	158	36	158	-	-	-	-	-	-	-	-	-	-	158	158	-			
Wooddene - Acorn Plant Reprovision	1,292	7	1,292	-	1,000	1,000	-	1,000	1,000	-	-	-	-	3,292	3,292	-			
	17,876	1,150	18,116	240	17,095	17,109	14	8,196	8,196	-	-	-	-	43,167	43,421	254			
New Builds																			
Hostels new build	393	-	393	-	-	-	-	-	-	-	-	-	-	393	393	-			
Hidden Homes	963	489	862	(101)	119	206	87	-	14	14	-	-	-	1,081	1,081	0			
SRPP	-	62	100	100	-	-	-	-	-	-	-	-	-	-	100	100			
SRPP Development Cost- Lot B	7,318	-	7,318	-	6,328	6,328	-	3,240	3,240	-	2,460	2,460	-	19,347	19,347	-			

Project description	2018/19				2019/20			2020/21			2021/22+			Total Programme 2018/19-27/28		
	Revised Budget	Actual	Forecast	Variance	Revised Budget	Forecast	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	£'000	£'000	£'000	£'000
Direct Delivery - New Council Homes Phase 1	8,935	2,490	9,192	257	251	853	602	-	-	-	-	-	-	9,186	10,045	859
Direct Delivery - New Council Homes Phase 2	12,965	615	18,303	5,338	58,902	54,383	(4,518)	63,576	56,860	(6,716)	68,530	35,403	(33,127)	203,973	164,950	(39,023)
	30,574	3,656	36,169	5,595	65,600	61,771	(3,829)	66,817	60,114	(6,703)	70,990	37,863	(33,127)	233,980	195,916	(38,064)
Acquisitions																
Acquisitions & S106 properties	9,400	581	9,364	(36)	4,129	4,118	(10)	1,627	1,673	46	269	269	-	15,424	15,424	(0)
Ledbury Acquisitions	3,725	271	3,725	-	3,500	3,500	-	3,500	3,500	-	-	-	-	10,725	10,725	-
	13,125	851	13,089	(36)	7,629	7,618	(10)	5,127	5,173	46	269	269	-	26,149	26,149	(0)
Other programmes																
Adaptations	1,600	343	1,600	-	1,600	1,600	-	1,600	1,600	-	6,400	6,400	-	11,200	11,200	-
Cash incentive & Home owner buy back scheme	380	287	420	40	380	371	(10)	380	371	(10)	761	741	(20)	1,902	1,902	(0)
Disposals costs	400	22	400	-	400	400	-	400	400	-	1,600	1,600	-	2,800	2,800	-
Hostels accommodation	9	2	9	-	-	-	-	-	-	-	-	-	-	9	9	-
Leasehold / freehold acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Major voids	381	-	381	-	372	372	-	-	-	-	-	-	-	753	753	-
Security	382	379	381	(1)	13	14	1	-	-	-	-	-	-	395	395	0
T&RA halls	1,546	17	1,546	-	1,169	1,169	-	-	-	-	-	-	-	2,715	2,715	-
Heating Energy Efficiency Measures (North Peckham P	222	-	162	(60)	-	60	60	-	-	-	-	-	-	222	222	0
Other Installation of Sprinkler & smoke detection	191	-	179	(12)	30	42	12	-	-	-	-	-	-	221	221	(0)
Ledbury Tenants-Assistance with moving costs	641	499	641	-	98	98	-	-	-	-	-	-	-	738	738	-
Misc. Tenanats Homeloss Assistance & Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5,753	1,549	5,719	(34)	4,062	4,125	63	2,380	2,371	(10)	8,761	8,741	(20)	20,956	20,956	(0)
	137,067	19,676	145,051	7,984	221,540	215,559	(5,981)	188,475	151,837	(36,638)	626,213	623,247	(2,965)	1,173,295	1,135,695	(37,600)
FINANCED BY:																
Capital Receipts b/fwd	-	-	-	-	38,041	19,198	(18,843)	-	-	-	-	-	-	38,041	19,198	(18,843)
Capital receipts Leather Market Self financing	2,704	-	2,704	-	2,704	2,704	-	2,704	2,704	-	363	363	-	8,474	8,474	-
Capital Receipts	15,105	-	32,667	17,562	22,007	22,007	-	14,000	15,500	1,500	46,500	46,500	-	97,612	116,674	19,062
Void Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RTB Receipts - Restricted to New Build	13,258	-	14,406	1,149	22,265	20,787	(1,479)	20,795	20,573	(222)	10,552	10,470	(82)	66,869	66,235	(634)
Depreciation Charge	51,000	-	51,000	-	51,000	51,000	-	51,000	51,000	-	204,000	204,000	-	357,000	357,000	-
Major Repairs Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Contribution	20,745	-	20,745	-	20,745	20,745	-	20,745	20,745	-	82,979	82,979	-	145,213	145,213	-
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants	6,743	-	6,743	-	3,011	3,011	-	300	300	-	1,470	1,470	-	11,524	11,524	-
Section 106 Funds	21,394	-	16,811	(4,582)	48,174	42,215	(5,959)	46,401	44,816	(1,585)	25,602	25,222	(380)	141,570	129,064	(12,506)
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	130,948	-	145,076	14,128	207,946	181,666	(26,280)	155,944	155,637	(307)	371,465	371,004	(462)	866,304	853,383	(12,921)
Forecast variation (under)/over	6,118	19,676	(25)	(6,144)	13,594	33,893	20,299	32,532	(3,800)	(36,332)	254,747	252,244	(2,503)	306,991	282,312	(24,679)

FUNDED VARIATIONS AND VIREMENTS FOR APPROVAL

	Children's & Adults Services	Southwark Schools for the Future	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
CURRENT PROGRAMME AS AT OUTTURN 2017/18	151,458	9,630	83,859	83,819	282,461	611,228	1,161,126	1,772,354
Month 4 - Virements to be approved								
ESR								
Major Parks			(378)			(378)		(378)
Cemetery Burial Strategy			868			868		868
Infrastructure & Inv			(400)			(400)		(400)
One Tree Hill			(20)			(20)		(20)
Southwark Park			(70)			(70)		(70)
Flood Prevention (Highways drainage gulley replacement) Programme			73			73		73
Herne Hill Flood Prevention			(73)			(73)		(73)
OLF Southwark Athletics Centre			257			257		257
Castle Leisure Centre			(257)			(257)		(257)
HRA								
WDS 2014 major works							1	1
WDS 2015 major works							11	11
Chilton Grove Wall - Decent Homes							2,834	2,834
Damory/Thaxted externals							1,588	1,588
Ledbury Emergency Works							500	500
Asset Management Strategy 2017/18 (QHIP)							95	95
Asset Management Strategy 2018/19 (QHIP)							348	348
Asset Management Strategy 2020							73,722	73,722
Asset Management Strategy 2021+Future years (QHIP)							(78,645)	(78,645)
Installation of LD2							(456)	(456)
Hidden Homes							540	540
Direct Delivery - New Council Homes Phase 2							(643)	(643)
Acquisitions							103	103
Adult								
OP Anchor Blue	(101)					(101)		(101)
OP Anchor Green	(290)					(290)		(290)
OP Anchor Rose	(100)					(100)		(100)
OP Anchor Water	(35)					(35)		(35)
ASC Capital contingency	822					822		822
Kimmins Court	(7)					(7)		(7)
Orient Street	10					10		10
Half Moon Lane	(269)					(269)		(269)
OP Fred Francis	(12)					(12)		(12)
Capita One Hosting	(18)					(18)		(18)

	Children's & Adults Services	Southwark Schools for the Future	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
CE								
Project Execution					3	3		3
Mint Street Adventure (Holding Code)					(3)	(3)		(3)
Southwark Cycle Spine					(401)	(401)		(401)
Southwark Cycle Spine					401	401		401
Discretionary Funding					(36)	(36)		(36)
Discretionary Funding					36	36		36
Southwark Street Gateways Improvements					(13)	(13)		(13)
More London Public Exhibition Stand					(57)	(57)		(57)
Total virements to be approved at Month 4	-	-	-	-	(69)	(69)	(0)	(69)
Month 4 - Variations to be approved								
ESR								
Public Art Projects			16			16		16
Cemetery Burial Strategy			123			123		123
S106 Astley & Coopers ball court			98			98		98
S106 Q8 Width Restriction			84			84		84
S106 Thorburn Square Park			95			95		95
S106 School Expansion Programme			305			305		305
Mayflower 400 wayfinding and signage project			57			57		57
Leyton Sq Project			(23)			(23)		(23)
HRA								
Asset Management Strategy 2016/17 (QHIP)							80	80
Hidden Homes							103	103
Acquisitions							10,216	10,216
Adaptations							2,274	2,274
Leasehold / freehold acquisitions							(505)	(505)
HGF								
Travellers Sites Reconfiguration				27		27		27
Travellers Sites Reconfiguration				1,711		1,711		1,711
Travellers Sites Reconfiguration				(1,711)		(1,711)		(1,711)
CE								
Southwark Cycle Spine					286	286		286
Scheme Review					50	50		50
Local Environmental					250	250		250
Grove Lane Pocket Place					300	300		300

	Children's & Adults Services	Southwark Schools for the Future	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
Camberwell South Traffic Mgt					50	50		50
Long Lane Traffic Management					250	250		250
Vision Zero Development					50	50		50
EV Charging Points					35	35		35
Kerbside Smarter Street					300	300		300
Salter Road					100	100		100
Wlaworth Road North					100	100		100
Lordship Lane Traffic					400	400		400
Walworth Road South					200	200		200
Bus Development Programme					700	700		700
Discretionary Funding					100	100		100
QW1					300	300		300
QW14 Tower Bridge to Canada Water					109	109		109
QW8 Kennington to Burgess Park					100	100		100
QW14 Extension Canada Water to Deptford					30	30		30
QW Bermondsey to Catford					150	150		150
QW Peckham Rye to Streatham					60	60		60
Consort & Copeland Roads - S106					(58)	(58)		(58)
Camberwell Town Centre-S106					(90)	(90)		(90)
Greendale-S106					(23)	(23)		(23)
Borough High Street					(79)	(79)		(79)
Champion Park					(48)	(48)		(48)
Camberwell Grove Bridge Strengthening					(15)	(15)		(15)
Cycle Lane in Maltby Street					(37)	(37)		(37)
Brayard's Road Neighbourhood					(9)	(9)		(9)
Crystal Palace Parade					(5)	(5)		(5)
Walworth Road South					(43)	(43)		(43)
Station Accesibility					(20)	(20)		(20)
Kerb-Side Reuse through Parking Reviews					(9)	(9)		(9)
Discretionary Funding					(37)	(37)		(37)
Discretionary Funding					(7)	(7)		(7)
Dust suppressant trial E & C					(1)	(1)		(1)
Bush Road					(132)	(132)		(132)
Half Moon Lane					(51)	(51)		(51)
Evelina Road					(165)	(165)		(165)
Scheme Review					(6)	(6)		(6)
Abbey Street to Southwark Park					(314)	(314)		(314)
Ilderton Road					(42)	(42)		(42)
Elmington Area					(34)	(34)		(34)
Local Environments Improvements					(24)	(24)		(24)
Walworth Road					(32)	(32)		(32)
Lower Road					(32)	(32)		(32)
Crystal Palace Parade					(189)	(189)		(189)
Bus Stop Accesibilit					(0)	(0)		(0)

	Children's & Adults Services	Southwark Schools for the Future	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
Peckham Townscape Heritage					397	397		397
Surrey Docks Road					215	215		215
Children								
Brunswick Park - Replacement thermostatic valves (TRVs)	96							
Camelot - Fabric repairs (windows overhaul and wc roof)	215							
Charles Dickens - Fabric repairs (windows overhaul)	225							
Comber Grove - Fabric repairs (windows overhaul)	358							
Crampton - Fabric repairs (windows overhaul, external decorations, repointing f	155							
Grange	2							
Grange - Fabric repairs (windows overhaul)	246							
Heber - Fabric repairs (windows overhaul)	174							
Hollydale - Light fittings replacement	110							
Ilderton - Fabric repairs (windows overhaul)	178							
Ivydale phase 2	2							
Ivydale phase 3	(2)							
Ivydale - Repairs to outhouse (dangerous structure)	30							
John Ruskin - Plumbing alterations (to safeguard against legionella)	154							
John Ruskin School -	8							
Oliver Goldsmith - Fabric repairs (windows overhaul)	306							
Rye Oak - Victorian building - Boiler replacement to original building	610							
Riverside CRC	12							
Robert Browning - Fabric repairs (windows overhaul)	120							
Snowsfields - Structural repairs to external shelter	20							
2018/19 Primary Schools refurbishment programme	1,370							
Southwark Park School - Roof leaks investigation and remedial works	4							
Tower Bridge - Fabric repairs (windows overhaul and roof repairs)	161							
PPM Compliance Works	500							
2018/19 Primary Schools refurbishment programme	(5,032)							
Unallocated	(22)							
Total variations to be approved at Month 4	-	-	755	27	3,032	3,814	12,168	15,982
TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT MONTH 4 2018/19	-	-	755	27	2,963	3,744	12,168	15,913
REVISED BUDGETS	151,458	9,630	84,614	83,847	285,424	614,972	1,173,295	1,788,267
VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED								

	Children's & Adults Services	Southwark Schools for the Future	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
FINANCED BY:								
Capital Receipts	0	-	-	(1,711)	(3)	(1,714)	12,168	10,454
Capital Grant	0	-	123	1,738	2,915	4,776	-	4,776
Section 106 Funds	0	-	616	-	(3)	613	-	613
External Contribution	0	-	16	-	54	70	-	70
TOTAL RESOURCES	-	-	755	27	2,963	3,744	12,168	15,912

GENERAL FUND CAPITAL PROGRAMME- 2018/19 MONTH 4 REPORT

Capital Programme 2018/19-2026/27												
Description of Programme / Project	2018/19			2019/20			2020/21+			Total Programme 2018/19-2027/28		
	Revised Budget	Forecast	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
Environment												
Cleaner Greener Safer	2,061	2,061	-	2,799	2,799	-	8,897	8,897	-	13,757	13,757	-
Other PR Projects	2,580	2,580	-	3,550	3,550	-	-	-	-	6,130	6,130	-
StreetCare	8,614	8,614	-	5,613	5,613	-	15,741	15,741	-	29,968	29,968	-
Environmental Services	1,125	1,125	-	350	350	-	1,100	1,100	-	2,575	2,575	-
Street Metal Works	540	540	-	500	500	-	2,000	2,000	-	3,040	3,040	-
Culture	919	919	-	600	600	-	(0)	(0)	-	1,519	1,519	-
Parks	7,773	7,773	-	7,056	7,056	-	8,162	8,162	-	22,991	22,991	-
South Dock Marina	125	125	-	670	670	-	(0)	(0)	-	796	796	-
Leisure	1,299	1,299	-	2,363	2,363	-	176	176	-	3,839	3,839	-
Environment Total	25,036	25,036	-	23,502	23,502	-	36,075	36,075	-	84,614	84,614	-
Chief Executive												
PLANNING	4,286	4,286	-	3,215	3,215	-	-	-	-	7,501	7,501	-
TRANSPORT POLICY & PLANNING	8,141	8,141	-	1,414	1,414	-	0	0	-	9,555	9,555	-
REGENERATION NORTH	10,799	10,799	-	25,506	25,506	-	25,000	25,000	-	61,305	61,305	-
REGENERATION SOUTH	31,626	31,626	-	14,558	14,558	-	16,978	16,978	-	63,162	63,162	-
REGENERATION CAPITAL	9,166	9,166	-	13,597	13,597	-	250	250	-	23,013	23,013	-
PROPERTY SERVICES	66,485	66,485	-	2,600	2,600	-	8,000	8,000	-	77,085	77,085	-
REGENERATION & PLANNING	4,784	4,784	-	2,213	2,213	-	36,805	36,805	-	43,802	43,802	-
Chief Executive Total	135,287	135,287	-	63,103	63,103	-	87,033	87,033	-	285,424	285,424	-
Children and Adult Services												
Castlemead, 232 Camberwell road	1,791	1,791	-	-	-	-	-	-	-	1,791	1,791	-
Centre of Excellence	260	260	-	2,750	2,750	-	2,149	2,149	-	5,159	5,159	-
Anchor Blue Grove	556	556	-	8	8	-	-	-	-	564	564	-
Anchor Greenhive	682	682	-	14	14	-	-	-	-	696	696	-
Anchor Rose court	631	631	-	10	10	-	-	-	-	641	641	-
Anchor Waterside	155	155	-	4	4	-	-	-	-	159	159	-
49 Mount Adon Park	618	-	(618)	-	618	618	-	-	-	618	618	-
26 Therapia road	422	-	(422)	-	422	422	-	-	-	422	422	-
Dover Lodge, 41 Wood Vale	768	-	(768)	-	768	768	-	-	-	768	768	-
52-60 Grosvenor terrace	1,120	-	(1,120)	-	1,120	1,120	-	-	-	1,120	1,120	-
Telecare expansion	143	-	(143)	-	143	143	-	-	-	143	143	-
Southwark Resource Centre	193	193	-	-	-	-	-	-	-	193	193	-
ICT	316	316	-	-	-	-	-	-	-	316	316	-
Lifecycle maint prog- Anchor homes	-	-	-	3,120	3,120	-	4,768	4,768	-	7,888	7,888	-
Adult PSS Capital Allocations	726	120	(606)	2,159	2,765	606	-	-	-	2,885	2,885	-
Kimmins Court	-	-	-	-	-	-	-	-	-	-	-	-
Orient Street	10	10	-	-	-	-	-	-	-	10	10	-
Half Moon Lane	58	58	-	-	-	-	-	-	-	58	58	-
Fred Francis	-	-	-	-	-	-	-	-	-	-	-	-
2017/18 Primary Schools refurbishment programme	471	471	-	-	-	-	-	-	-	471	471	-

Capital Programme 2018/19-2026/27	2018/19			2019/20			2020/21+			Total Programme 2018/19-2027/28		
Description of Programme / Project	Revised Budget	Forecast	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
2018/19 Primary Schools refurbishment programme	4,540	3,964	(576)	-	576	576	-	-	-	4,540	4,540	-
Autism Spectrum	600	600	-	1,200	1,200	-	-	-	-	1,800	1,800	-
Beormund Primary School Redevelopment	11,396	11,396	-	250	250	-	-	-	-	11,646	11,646	-
LSBU Passmore	5,000	5,000	-	-	-	-	-	-	-	5,000	5,000	-
Maintenance Programme for Schools	1,569	1,569	-	-	-	-	-	-	-	1,569	1,569	-
Nursery Buildings	200	200	-	-	-	-	-	-	-	200	200	-
Permanent Expansion	30,613	30,613	-	8,686	8,686	-	9,330	9,330	-	48,629	48,629	-
Primary Schools refurbishment programme	1,886	1,886	-	3,500	3,500	-	21,000	21,000	-	26,386	26,386	-
Retention	2,086	2,086	-	-	-	-	-	-	-	2,086	2,086	-
Rotherhithe Primary School Expansion	8,624	8,624	-	8,500	8,500	-	425	425	-	17,549	17,549	-
Southwark Inclusive Learning Service KS4	2,938	2,938	-	62	62	-	-	-	-	3,000	3,000	-
Alternative provision accommodation at STAC	30	30	-	170	170	-	-	-	-	200	200	-
Ilderton School	35	35	-	305	305	-	10	10	-	350	350	-
SEND and disabilities development	550	550	-	550	550	-	550	550	-	1,650	1,650	-
SILS 3 (PRU)	336	336	-	1,343	1,343	-	821	821	-	2,500	2,500	-
Healthy Pupils Programme	201	201	-	-	-	-	-	-	-	201	201	-
Troubled Families	250	250	-	-	-	-	-	-	-	250	250	-
Children and Adult Services Total	79,774	75,521	(4,253)	32,631	36,884	4,253	39,053	39,053	-	151,458	151,458	-
Southwark Schools for the Future												
St Michael's PFI	67	67	-	-	-	-	-	-	-	67	67	-
SMAA - Ark All Saints	484	484	-	-	-	-	-	-	-	484	484	-
St Saviour & St Olaf	-	-	-	-	-	-	-	-	-	-	-	-
KS3 SILS	7,088	7,088	-	240	240	-	-	-	-	7,328	7,328	-
ICT	505	505	-	-	-	-	-	-	-	505	505	-
Contingency and retention payments	922	922	-	324	324	-	-	-	-	1,246	1,246	-
Southwark Schools for the Future Total	9,066	9,066	-	564	564	-	-	-	-	9,630	9,630	-
Housing General Fund												
Brayards Improvement Zone	9	9	-	-	-	-	-	-	-	9	9	-
Brideale Travellers	-	-	-	-	-	-	-	-	-	-	-	-
Housing Renewal	2,320	2,320	-	2,035	2,035	-	14,905	14,905	-	19,260	19,260	-
Ilderton Rd boundary	-	-	-	-	-	-	-	-	-	-	-	-
Ilderton travellers site wall	1,587	2,286	699	1,272	573	(699)	-	-	-	2,858	2,858	-
Information Service	-	-	-	-	-	-	6	6	-	6	6	-
IT Investment Schemes	7,198	6,393	(805)	1,352	2,716	1,364	13,253	12,693	(559)	21,802	21,802	-
Leathermarket - Kipling Garages	898	898	-	-	-	-	-	-	-	898	898	-
Modern Ways of Working	-	-	-	1,985	1,985	-	-	-	-	1,985	1,985	-
Planned Preventative Maintenance	2,538	2,538	-	2,538	2,538	-	22,152	22,152	-	27,228	27,228	-
PPM & Compliance Programme (CRP)	500	500	-	1,030	1,030	-	8,241	8,241	-	9,771	9,771	-
Property Works Programme	-	-	-	-	-	-	-	-	-	-	-	-
Springtide Close travellers site	29	29	-	-	-	-	-	-	-	29	29	-
Walworth Road Fire	-	-	-	-	-	-	-	-	-	-	-	-
Housing General Fund Total	15,079	14,973	(106)	10,212	10,877	665	58,556	57,997	(559)	83,847	83,847	-

Capital Programme 2018/19-2026/27	2018/19			2019/20			2020/21+			Total Programme 2018/19-2027/28		
Description of Programme / Project	Revised Budget	Forecast	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
Capital Programme 2018/19 - 2027/28	Total General Fund Programme											
	2018/19			2019/20			2020/21+			Total Programme 2018/19 - 26/27		
	Revised Budget	Forecast	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	264,242	259,884	(4,359)	130,013	134,930	4,918	220,717	220,158	(559)	614,972	614,972	-
Total Resources	101,252	101,252	-	115,321	113,370	(1,951)	144,372	146,323	1,951	360,945	360,945	-
Forecast variation (under)/over	162,990	158,632	(4,359)	14,692	21,560	6,869	76,345	73,835	(2,510)	254,027	254,027	-
Cumulative position				177,682	180,192	2,510	91,037	254,027	162,990	330,372	254,027	-

Item No. 12.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: 2019-20 Updated Financial Remit	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

FOREWORD - COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT

This report presents an updated budget planning forecast for 2019-20. The 2019-20 budget planning process informally commenced in June, discussions have been ongoing through the summer and a series of budget challenge meetings will take place through September and October. The budget process will culminate in setting the budget and council tax in February 2019. The budget and financial strategy will ensure resources align with delivery of the priorities set out in the new Council Plan.

The council has a statutory duty to set a balanced budget each year. Additionally, in order to ensure the council's finances are sustainable for the medium term, the report sets out the medium term financial outlook and planning considerations for developing the council's medium term financial forecast for the following three years. At this stage there are a great many assumptions and uncertainties, not least the future funding of local government beyond 2019-20.

2019-20 is the tenth consecutive year of government funding cuts since the period of austerity began in 2010-11. The funding cut this year will be £8.647m.

These funding cuts also come at a time of continuing demands and pressures on our services, particularly schools and education services, adult's and children's social care, homelessness and welfare support.

To this challenge we must also add an early estimate of £11.153m in respect of net inflationary and pay pressures, including the revenue consequences of the councils ambitious capital investment programme. It is intended to take advantage of the flexibility to fund certain debt financing costs from capital receipts in 2019-20 and reduce the revenue burden by £4.6m accordingly.

In 2018-19 collection fund income was boosted by the distribution of one-off council tax and business rate income relating to previous years. Whilst collection fund income year on year continues to grow, the level of surpluses available will be lower in 2019-20.

The 2018-19 final local government settlement confirmed that London councils would be entering into a pilot arrangement for the retention of business rates growth through pooling. It is expected that this arrangement will continue for 2019-20, albeit on a different arrangement. At this stage no additional growth has been assumed arising from this pilot; any revenue raised will be one off and use to support ongoing services must be limited as this would simply transfer saving pressures to later years.

Taken together we estimate that the council faces a 2019-20 budget gap of £18.0m.

With this in mind we are asking officers to start drawing up proposals for efficiency savings, income generation and service rationalisations and reductions which will allow us to fill this significant financial gap and present a balanced budget for 2019-20 and develop plans for addressing the medium term service and budget requirements.

RECOMMENDATIONS

1. That cabinet note that from financial year 2020-21 local government finance is set to be subject to fundamental reform with the government undertaking a Fair Funding Review alongside a redesign of the Business Rates Retention System.
2. That cabinet note that a budget is initially prepared for 2019-20 on a one year basis, recognising the funding uncertainties and limited information available beyond 2020-21.
3. That cabinet note that the indicative resources available for 2019-20 budget (Annex A) indicate a budget gap of £18.0m.
4. That cabinet note that this budget gap would reduce by £3.2m should the council decide to increase council tax by 2.99%.
5. That cabinet note this indicative budget is prepared on the following national and local factors:

National factors

- Known reduction of £8.647m in government resources from the Settlement Funding Assessment (SFA) and increase in specific grant funding of £1.489m
- Net inflation and pay award pressures of £7.344m have been provisionally assumed, subject to further analysis

Local factors:

- Increase of £2.635m of resources generated through council tax and business rates
- Decrease of £6.879m in collection fund surplus
- Increased debt financing costs of £3.809m arising from capital investment programme, offset by the use of £4.6m of capital resources
- Retaining a £4m contingency within the overall budget to support in year cost pressures
- No utilisation of reserves have been included
- That all approved savings are delivered

6. That cabinet note that the key areas of risk for Southwark arising from the 2019-20 provisional settlement are the lack of certainty for Business Rate Retention, budget pressures arising from Children's and Adults', Dedicated Schools Grant, welfare reform, housing inflation increases and new commitments.
7. That cabinet note that the revenue and capital outturn position and utilisation of reserves, reported at the cabinet meeting in July 2018, will need to be considered when finalising the 2019-20 budget.

8. That cabinet note the bids to the Strategic Investment Pot, with the outcome expected in October;
9. That cabinet note that a future report will consider the indicative savings and commitments for 2019-20 in order to balance the budget. This will include a review of the original indicative 2019-20 savings reported to cabinet in February 2018, 2018-19 outturn forecast and the impact of the budget recovery board.
10. That cabinet note that a future report will also consider a refreshed Medium Term Financial Strategy for the period 2020-2023. Resetting the MTFS and managing risk will require careful attention over the transition to the new local government finance system based on business rates retention, and a new funding formula

BACKGROUND INFORMATION

11. In September 2016 the cabinet approved the Fairer Future Medium Term Financial Strategy (FFMTFFS) and Integrated Efficiency Plan noting the relationship to the Council Plan and the new theme to be fit for the future. The council accepted the four year finance settlement in line with the final local government finance settlement (February 2016). The offer covered the revenue support grant and indicated that tariffs and top-ups would not be altered for reasons related to the relative needs of local authorities. 2019-20 is the fourth and final year of the four year settlement.
12. A new Council Plan for the period 2018-2022 was agreed by Cabinet at their meeting in July 2018. A period of consultation is in progress with final approval expected in November 2018. The emerging Council Plan contains a range of promises and commitments which the council will work towards over the coming four years. Financial appraisals will be carried out as any new plans are developed and the financial implications of any approved commitments will be reflected in the 2019-20 budget, refreshed MTFS and capital programme.
13. In September 2017 the DCLG published an invitation to local authorities to pilot 100% business rates retention. The final local government settlement confirmed that London Councils would be entering into a one year pilot arrangement for the retention of business rate growth through pooling. Protection is in place as part of the arrangements to ensure that the funding level for Southwark will not be detrimentally impacted. Although the first year of the pilot relates to business rates generated during 2018-19, the available distribution will not be known until September 2019. Accordingly no additional pooled business rate retention was included in 2018-19 budget setting process, with any benefits accruing in 2019-20.
14. At Council Assembly of 21 February 2018, a balanced budget and council tax for 2018-19 was agreed. This included increased council tax and adult social care precept, and an improved better care fund.

KEY ISSUES FOR CONSIDERATION

15. This report sets out a refreshed financial outlook for 2019-20 and beyond:
 - it updates the available resources initially presented within the Fairer Future Medium Term Financial Strategy (FFMTFS) and Integrated Efficiency Plan for 2019-20, 2019-20 being the final year of the 4 year settlement agreement;

- considers the medium term financial outlook for the period 2020-21 and beyond.
16. The new Council Plan is currently being finalised. The Council Plan will remain the council's prime motivation in policy and resources strategies in coming years.
17. It is clear we are operating in a volatile, uncertain and increasingly complex environment:
- Government has announced a Spending Review during 2019 which will set out the departmental spending allocations for the period beyond 2020.
 - A fundamental reform of local government finance from 2020-21:
 - A new local government needs based funding formula
 - Redesign of the Business Rates Retention System for 75% BRR
 - Resetting of the Business Rates Baseline
 - The future of the London Business Rates Pool beyond 2018-19 and the extent to which responsibilities may be transferred to the council
 - Continued economic uncertainty regarding the outcome of Brexit negotiations and wider economic pressures on inflation, interest rates and area costs within London (especially housing)
18. On the basis of assumptions made at this time, it is estimated that net savings of £18.0m will be required in 2019-20. These assumptions will need to be continually reviewed for 2019-20. The financial remit report sets out:
- A reduction in government grant funding
 - Increased local resources generated but reduction in available resources due to one-off surpluses distributed in 2018-19
 - Increasing inflationary pressures
 - The risk of potential budget pressure on general fund resulting from Dedicated Schools Grant cost pressures.
19. It is proposed that the budget is prepared on a one year basis for 2019-20, recognising this is the final year of the four year settlement agreed with the government in 2016. The most significant risk remains the acute cost and demand pressures reported in Children's and Adults' Service. Management action is ongoing to manage these pressures. Progress is monitored via the Budget Recovery Board.

UPDATED FINANCIAL REMIT 2019-2020

20. The indicative resources for 2019-20 are summarised below, which sets out a budget gap of £17.955m.

	2018-19 Budget £'m	2019-20 Indicative £'m	Change £'m
Settlement Funding Assessment	158.440	149.793	-8.647
Revenue from business rates	25.720	24.158	-1.562
Revenue from council tax	110.110	107.428	-2.682
Grant Funding (see note)	53.771	55.260	1.489
Total Resources	348.040	336.639	-11.402
Inflationary pressures			-11.153
Committed growth			0
Financing MRP			4.600
Gap			-17.955

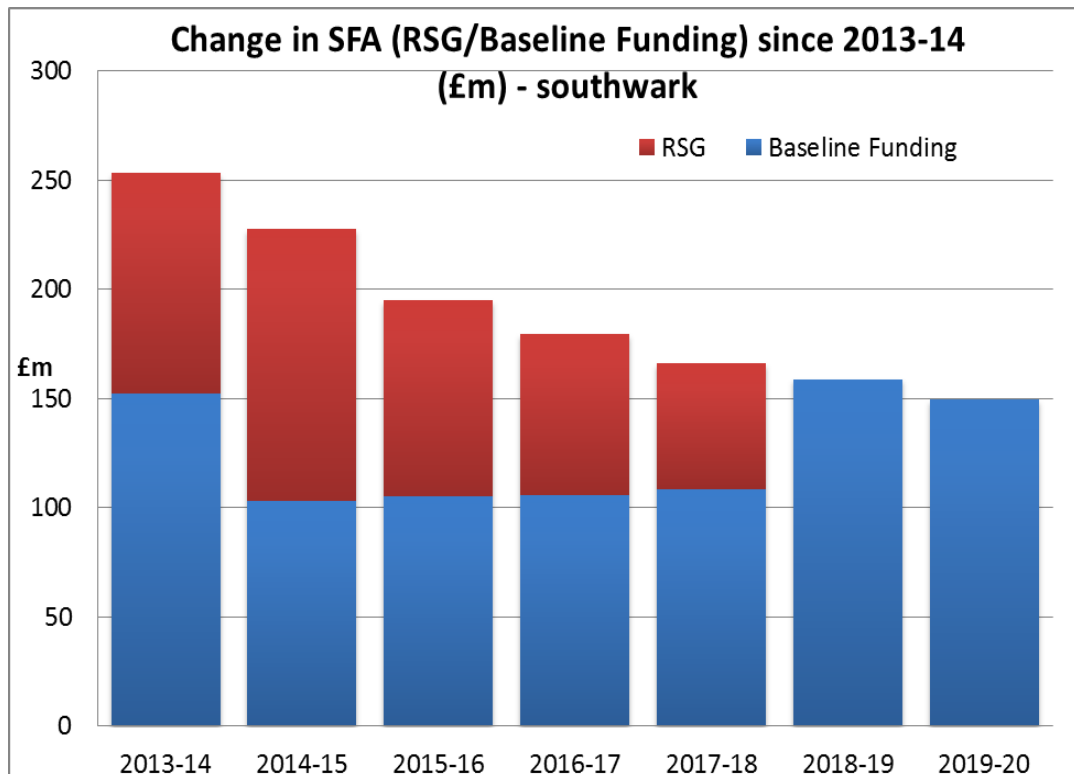
Note – Improved Better Care Fund grant increased by £3.2m. The increased grant is offset by spending commitments to be agreed with the CCG.

Funding forecast

21. The council receives its funding through a number of sources; government grants, business rates, council tax and charging for some services through fees and charges. As government funding has reduced there is increasing reliance on locally generated resources, i.e. business rates, council tax, investment income and fees and charges. The funding environment for local authorities is therefore becoming increasingly complex.

Local Government Finance Settlement

22. In 2016-17 central government made an offer to local authorities, which included details of the settlement for four years (over the CSR period) instead of just one. 2019-20 is the final year of that agreement and the figures are expected to be broadly in line with the original allocations.
23. The Settlement Funding Assessment (SFA) comprises the core funding sources for authorities defined as Revenue Support Grant (RSG), retained business rates and business rate top up. As a consequence of the London Business Rate pool, the council's SFA consists entirely of the business rate baseline. The provisional SFA for 2019-20 is £149.793m. A 5.3% reduction from 2018-19. Since 2013-14 and the introduction of the Business Rates Retention System, core funding has fallen from £251m to below £150m, as illustrated in the graph below:
24. On 24 July 2018 the Government issued a technical consultation on the 2019-20 local government finance settlement. The Government intends to confirm the final year of the multi-year settlement and the council tax referendum principles as for 2018-19, i.e. 3% increase in council tax.



25. As part of the 2018-19 settlement announcement, the following national changes were confirmed:

- New business rates pilot schemes approved, including the London pilot (assumed to continue in 2019-20);
- Business rates retention reset would take place in 2020-21
- A new funding formula to be introduced from 2020-21
- The council tax referendum limit would be set at 2.99% for 2018-19 and 2019-20
- No further changes to New Homes Bonus (NHB)

26. In a statement to the House of Commons in March, the Chancellor said that he would use the Budget in the autumn to set out the total public spending envelope for years beyond 2020. Then a full departmental Spending Review in 2019 will set out the departmental allocations across government.

Grant funding

27. In addition to core resources the council also receives a number of other grants which government include in their presentation of core spending power of local authorities. These include:

- Public Health Grant. Alongside the finance settlement, the government publishes the public health allocations. Southwark's provisional allocation for 2019-20 is £27m, a decrease of 2.6% which is in line with previous years reductions. It was confirmed that the public health grant would be incorporated into business rates retention in 2020-21 (potentially earlier if the London Pooling Agreement extends into 2019-20).

- Improved Better Care Fund (IBCF). The improved Better Care Fund is made up of two parts, that which was initially included as part of the 2016-17 settlement and the supplementary funding announced as part of the spring 2017 budget. The utilisation of the supplementary grant has been agreed with the Health and Well Being Board for adult social care funding pressures. The provisional IBCF funding in 2019-20 is £15.8m, an increase of £3.2m from 2018/19.
- New Homes Bonus. It was confirmed as part of the 2018-19 settlement that the NHB scheme will continue indefinitely. Indicative funding for 2019/20 is £11.8m, £0.4m more than 2018-19. To be updated for actual growth in new homes.
- Flexible Homelessness Support Grant. The grant, intended to transform the way that councils fund homelessness services, was £3m in 2018-19. The government has not stated whether it will continue after 2018-19 or if it will continue to be ring-fenced. No grant has been assumed for 2019-20.
- Section 31 Business Rates compensation grant. In the 2017 Spring Budget business rates related announcements were made aiming to mitigate the impact of the 2017 revaluation. The system of rates retention means that the government must compensate councils for the loss in rate (under Section 31). Estimates have been included based on latest returns and any future announcements should be neutral.

Revenue Funding from Local Taxation

28. Local government finance is increasingly dependent on locally generated resources, principally council tax and business rates but also income from fees and charges and income from investment property. Whilst this provides opportunities, it also exposes councils to significant risk in terms of delivering growth and volatility year-to-year, for example exposure to loss of income from business rates appeals.
29. The table below summarises the funding sources raised through business rate retention and council tax. In total, the indicative budget proposes an overall net decrease from locally raised taxation of £4.243m.

Local Resources	2018-19 Budget £m	2019-20 Indicative £m	Change £m
Business Rate Retention growth	21.750	23.000	1.250
Business Rate Retention collection fund surplus	3.970	1.158	-2.812
Council Tax baseline	98.543	105.432	6.888
Council Tax Surplus/deficit	5.663	1.596	-4.067
ASC Council Tax precept - 3%, 0%	2.956	-	-2.956
Council tax change - 2%, 0%	2.947	-	-2.947
Council tax – long-term empty property	-	0.400	0.400

Local Resources	2018-19 Budget £m	2019-20 Indicative £m	Change £m
Total revenue from local taxation	135.830	131.586	4.243

Business Rates Retention

30. The government agenda is for local authorities to move towards self-sufficiency and away from dependence on central government. As a step towards this reform, in 2013-14, government changed the funding system to increase reliance on local taxation. Revenue support grant (RSG) allocations reduce over the period 2013-20, whilst the level of retained business rates increases.
31. The 2018-19 settlement brought about two key changes to the business rates funding for the council:
 - The business rate revaluation in April 2017 means that Southwark is now a tariff authority; 16 out of the 33 London Boroughs are now tariff authorities, an increase of six over the previous years. This has a neutral financial impact on the council's overall funding.
 - The council joined the London Business Rate pool from April 2018, which means that Revenue Support Grant will be substituted with a baseline business rate funding level. For 2019-20 the council will be funded via business rate baseline of £149.793m (£156.285m less the tariff deduction of £6.492m). The London business rate pool arrangements include a "no detriment" clause that means that no council can be worse off than if they had not joined the pool.
32. The government has made clear that, nationally, it intends to get to 75% retention of local business rates income. As part of the 2018-19 settlement the duration of existing 100% business rates retention schemes were extended and additional pilots (including the London Scheme) announced – a strong indication that a higher level retention rate model will be in place in the long term. The MTFS assumes, for now, that the London Pool business rates retention model will be in place for 2019-20.
33. On the 24 July 2018 the MHCLG issued a prospectus for 2019-20 business rate pools, confirming its intention to implement a further round of Business Rates Retention pilots in 2019-20. The MHCLG continues to have discussions with London authorities about the currently ongoing London pilot. It is however clear that any continuation of the Pool into 2019-20 will be on less generous terms and will carry with it a greater degree of financial risk. The London Assembly, London Councils and the GLA are to meet in October to agree the next steps.
34. In addition to the retained business rate assumptions given by the government, authorities are able to generate additional resources through growth in the rateable value of business premises, above the government baseline.
35. The 2019-20 budget includes a forecast assumption that the council's Business Rate Retention income will exceed the baseline funding level by £23.0m (i.e. in total the retained business rates total of £172.783m; consisting of the baseline of £149.783m and £23.0m in excess of this baseline). This is after appropriate provisions have been made for appeals.

36. The table below summarises the funding sources raised through business rate retention:¹

	2018-19 Budget £m	2019-20 Indicative £m	Change £m
Business Rate Retention growth	21.750	23.000	1.250
Business Rate Retention collection fund surplus	3.970	1.158	-2.812
Total revenue from business rates retention	25.720	24.158	-1,562

37. The 2017-18 outturn confirmed that a surplus on the collection fund of £1.158m is available for distribution in 2019-20. 2018-19 collection fund monitoring indicates that business rate income is in line with forecast and at this stage no additional surpluses are forecast.
38. Although the first year of the London Business Rates pilot relates to business rates generated during 2018-19, the available distribution will not be known until September 2019. The relevant extract from the Final Prospectus explains: *“However, it would not be until the outturn position is known (the NNDR3 form) that actual reconciliation would be made and the final growth/decline for the pool as a whole, and individual pool members, would be known. This will be in September 2019 after accounts have been audited for the financial year 2018-19”*. At this stage, the budget has not assumed any additional growth in 2018-19 or 2019-20. Additional pooled business rate retention growth due to Southwark will be recognised when there is sufficient assurance that there has been growth in the pool as a whole.
39. The position will continue to be monitored closely and estimates of retained business rates and collection fund balance will be refreshed as necessary.
40. The London Business Rates pilot agreement set out the principles and method for distributing any net financial benefits generated by the pool. This included facilitating collective investment through a ‘Strategic Investment Pot’ designed to promote economic growth and lever additional investment funding from other sources. Southwark has submitted bids. The outcome of bids will be determined by the London Councils Assembly in October.

Council Tax and Council Tax Collection Fund

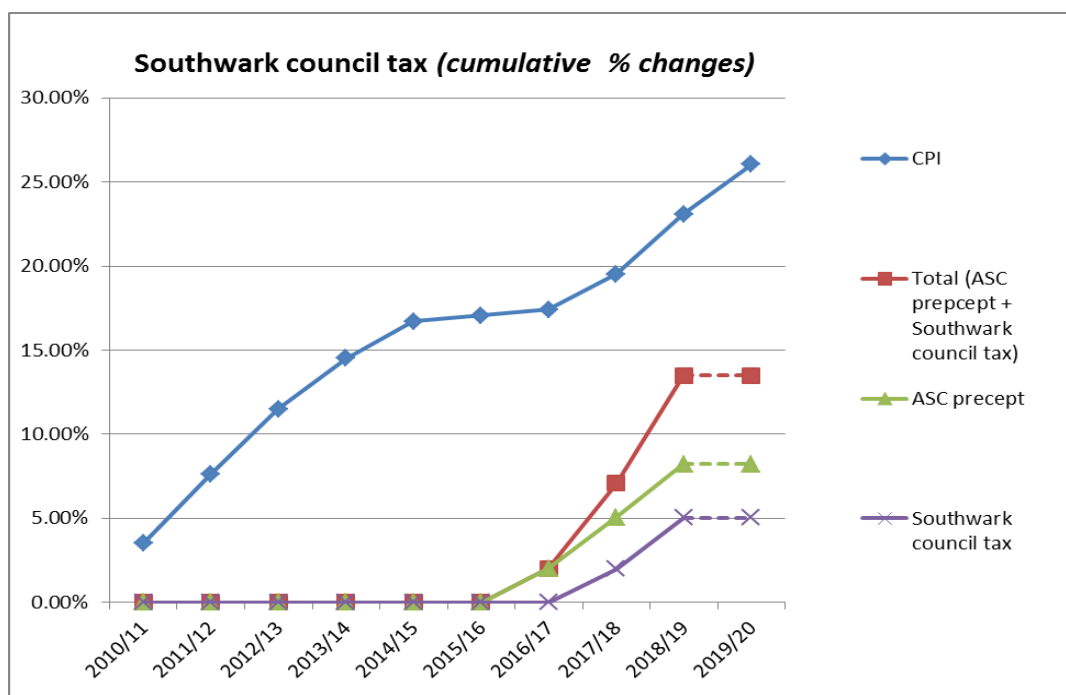
41. Council tax income for 2018-19 was calculated at £104.446m including a council tax increase of 5.99% (3% ring-fenced for ASC and 2.99% council tax increase). Council tax income is forecast to increase by £1.395m in 2019-20 due to an increase in the number of homes in Southwark and additional yield from changes to the council tax on long-term empty properties. No increase in council tax rates has been assumed.
42. In 2019-20, a council tax surplus is anticipated of £1.596m (£5.663m in 2018-19). These estimates will continue to be monitored and refreshed as needed.

Adult social care precept

43. Since 2016-17 councils responsible for social care would be given the powers to raise a social care precept. A 3% ASC precept was applied in 2018-19 to continue to protect services for our most vulnerable residents. The additional funds bring the total value of the Adult Social Care Precept to £7.3m per annum (£1.7m 2016-17 plus £2.7m in 2017-18 plus £2.9m in 2018-19).
44. No further increases in the ASC are permitted.

Southwark element of council tax

45. Councils are able to raise council tax by a maximum of 2.99% without the requirement to hold a referendum. The current indicative budget assumes no increase in council tax for 2019-20 although this assumption needs careful scrutiny in the context of serious strains on council services and continued reductions in government funding. Should Southwark utilise powers to raise southwark's element of the council tax the available resources to close the current budget gap would increase by £3.2m.
46. The council is committed to the fairer future promise to "keep council tax low". Southwark has been able to maintain the eighth lowest level of council tax in London, despite having incurred the largest reduction in government grants. Southwark's council tax remains below CPI as presented in the graph below.



Reserves and Corporate contingency

47. This budget maintains the level of corporate contingency of £4m. However, unlike in recent years, this indicative budget makes no assumptions regarding the use of reserves or balances at this time. This is a direct consequence of appropriate levels of reserves no longer being available as a result of significant cost pressures over the last two years in childrens and adults social care.

48. The council will look to maintain reserves and balances to support the financial strategy including the creation of a business rates resilience reserve to offset any potential volatility or risk under the 100% business rate pooling arrangements and to ensure that any unforeseen changes are managed over the MTFS planning period.
49. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one off contributions to the budget are appropriate and affordable. In previous years, this judgment has been facilitated by the availability of unused contingency funds as budgets have met their targets.

Cost pressures 2019-20

Inflation and Pay Costs

50. Inflation has been rising and presents a considerable risk as we move into 2019-20 budget setting. The Office of Budget Responsibility forecast that CPI inflation will be brought back to around 2% in 2019. However, CPI November 2017 peaked at 3.1%. Pay settlement is expected to add 2.5% to the paybill in 2019-20.
51. Therefore, this budget recognises £9.950m of inflationary increases linked to both pay increases and contractual inflation. This is a £7.344m more than the £2.606m available within the base budget.
52. This ongoing move to self-sufficient local government demonstrates the importance of Southwark's capital investment programme within the borough, either as the lead authority or with partners. Regeneration is the key to ensuring sustainable budget sources as we move closer to reliance wholly on local taxation, either through business rates or council tax as well as increasing opportunities across the borough for quality of life, jobs and environmental improvements.
53. Capital investment is either funded immediately from available capital resources, (e.g. capital receipts or capital grants and contributions) or financed from borrowing (internal or external borrowing). The cost of servicing that debt is charged to the revenue budget over periods commensurate with the period that the investment provides benefits. The increase in debt financing costs included within budget pressures is £3.809m in 2019-20.
54. At this stage no other budget pressures/commitments have been included in the forecast. Demand pressures arising from education services, social care, no recourse and temporary accommodation together with any new commitments will therefore need to be considered as part of the budget setting process.

2017-18 Outturn and Closing Reserves

55. The outturn reports for capital and revenue monitoring were presented to Cabinet at the 24 July meeting. The audited 2017-18 statement of accounts were approved by the Audit, Governance and Standards committee on 18 July.
56. The outturn report, presented a balanced budget after movements to/from reserves. The underlying cost pressures within this balanced budget include a £2.3m adverse variance within Children's' and Adults' Services and £3.8m reported within Housing and Modernisation relating to No Recourse to Public

Funds and pressures in ICT and facilities management. These variances are described in more detail in the report.

57. The Dedicated Schools Grant spend was £5.4m more than the 2017-18 grant allocation, leaving a deficit on the DSG reserve of £4.1m at the year end. Whilst it is expected that this deficit will be repaid, ongoing pressures within the DSG High Needs Block and specifically the significant increase demand and complexity of Special Education Needs and Disability (SEND) services, together with challenges associated in the supply of placements, make this extremely challenging, particularly in the short-term. Many local authorities are in the same position and there continues to be strong lobbying of government on the inadequacy of funding.
58. The 2018-19 outturn and closing reserve balances, together with the progress made in reducing underlying cost pressures, will be key considerations when setting the 2019-20 budget.

Budget Recovery Board

59. The Budget Recovery Board was formed in 2016-17 to address the increasing financial pressures materialising in Children's, Adults' and Public Health services. The situation was a local manifestation of a problem recognised nationally as a result of decreasing central government funding, increasing demand and changes in legislation. With hindsight it is now clear that the substantial drawdown on reserves made in 2015-16 and 2016-17 in order to balance the budget was a picture replicated across the country. The National Audit Office's 2018 report on financial sustainability of local authorities found that, collectively, single-tier and county councils overspent as a whole across the three years from 2014-15 and that this was predominantly driven by pressures in Children's and Adults' services.
60. The board, comprised of service directors, finance, HR and legal representatives was created under the oversight of the Chief Executive and is chaired by the Strategic Director of Finance & Governance. Additional independent assurance has been provided by RSM UK. Through a robust monitoring process, specific officers are held to account for actions plans designed to return budgets to a balanced position. A service Director is identified for each plan which includes key milestones for delivery of savings or cost containments including, for example, matters where stakeholder consultation is necessary.
61. In 2017-18, the three services were required to find savings of approximately £15m. The late announcement of supplementary iBCF funding went some way towards closing this gap, but also carried risk as it was dependent on CCG assent and achievement of health-focused delayed transfer of care (DTOC) targets. Continuing the momentum achieved and lessons learned in 2016-17, encouraging progress was made over the course of 2017-18 and by the end of the year only a modest net drawdown of £1.050m was required to balance the three budgets.
62. Building on the success of the past year, further areas in financial difficulty are being considered for inclusion, in particular Schools and Education where the DSG reserve has reduced by £14.283m in two years. Meetings of the board are already underway in 2018-19 and will continue on a monthly basis until the Strategic Director of Finance & Governance is confident that the budget has been fully recovered.

Education Funding

63. The 2017-18 outturn position indicated significant cost pressures within the Dedicated Schools Grant flowing from the High Needs block and in particular the DSG as at 31 March 2018 was £4.11m in deficit with the deficit set to increase further in 2019-20 with the deficit forecast to be £9-10m in total as at 31 March 2019. The deficit presents a risk of potential cost pressures transferring to the council's general fund budget for 2019-20.
64. Total Dedicated Schools Grant (DSG) is £199.126m in 2018-19, the funding is made up of three blocks – schools, early years and high needs. Appendix D sets out in detail the key risks for the Dedicated Schools Grant which include:
- The DSG deficit and the need for a medium to long term recovery plan
 - Ongoing budget pressures on high needs with no significant matching increase in funding for the DSG
 - Pressures to fund growing free schools at the same time as there are falling rolls in many schools within the borough
 - The cost of increased business rates on school funding
 - National funding formula being introduced over time impacting upon schools funding against the background of very modest funding increases set against significant cost pressures
 - The number of schools going into deficit after using balances is increasing
 - Pressure on funding being retained or de-delegated from schools given changes in regulations and the challenges faced in asking schools to purchase traded services given the constraints outline above .
65. In this context, it is likely that savings will be needed from within the ring-fenced Dedicated Schools Grant in 2019-20 and further, that a review of expenditure currently charged to the DSG will take place as part of budget setting process in 2019-20. Robust monitoring of the DSG budget will need to be incorporated within the budget recovery board with increased emphasis in 2019-20.

Medium Term Financial Outlook

66. As highlighted above, the future financing of local government is undergoing a radical review and is subject to considerable uncertainty:
- That Government has announced a Spending Review during 2019 which will set out the departmental spending allocations for the period beyond 2020.
 - A fundamental reform of local government finance from 2020-21:
 - A new local government needs based funding formula (Fair Funding Review)
 - Redesign of the Business Rates Retention System for 75% BRR
 - Resetting of the Business Rates Baseline
 - The future of the London Business Rates Pool beyond 2018-19 and the existing pilot
 - Continued economic uncertainty regarding the outcome of Brexit negotiations and wider economic pressures on inflation, interest rates and area costs within London (especially housing)

Fair Funding Review

67. The national Fair Funding Review is reviewing the underlying needs formula and distribution methodology used for assessing need and allocating funding to local government, which has not been updated since 2013. This has now been subject to a consultation. A key objective is to make the formula simpler and more transparent and limiting the size and scope of the final formula, with a focus on what definable cost drivers should feature (e.g. population, deprivation and sparsity), the most appropriate datasets that could be used and the approach to weighting the formulas.
68. The review will also consider resources, in particular how council tax income should be taken into account when redistributing business rates.
69. Of particular importance will be 'transition' (or damping) arrangements that are put in place, so that authorities can develop financial plans with some knowledge of the potential 'worst-case' scenario.
70. It is intended that the outcome of the Fair Funding Review will be implemented from 2020-21. A potential timeline indicates that the options for assessing relative needs and resources would be finalised between March and September 2019.
71. Uncertainty over the transition to the new local government finance system, based on business rates retention, and a new funding formula will require careful attention and management of any potential loss to the council from changes to existing funding streams.

Budget Consultation

72. Previous budget challenge exercises told us that residents wanted us to be more efficient and find more cost effective ways to deliver services. Residents also told us that we should cut back office costs and protect frontline services especially for the vulnerable and those most in need. This consultation response has been fully considered and this influenced the budget setting proposals. At this early stage of the process, consideration of the budget savings for 2019-20 are not yet determined. Southwark's budget consultation will follow the "approach to community engagement strategy" agreed in 2012.

NEXT STEPS

73. This report sets out the resourcing for the 2019-20 budget setting process. As in previous years a budget challenge process will review the outturn position, consider the savings and commitments previously reported to cabinet in February 2018. Setting the budget is an iterative process, this will be refreshed and a report will be considered by cabinet in the autumn setting out the updated budget proposals for 2019-20 budget.

74. The key steps in the decision making process for establishing the 2019-20 general fund revenue budget are outlined in the table below:

Date	Meeting	Purpose
Dec 2018	Cabinet	Financial remit for budget setting Council Tax base
Jan 2019	Overview and Scrutiny	Comment on and make recommendations in respect of the cabinet's proposed 2019-20 budget
Jan 2019	Cabinet	Consider draft proposals
Feb 2019	Cabinet	Recommend a balanced budget for 2019-20 to Council Assembly
Feb 2019	Council Assembly	Council Tax setting and approve a balanced budget for 2019-20

Community impact statement

75. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with previous budgets, as savings options are considered to support the budget gap, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings have identified potential impacts more detailed analysis will be carried out, including the cumulative impact across the council.
76. The development of equality analysis informs each stage of the budget process and work continues to update the analysis as further information becomes available throughout the cycle of planning and implementation.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

77. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
78. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
- Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster good relations between people who share protected characteristics and those who do not.
79. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.

80. Equality analysis is the mechanism by which the council considers these effects. The report sets out how it is proposed equality analysis will be undertaken in relation to the budget proposals.
81. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2016/17 to 2018/19 : Cabinet 15/09/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link: (Copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf		
Policy and Resources 2016/17 to 2018/19 : cabinet 08/12/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link: (Copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/b50006501/Supplemental%20Agenda%20No.%201%20Tuesday%2008-Dec-2015%2016.00%20Cabinet.pdf?T=9		
Policy and Resources 2016/17 to 2018/19 : cabinet 27/01/16	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 0207 525 0614
Link: (Copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/b50006581/Supplemental%20no.%202%20Wednesday%2027-Jan-2016%2016.00%20Cabinet.pdf?T=9		
Spending review and Autumn Statement 2015 Briefing – LGA	LGA website	Local Government Association
Link: (Copy and paste link into browser) http://www.local.gov.uk/documents/10180/6869714/On+the+Day+Briefing+SR+2015.pdf/fadcf449-c787-43c0-8648-1ccf403a9275		
Provisional 2016/17 LG settlement briefing – LGA	LGA website	Local Government Association
Link: (Copy and paste link into browser) http://www.local.gov.uk/documents/10180/11309/LGA+On+the+Day+Briefing++Provisional+Local+Government+Finance+Settlement++17+December+2015/6641bf96-a677-4870-8887-5ec0dc551a56		

APPENDICES

No.	Title
Appendix A	Indicative Resourcing for 2019-20 compared to 2018-19
Appendix B	Government Resourcing 2018-19 to 2019-20
Appendix C	Grant Funding
Appendix D	Education Funding

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Cabinet Member for Finance, Performance and Brexit		
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Rob Woollatt, Interim Departmental Finance Manager		
Version	Final		
Dated	30 August 2018		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments sought	Comments included	
Director of Law and Democracy	Yes	Yes	
Strategic Director of Finance and Governance	N/a	N/a	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team		7 September 2018	

APPENDIX A

Indicative Resourcing for 2019-20 compared to 2018-19

	2018-19 Agreed Budget £m	2019-20 Indicative £m	Change £m	
Retained Business Rates	164.617	156.155	-8.462	MHCLG settlement
Business rates top-up	-6.177	-6.362	-0.185	
Revenue Support grant	0	0	0	
Settlement Funding Assessment	158.440	149.793	-8.647	
Public Health Grant	27.469	26.744	-0.725	Specific Grants
New Homes Bonus	11.398	11.818	0.420	
Autumn statement measures grant	2.320	4.114	1.794	
Grant funding	41.187	42.676	1.489	
Improved Better Care Fund	8.088	13.259	5.441	
Supplementary Improved Better Care Fund	4.497	2.223	-2.274	
Improved Better Care Fund	12.584	15.752	3.168	Local Taxation
BRR growth	21.750	23.000	1.250	
BRR growth – indicative pool growth (£10.8m)	0	0	0	
BRR collection fund surplus	3.970	1.158	-2.812	
Council tax - baseline	98.543	105.432	6.888	
Council tax - change (2% 18-19; 0% 19-20)	2.947	0	-2.947	
Council tax - ASC precept (3% 18-19; 0% 19-20)	2.956	0	-2.956	
Council tax – long-term empty premium	0	0.400	0.400	
Council tax - surplus	5.663	1.596	-4.067	
Total revenue from local taxation	135.830	131.586	-4.244	
Resources	348.041	339.807	-8.234	
Known cost pressures/savings				
Pay award			-4.500	
Pay award – spinal point and low paid review			-1.500	
Contract Inflation			-3.950	
Debt financing			-3.809	
Base budget inflation provision			2.606	
Improved Better Care Fund commitments			-3.168	
Use of capital receipts to finance MRP			4.600	
Known cost pressures			-9.721	
Budget Gap			-17.955	

Note this gap would reduce by £3.2m should the council element of council tax be increased by 2.99%.

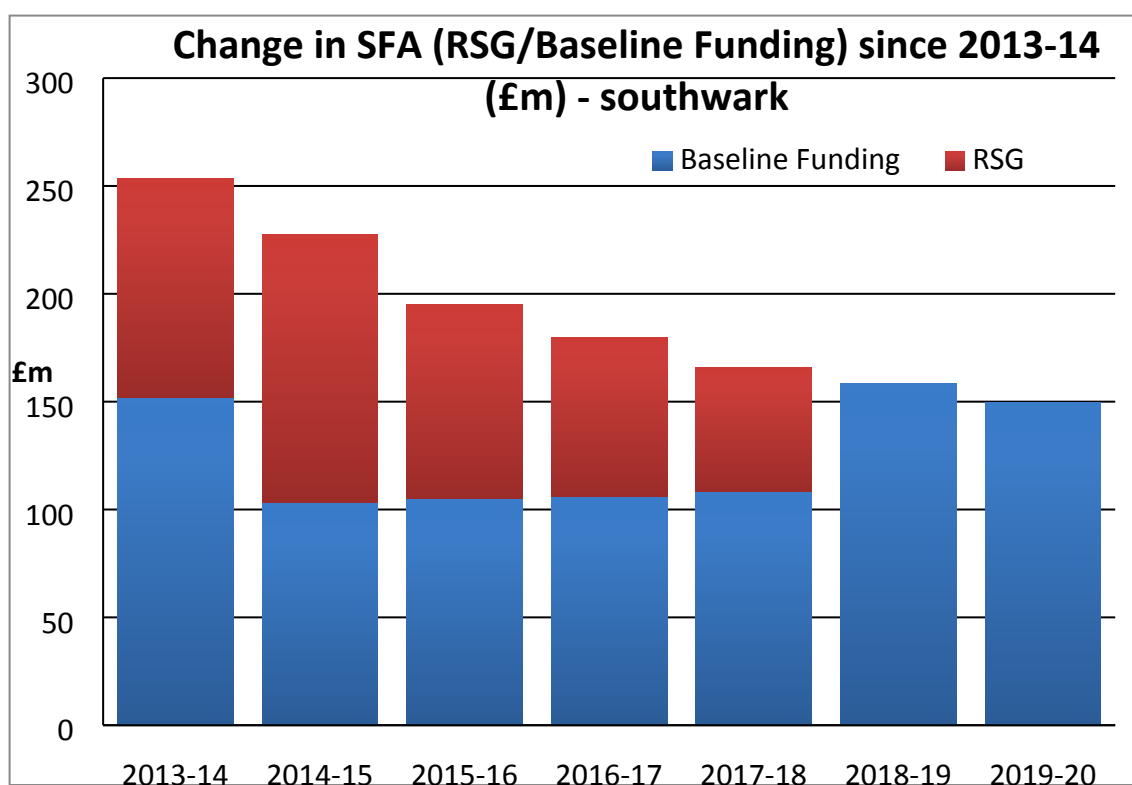
APPENDIX B

Government Resourcing 2018-19 to 2019-20

	2018-19 Budget £	2019-20 Indicative £	Change £
Retained Business Rates	164.617	156.155	-8.462
Business rates top-up	-6.177	-6.362	-0.185
Revenue Support grant	0	0	0
Settlement Funding Assessment (MHCLG)	158.440	149.793	-8.647

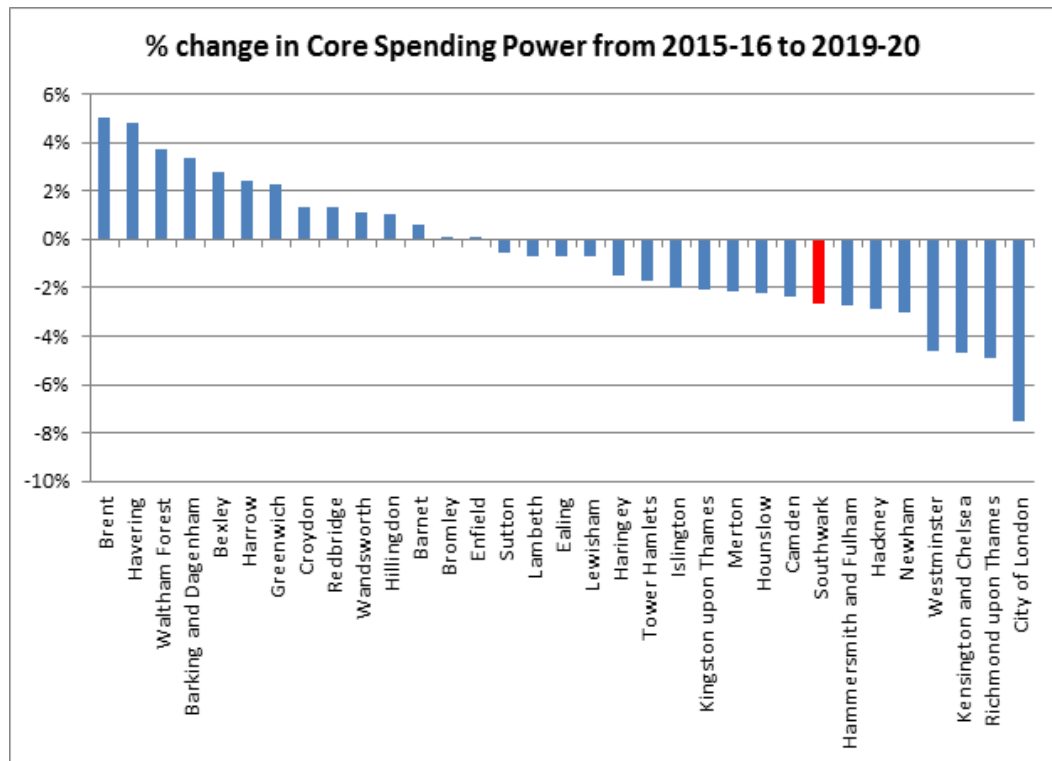
Settlement Funding Assessment

- B.1. The Settlement Funding Assessment (SFA) comprises the core funding sources for authorities defined as the Revenue Support Grant, retained business rates and business rate top up. The SFA is 5.5% lower than in 2018-19 (and 9.8% lower than 2017-18).
- B.2. Under the London Business Rates Pooling, the Pool retains 100% of the business rates collected in London but does not receive any Revenue Support Grant.
- B.3. As demonstrated in the chart below, the 2019-20 reduction in SFA follows previous year's reductions in resources. In addition, this chart demonstrates the change in balance of sources of funding for local authorities – increasing reliance on business rates over this period.



Change in Spending Power

- B.4. The Core Spending Power figures calculated by the MHCLG include the Settlement Funding Assessment, an assumed increase in council tax of 2.99%, in line with the referendum limit, take up of the adult social care precept (at 2%), and average growth in council tax base, the Improved Better Care Fund, New Homes Bonus, the 2017-18 Adult Social Care Support Grant, the new supplementary Improved Better Care fund and the ring-fenced Homelessness Prevention Grant.
- B.5. The MHCLG calculation does not include the impact of cost pressures such as pay and contract inflation, new regulation changes such as apprenticeship levy or revised business rates, significant demand pressures or cessation of the Education Services Grant (ESG) and reduction in Public Health grants.
- B.6. Southwark's reduction in core spending power between 2015-16 and 2019-20 is calculated as -2.7%. Southwark reduction in spending powers compared to the 33 London boroughs are set out below.



APPENDIX C

Grant Funding

	2018-19 Budget £m	2019-20 Indicative £m	Change £m
Public Health Grant	27.469	26.744	-0.725
New Homes Bonus	11.398	11.818	0.420
Autumn statement measures grant	2.320	4.114	1.794
Sub total	41.187	41.676	1.489
Improved Better Care Fund	12.584	15.752	3.168
Grant funding	53.761	57.428	3.657

Public Health Grant and Commissioning of 0-5 children's public health services

- C.1. The Chancellor's Autumn Statement in 2016 confirmed that local authority funding for public health would be reduced by an average of 3.9% in real terms per annum over the five years to 2020. This equates to a reduction in cash terms of 9.6% over the same period. In 2019-20, this grant reduction equates to an estimated £0.725m (to £26.744m) whilst cost pressures and demand for public health services continues to rise.

New Homes Bonus

- C.2. The New Homes Bonus (NHB) commenced in 2010-11. It is calculated on the amount of extra council tax revenue raised from new-build homes and long-term empty homes brought back into use. There is also payment for providing affordable homes. This was intended to release resources for local authorities to pay for the increased services resulting from the growth in dwellings.
- C.3. In 2017-18, there was a reduction in this grant (moving from being calculated on a six year basis to five years). From 2018-19 this reduces again to four years. The provisional figure announced in the DCLG settlement for Southwark in 2019-20 is £11.818m (this is a 12% reduction when compared to 2016-17). There could be variances between the indicative grant and the actual allocations and so further modelling will need to be undertaken to calculate NHB for 2019-20.

Autumn Statement Measures (Grant Section 31 Grant)

- C.4. There has been no announcement to date with regard to 2019-20 allocations of the autumn statement measures grant.
- C.5. In addition, this grant will need to be updated to reflect the new business rate relief funding referred to in paragraph above.

Improved Better Care Fund

- C.6. There is an overall increase in targeted government grant for Adult Social Care

of £3.168m. The ability for this money to be utilised to support council spend on Adult Social Care will be subject to the specific pooling arrangements for the Better Care Fund.

APPENDIX D

Education Funding

- D.1. After Academy Recoupment, the Total Dedicated Schools Grant (DSG) is £199m in 2018/19. The grant is split by the schools block (£127.7m); the high needs block (£41.2m), the central block (£1.7m) and the early years block (£28.6m). This is before block transfers where following the relevant approval £2.1m will transfer from the schools block to the high needs block (£1.99m) and to the central block £0.11m). The majority of Schools block is delegated to maintained schools through the funding formula with some £0.7m held back to fund growth and falling rolls. The central block funds services such as admissions and services previously funded through the Education Services Grant. In addition, funding of £3.9m is de-delegated from schools in agreement with Schools Forum to support central areas such as behaviour services and general duties (formerly funded by ESG) as well as areas supporting schools such as schools in financial difficulties, the intervention fund and the maternity scheme. The Council has had to fund the ESG transitional grant of £0.7m which ceased in 2018/19 and also provide support to School Improvement of £0.6m as it moves to being a fully traded service in the next two years.
- D.2. Academies and Free Schools are funded through the same formula however the ESFA recoup the funding from the DSG and fund these schools separately. Whilst central retentions are taken from academies and free schools DSG allocations, de-delegations are from maintained schools only. Therefore if any of these services provided to academies and free schools must be charged for these. In addition, for any growing free schools which are still filling up, these are funded on an estimates basis in the DSG rather than lagged funded with some growth funding as is the case for maintained schools and basic need academies. This funding for expanding free schools is an increasing cost pressure to the DSG together with general increases in business rates which must also be funded by the DSG.
- D.3. The National Funding Formula is being implemented over time in discussion with Schools Forum. This will be increasingly challenging for schools given that the cash settlement do not keep pace with costs pressures. There is also the additional issue within the borough that a number of schools are facing falling rolls. The numbers of schools moving into deficit is increasing.
- D.4. The majority of the Early Years Block funding is provided for 2, 3 and 4 year olds across maintained settings and the PVI under the Early Years Single Funding Formula on a participation basis. In 2019-20 it will be mandatory that funding rates based upon participation are uniform across all settings. Whilst there has been additional support for maintained nursery schools in the transition period the additional support in 2019-20 has yet to be confirmed. As with mainstream school settings falling rolls can have an impact upon the financial viability of settings and this will continue to be a challenge. Funding held back on this block has now been restricted to 5% in 2018-19 and this may be reduced further to 3% in 2019-20. Currently the central funding is used to support the early years team and the early help service, with the Council providing £0.2m of additional support in this area to make up with the reduction in central retention. A strategy will be needed to address the central funding reduction by a further 2% on the early years block in 2019-20 should any proposed change be implemented.

- D.5. Within the high needs block the majority of the funding is allocated special needs education for mainstream top ups, special schools, resource units, non maintained special schools and academies, independent provision, other local authorities and 16-25 provision. In addition funding is also provided for alternative provision, the pupil referral unit and the two hospital schools. The EFA recoup place funding for academies from the DSG and pay this directly to these schools. The current level of funding held back for services such as SEN transport, hearing and visual impairment, speech and language therapy, central costs and home tuition is £4m. Flowing from significant pressures on high needs in 2017-18, as reported in the July outturn report, the DSG is now in a deficit of £4.11m. The pressure is particularly acute in the 16-25 area which was transferred to local authorities with no additional funding and a consultation on this area has been delayed for some time. The national picture is that the high needs block is overspending across most local authorities.
- D.6. With cash increases limited in 2018-19 and transfers between blocks being increasingly restricted and also unlikely given a reduction in funding across settings, the pressures in the high needs block are such that the Council is working closely with Schools Forum to identify savings and efficiencies and this will also need to include centrally funded areas. Proposals are being developed and a recovery plan for the medium to longer term to bring the position back into balance is being drawn up.
- D.7. In this context of the ongoing pressures and issues identified in the blocks above, it is likely that savings will be needed from within the ring-fenced Dedicated Schools Grant in 2019-20 and further, that a review of expenditure currently charged to the DSG will take place as part of budget setting process in 2019-20. The movement towards more trading for school services will also continue to be the likely direction of travel with regard to school improvement and other services. In addition for SEND the model for funding the service will need to be sustainable given the reliance upon grants and one off support from the Council.
- D.8. Robust monitoring of the DSG budget and the recovery strategy is now incorporated within the budget recovery working in partnership with Schools Forum. The topic regarding the inadequacy of funding in this area is also being taken forward both locally and nationally with the relevant groups and bodies.

Item No. 13.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Land and Garages Opposite 58 - 72 Daniel's Road and 130 - 140 Tappesfield Road Nunhead	
Ward:		Nunhead and Queens Road	
Cabinet Member:		Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD – COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES

At the end of May this year, more than 11,800 families (comprising over 25,000 people) were recorded on Southwark's housing register in need of rehousing – behind these figures are stories of families living in overcrowded homes, delaying key life decisions due to extortionate housing costs, health problems linked to housing, children's educational attainment and younger people's ability to invest in themselves and their futures thwarted. In this context Southwark is resolved to maximise the overall social rented stock in our borough, including through pursuing an ambitious programme for building new council homes.

Later this Autumn, we will begin construction on nineteen new council homes on Daniel's Road scheme, as part of our long-term commitment to build 11,000 new council homes by 2043. Unlike in previous periods of council house building where large sites lent themselves to comprehensive estate development and (relatively) simpler approaches to land assembly, today most of our development sites involve the repurposing of existing housing land with a greater risk of historic property rights emerging that may frustrate the process. We owe it to residents on our waiting list and to neighbouring residents who have contributed positively to the design and associated landscaping of these new homes to mitigate any risk to the development, even where the risk is remote. Cabinet is therefore recommended to approve the appropriation of the highlighted land from housing to planning and back to housing, an administrative process that will enable construction of the approved scheme to proceed with confidence.

RECOMMENDATIONS

1. That cabinet confirms that the land shown edged red on the plan at Appendix A that is currently held for housing purposes is no longer required for those purposes and 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 sections 122(1) and 122(2A) of the Local Government Act 1972.
2. That cabinet confirms that following completion of the appropriation at paragraph 1 the land shown edged on the plan at Appendix A will no longer be required for planning purposes and approves the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and sections 122(1) and 122(2A) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. The land in question is shown edged red on the plan at Appendix A. It is owned freehold by the council. It comprises a twenty-eight lock up garages, a play area, vehicle parking area and open amenity land. This is a residential area with a mixture of housing styles. The council is the predominant property owner. The locality is rated 2 by Public Transport Access Level ratings (0 is the worst and 6 is the best).
4. On 25 February 2015 Council Assembly approved the current Council Plan. This sets out Fairer Future promises one of which is: *quality affordable homes*. Within this commitment is the policy to improve housing standards and build more homes of every kind. This promise restated previous policy to directly provide additional housing to meet the need for affordable housing within the Borough. At the last meeting of the cabinet, a report of the 'Southwark Conversation' was received. This noted 28% of respondents mentioned housing and a lack of social/Council tenure was a clear worry. The cabinet resolved the 'Southwark Conversation' is to shape an updated Council Plan and a Social Regeneration Framework.
5. In pursuit of the February 2016 approval cabinet has received a number of reports both before and after the Council Plan adoption to deliver new housing sites and the subject site was included in the Phase 2 report approved by cabinet on 22 October 2013. This report contained proposals for around 277 new council homes and followed an earlier report to directly deliver 290 new homes. These initiatives form part of the council's aspiration to provide 11,000 new homes by 2043.
6. On 27 April 2018 planning consent was granted for the redevelopment of the site to provide the following:
 - ❖ 5 x one bedroom flats
 - ❖ 6 x two bedroom flats
 - ❖ 3 x three bedroom flats
 - ❖ 5 x three bedroom houses
 - ❖ 5 space carpark
 - ❖ Amenity area
 - ❖ Reprovision of play area
7. All nineteen of the new housing units will be let at council rent levels.
8. The contract for the regeneration is currently being procured and it is intended for construction to commence later this year.

KEY ISSUES FOR CONSIDERATION

9. The redevelopment will result in the demolition of the existing lock up garages. It will also see houses built on the amenity land at the junction of Daniel's Road and Tappesfield Road but replacement amenity space will be provided to the Daniel's Road frontage. In addition, the play equipment will be removed, an improved play area provided and the car parking area will be developed but five new spaces will be reprovided. Overall, this will result in reduced off street parking capacity at this location. As part of the planning application a parking survey was commissioned that concluded the existing low levels of demand for on-street parking mean that any increase in vehicles in association with a

development of 19 units could be accommodated on the streets within the vicinity of the site.

10. The approved redevelopment is arranged in two sections; a terrace of five three storey houses at the south western end of the site where Daniel's Road meets Tappesfield Road and a three storey block of flats at the north east end (where the lock up garages now stand). In between the two is an electricity transformer station (not part of this report) an amenity area, new play area and parking spaces.
11. The approved scheme being three stories in height is higher than what is presently on site and as part of the planning process a report considering the daylighting and sunlighting implications to nearby dwellings was commissioned. This concluded: *the scheme demonstrates good levels of compliance with BRE guidelines with regard to daylight amenity and full compliance with the BRE guide in relation to sunlight amenity.*
12. The report notes there will be good (daylighting) and full (sunlighting) compliance with BRE guidelines. Notwithstanding this, it does record there will be some minor infringement of daylighting enjoyed by some neighbours. This will not be of a degree to have caused refusal of the scheme from a planning perspective but any infringement of daylighting no matter how minor poses a risk in being able to build the scheme because affected persons may apply to the court for an injunction to stop it proceeding. This may stop prospective builders from tendering for the construction contract or cause bids to be substantially inflated to reflect the risk of there being an application for an injunction. An application for an injunction will cause delay and uncertainty (even if unsuccessful) and may (if successful) frustrate the development scheme.
13. The determined planning application has taken into account daylighting and sunlighting issues. As part of the planning process around three hundred and fifty properties in the locality were directly consulted and ten (2.8%) objections were lodged. These objections covered a variety of issues including increased local parking problems, highway congestion, obstruction of views, loss of privacy, interference with existing amenity area, detriment to local property values and four respondents' objections mentioned reduced daylighting from the proposed development.
14. The existing site may also be used by some residents in the locality as a pedestrian cut through between Barset Road and Daniels Road. The risk therefore exists that one or more prescriptive rights of way may exist over the site. In general terms, a prescriptive right is one whereby someone other than the property owner gains use or ownership rights over the land by way of a period of use. Such rights are not required to be registered at the Land Registry so may only emerge when interfered with. This presents a potential risk to the proposed development as the holder of such a right may seek to enforce it by applying to the court for an injunction to halt the development that is interfering with the right.

Appropriations

15. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights including rights of light and prescriptive rights of way enjoyed over the land can be overridden. 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 will give the council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light or prescriptive right of way) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development (highly unlikely in this case) or result in perhaps significant unquantifiable costs.

16. The compensation persons affected by the loss of light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property with the infringed right. This compensation is based on the diminution in value of the affected property. If agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).
17. In this case it is recommended that the land be appropriated from housing purposes to planning purposes and thereafter back to housing purposes as to hold the land for planning purposes may cause adverse financial implications (see below).
18. The rationale for the appropriations of the land shown at Appendix A is set out at Appendix B and Cabinet is recommended to approve the appropriations.
19. The appropriation stages is summarised below:

Land currently held for housing

Appropriate from housing to planning	⇓	Third party rights infringed by development cannot be enforced by injunction
Appropriate from planning to housing	⇓	Construction of new housing can proceed

20. Cabinet has received a number of similar reports to enable direct delivery of housing schemes to proceed where the same strategy was recommended and approved.
21. Two parts of the site (the amenity area and the play area) shown shaded on the plan at Appendix A are (non-statutory) open space and before the Council can appropriate such land its intention to do so must be advertised by way of a public notice for two consecutive weeks in a local newspaper and it must consider any objections made as a result of the appropriation intention. Public notices advising of the intention to appropriate the shaded land appeared in the 16 and 23 August 2018 editions of the Southwark News and any objections received will be advised in a further Appendix C to this report.

Rationale for recommendations

22.

- a. To mitigate against the construction of new social housing being frustrated or delayed by injunctions
- b. To de-risk the construction project so as to encourage the maximum number of bidders and achieve a lower construction cost.
- c. Appropriation back to housing from planning purposes avoids any potential adverse accounting implications.
- d. Taking forward Fairer Future promise of *quality affordable homes*

Community impact statement

23. The existing Council Plan was the subject of extensive community consultation as is the emerging one (see paragraph 4) that gave rise to the Fairer Future promise of *quality affordable homes*. The recommendations herein will enable the construction of nineteen new homes to proceed. New homes will improve the quality of life for their residents. Four persons consulted as part of the planning process did however express concern about adverse daylighting impacts from the approved development scheme.

24. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to:

- a) eliminate discrimination;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

25. Relevant protected characteristics for the purposes of the Equality Act are:

- Age
- Civil partnership
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex and sexual orientation.

26. In carrying out appropriation the council must have due regard to the possible effects of such appropriation on any groups sharing a protected characteristic in order to discharge its public sector equality duty.
27. Based on the information available the council does not believe that there are any particular groups sharing a protected characteristic that will be adversely impacted by the proposals.

Financial implications

28. The construction of the new homes will have a significant cost and an approved budget exists for this. The budget will need to make provision for any compensation claims for diminution in value that may arise as a consequence of the construction of the new homes. The budget will be reviewed when the procurement process mentioned at paragraph 8 has been completed.
29. 29. Where land is appropriated from the housing revenue account to the general fund there is a transfer of debt between the accounts. When land is appropriated from general fund to the housing revenue account this debt transfer is reversed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

30. The report recommends the appropriation of council-owned land for planning purposes, and thereafter, the appropriation of that land for housing purposes.
31. A council holds land and 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 is no longer required for the purpose for which it is held immediately before the appropriation.
32. The land must already belong to the council. Paragraph 3 of the report confirms that the land to be appropriated is in the council's freehold ownership.
33. The land must be no longer required for the purpose for which it is currently held. The report confirms at paragraph 8 of Appendix B that the land is no longer required for housing purposes.
34. 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 246 of the Town and Country Planning Act 1990 ("TCPA 1990") defines such purposes as, inter alia, those for which can be acquired under ss226 or 227 of that Act. Section 227 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.
35. 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.” In the case of either s226 or s227 the acquiring authority must be satisfied that whatever development proposals it has for the land in question these are likely to “contribute to the achievement of any one or more of the following objects – (a) the promotion or improvement of the economic well-being of their area; (b) the promotion or improvement of the social well-being of their area; (c) the promotion or improvement of the environmental well-being of their area.” The council’s plan to build new homes on the land, of which all are council homes for rent, is capable of falling within all three categories.

36. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s237 TCPA.

S203 says :

“(1) A person may carry out building or maintenance work to which this subsection applies even if it involves

(a) interfering with a relevant right or interest...

(2) Subsection (1) applies to building or maintenance work where –

(a) there is planning consent for the building or maintenance work,

(b) the work is carried out on land that has at any time on or after the day on which this section comes into force

(i) become vested in or acquired by a specified authority or

(ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [*i.e. for purposes for which an authority can acquire land under ss226 and 227*]

(c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and

(d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b).”

37. What this means is that where land has been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss7 and 10 of the Compulsory Purchase Act 1965.

38. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the land has been appropriated and s203 triggered, that work will be authorised even where it interferes with third party rights.

39. Following the appropriation of the land for planning purposes it is recommended that the land is appropriated for housing purposes, as the land is to be used for

the provision of new housing. At that point the land will no longer be required for planning purposes and will be appropriated for housing purposes.

40. Section 122(2A) of the 1972 Act provides that where land to be appropriated pursuant to section 122(1) forms part of an open space, a council must advertise their intention to appropriate the land in a local newspaper for two weeks and consider any objections to the proposed appropriation. The report confirms that notices were published in Southwark News on 16 and 23 August.

Strategic Director of Finance and Governance

41. The Strategic Director of Finance and Governance notes the recommendation to appropriate land as described in order to facilitate regeneration and the building of new homes as reflected in the report. This land appropriation is proposed to occur in such a way that it will have a neutral financial impact. This scheme forms part of the council's new homes direct delivery programme and any associated costs will be contained within the Housing Investment Programme.

Strategic Director of Housing and Modernisation

42. This report ensures that the proposed development of the Daniels Road scheme can progress with the avoidance of legal challenge. The light issues from the scheme are minimal and the scheme meets planning policy approval. Extensive consultation with local residents, together with a commitment to make 50% of the new social rented homes available to local residents in housing need leads the way in which social housing can be developed in inner cities. The scheme is a contribution to the council's pledge to build 11,000 new homes by 2043.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Assembly report of 25 February 2015 adopting Council Plan	Southwark website	
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s52059/Report%20Council%20Plan%202014-18.pdf		
Cabinet report of 22 October 2013 Phase 2 direct delivery of new homes	Southwark website	
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s41478/Report%20Direct%20Housing%20Delivery%20Phase%202.pdf		
27 April 2018 planning determination and associated documents	Southwark website	
Link (please copy and paste into your browser): http://planbuild.southwark.gov.uk/documents/?casereference=16/AP/4003&system=DC		
24 July 2018 Cabinet agenda and minutes (item 14)	Southwark website	
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6125&Ver=4		

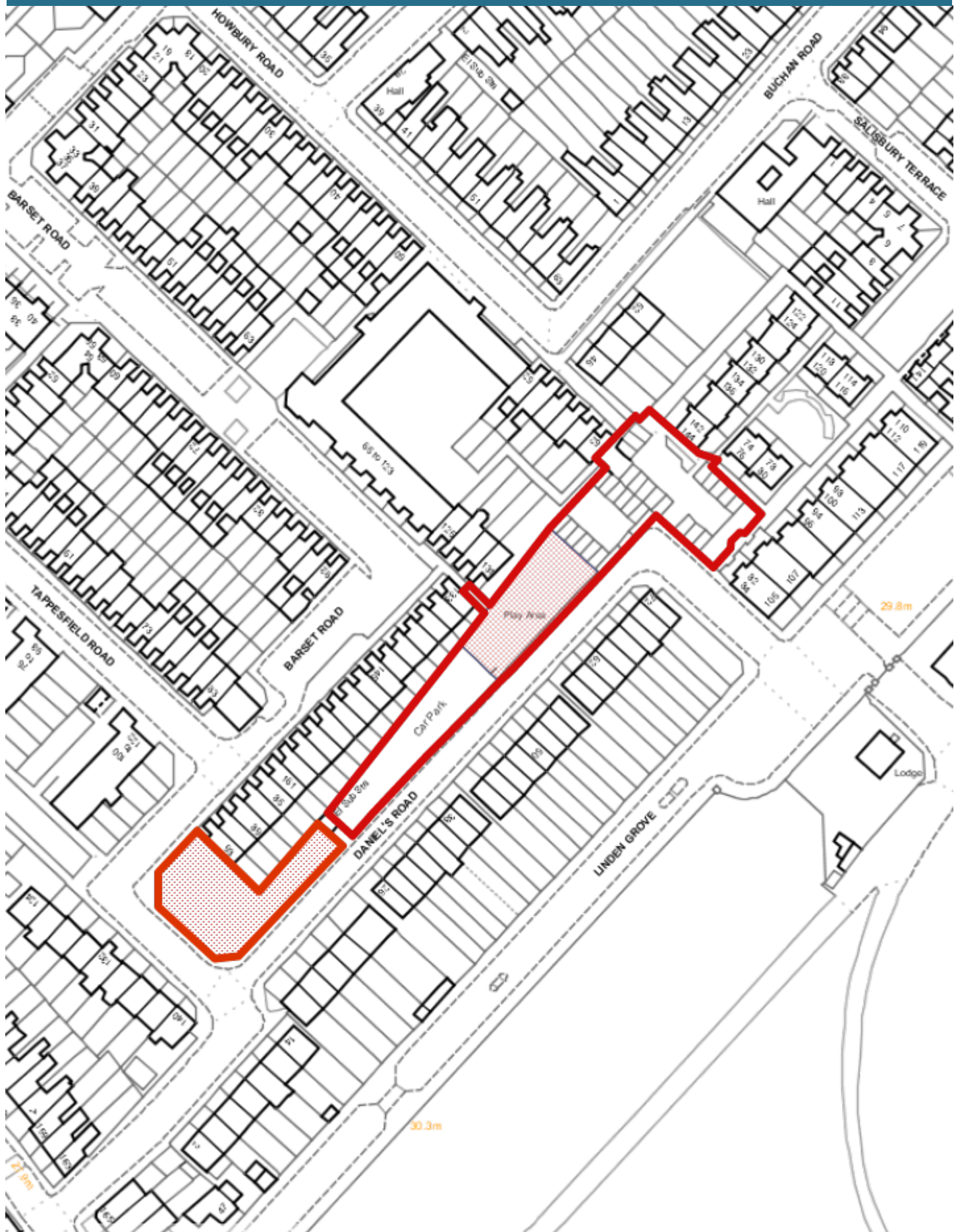
APPENDICES

Appendix	Title
Appendix A	Plan of land and garages at Daniel's Road Nunhead
Appendix B	Rationale for appropriations of the land
Appendix C	Any objections to notice of intention to appropriate

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes		
Lead Officer	Kevin Fenton, Strategic Director Place and Wellbeing		
Report Author	Patrick McGreal, Regeneration-North		
Version	Final		
Dated	30 August 2018		
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	
Strategic Director of Housing and Modernisation	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team		6 September 2018	

APPENDIX A: Land and garages at Daniel's Road Nunhead



50 m

Scale = 1250

31-Aug-2018

**LAND AND GARAGES OPPOSITE 58 - 72 DANIEL'S ROAD AND 130 - 140
TAPPEFIELD ROAD NUNHEAD**

Appropriation of the land (shown edged on the plan) at Appendix A for purposes set out in s226 of the Town and Country Planning Act 1990 and to purposes set out in section 9 of the Housing Act 1985

Background to appropriation

1. Under section 122(1) of the Local Government Act 1972 the Council may appropriate land for any purpose for which it is authorised to acquire land when the land is no longer required for the purposes for which it is held.
2. Under section 226(1)(a) and 227 of the Town and Country Planning Act 1990 the Council may acquire land if they think the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land. This includes development of the sort contemplated in the redevelopment of the subject garages. The power in section 226(1)(a) is subject to subsection (1A) of section 226. This provides that the acquiring authority must not exercise the power unless it considers the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of the area for which the acquiring authority has administrative responsibility. There are clear economic social and environmental and social benefits associated with the provision of new housing at the land and garages opposite 58 - 72 Daniel's Road and 130 - 140 Tappesfield Road Nunhead site namely providing people with quality accommodation that may result in better educational attainment and general well being, and employment opportunities from the construction works. Accordingly the Council may appropriate land for the purposes of the development proposals land that it already owns if that land is no longer required for the purposes for which it is held. The land shown on the plan at Appendix A is no longer required for its current purposes for the reasons set out below and is not needed in the public interest for those purposes. The land can therefore be appropriated from its current use. As the appropriation will facilitate the Daniel's Road new housing development proposals it may be appropriated for planning purposes.
3. Where land has been appropriated for planning purposes Section 203 of the Housing and Planning Act 2016 (power to override easements and other rights) applies such that 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 restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. The level of compensation for interference with rights or breach of restrictive covenant is assessed on the basis of the loss in value of the claimant's land as a consequence of the interference or breach of covenant. An important consequence of the operation of Section 203 is that a claimant cannot secure an injunction, to prevent the development from going ahead - as indicated above, their remedy is a claim for compensation.
4. Prior to developing land it is usual practice to make prudent enquiries of what rights might exist over the land, this will involve inspecting the land to see if there are any obvious rights and checking land ownership information. However, some rights may not be apparent from inspection and historic ones may not always be recorded at the Land Registry. The application of the power to override rights contained in s203 therefore mitigates this risk.

5. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land which in this case is the Council.

Rationale for appropriating the subject site to planning purposes

6. The existing garages site is under utilised in land use terms and the need for new housing at affordable rent levels greatly exceeds the existing use need. In pursuance of the adopted Council Plan and to address a need for new affordable housing, the site has been identified to be redeveloped for this purpose. Planning consent has been secured for the scheme outlined in paragraph 6 of the main report. Although it is extremely unlikely that there will be impact on the rights of light to nearby residents from the consented scheme appropriation will eliminate any risk of one or more of them applying to the court for an injunction. If an injunction is granted, the scheme will not be able to proceed. In any event, the risk of an application for an injunction is such that it will defer prospective builders from bidding to construct the new housing or result in a substantial risk contingency that undermines the viability of construction. In these circumstances it is appropriate to utilise the powers of section 203 to overcome this risk and enable the much needed new homes to be built.
7. As indicated above, the land is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission for new housing. When land has been appropriated for section 203 purposes it will continue to benefit from its over-riding provisions even when the land is no longer held for planning purposes.
8. The land shown edged red at Appendix A is no longer required to be held for housing purposes. As indicated above, the land is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission.

Rationale for appropriating the subject site back to housing purposes

9. Once the land is appropriated for planning purposes it should be appropriated back to housing purposes as this will be its ultimate usage and the cleansing effect of s203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the development.
10. Section 9 (1) (a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that following the s203 appropriation the land is in accordance with section 122(1) of the Local Government Act 1972 appropriated for purposes within section 9 (1) (a) of the Housing Act 1985.
11. The appropriation of the land whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the land will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

**LAND AND GARAGES OPPOSITE 58 - 72 DANIEL'S ROAD AND 130 - 140
TAPPESFIELD ROAD NUNHEAD**

Public notices advising of the intention to appropriate the shaded land on Appendix A appeared in the 16 and 23 August 2018 editions of the Southwark News. These notices invited representations in response to the intention to be submitted before noon on 14 September 2018. This Appendix details any representations lodged.

Representations received

None as on 6 September 2018 if any subsequently received they will be reported verbally to Cabinet.

Item No. 14.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Southwark School Design Guidelines	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Jasmine Ali, Children, Schools and Adult Care	

FOREWORD - COUNCILLOR JASMINE ALI, CABINET MEMBER FOR CHILDREN, SCHOOLS AND ADULT CARE

Our existing programme of school design and renovation clearly demonstrates our commitment to achieving great educational outcomes for all children and young people in Southwark. At the heart of the council's commitment to give every child the best start in life is a commitment that every child should attend and thrive at a great local school. You only have to look around the borough to see the wonderful examples of this including Albion, Phoenix, Charles Dickens, Robert Browning, Ivydale, the Belham, Bellenden, Cherry Garden, Keyworth and Grange. These are places where good teachers, great school leaders and committed support staff ensure that children leave school equipped with the skills, knowledge and well-being to fulfil their potential.

We also acknowledge that the buildings where our children learn and our staff teach influence the success of school life. Our schools should be warm, dry and safe but they should also provide indoor and outdoor spaces that enhance teaching, learning and play. They should be places where our children are inspired to learn and where teachers feel they have no barriers to delivering the very best education. For parents and the wider community they should be buildings to be proud of and which add to the quality of the local built environment.

We know from experience that school buildings do not need to be new and shiny to do these things. Well-maintained old buildings can be sources of huge interest and curiosity for our children and can be enhanced by internal improvements and external extensions. There is no perfect architecture for a school so instead our commitment is to making sure every school building is fit to deliver a 21st century education and to create environments where every child feels safe and secure to explore, develop and grow.

These school design guidelines set out our ambition for the entire Southwark school estate, for existing schools that may need maintenance, improvement or extension and for the next generation of schools that will be built in Southwark. These design principles are being set out now to particularly inform the consideration of school sites and expansions in close proximity to forthcoming large residential developments including Old Kent Road and Canada Water.

We're delighted to receive a lot of positive feedback during the consultation of these guidelines. We have incorporated ideas from school communities and professional architects on how our schools can avoid conflict in design when combining residential and educational developments. This will help us to better safeguard pupils and teachers in our schools as well as enabling us to take effective air quality

opportunities.

The conclusion of these guidelines coincides with the new design outputs specific to local authorities from the Education, Funding and Skills Agency. We are happy to see that the new guidelines are future proof as they of course meet the ESFA criteria.

The guidelines allow flexibility, not on ambition that every school building should be of the highest quality, but instead to recognise that every school and school community is unique. Our headteachers, teachers, children, parents, governors and local communities should feel they can set out their vision for their school and these guidelines rightly allow for us to respond to their knowledge and priorities.

RECOMMENDATION

1. That the final Southwark School Design Guidelines as set out in Appendix 1 to this report be approved for adoption as policy.

BACKGROUND INFORMATION

2. The cabinet has previously considered a draft version of the School Design Guidelines and agreed to undertake consultation with all Southwark Schools and a range of architects and professionals who have worked on council's schools programmes.
3. The consultation took place from May 2018 until August 2018.
4. All comments received were incorporated into the document. A summary of comments and changes made can be found as Appendix 2.
5. Southwark has one of the most ambitious capital investment programmes in the country. The population of Southwark is expected to rise by significantly in the next 10 years and this will attract investment in new and expanded schools, new homes and associated infrastructure.
6. A comprehensive set of Southwark New Homes Design Standards was adopted by the council in 2016. To ensure consistently good design in schools, a set of 'Southwark School Design Guidelines' have been developed and these are set out in the Appendix 1 to this report.
7. They take account of experience and expertise gained from the current school expansion programme across nursery, primary, secondary and special schools; and national expertise and best practice from leading specialists in architecture and education who have worked with the council.
8. The design guidelines are intended to be used by clients, architects and developers.
9. Iterations of the guidelines have been consulted on with design and construction professionals and with schools across Southwark. Comments have been incorporated into the final document wherever possible and appropriate.
10. As an inner city borough, Southwark is home to a diverse community with a broad spectrum of needs. The provision of high quality education to provide the 'best start in life' is fundamental to improving the opportunities for its citizens

and a key driver in social equality and community regeneration.

11. To encourage families to choose to live, work and learn in Southwark schools must be of the highest quality, adding value to the communities they serve. To help tackle poverty and crime, school buildings must be welcoming, safe and, above all, inspire learning. In order to attract and retain the most talented teachers, good quality teaching spaces and workplaces that are fit for purpose are essential.
12. The council believes that good school design and the internal and external environment are vital to support the high quality of teaching and learning in the schools in the borough. There should be no differential in the quality of the new school accommodation across the borough, accepting that each development will be influenced by specific site and planning constraints.
13. The School Design Guidelines therefore set out the standards that Southwark expect to see in all school development, from remodelling, extensions to existing schools and new build schools.
14. Notably, the Old Kent Road and Canada Water regeneration areas will attract investment in schools to respond to demographic growth. The Old Kent Road Area Action Plan alone includes plans to deliver, 20,000 new homes, new town centres and three new tube stations. The increase in population is expected to require the expansion of up to nine existing primary schools, and one new secondary school and two new primary schools. The School Design Guidelines will seek to maintain the high design quality delivered in the borough, so that the learners of Southwark have the best start in life and equal access to excellent learning spaces.
15. Southwark has invested heavily in schools over the last ten years and particularly over the last four years. The council has delivered the highest quality in school design and build possible and, as a result, there are some exceptional examples across the borough. Post occupancy feedback has indicated some very positive outcomes.
16. It is important to stress that good design does not need to cost more. Good design derives from a knowledgeable client in the council and the schools, be they local authority schools, academies, free schools or voluntary aided schools. Above all, good design is achieved by making the right choices in terms of sites and the internal and external areas and ensuring that scarce resources are invested wisely in sustainable buildings that are adaptable to future needs.
17. Understanding the school's role in the community is an important part of the briefing process to ensure that the design needs to respond to the aspirations of the school community and characteristics of the locality. .
18. The Southwark School Design Guidelines have been developed with a view to maintain standards of school design across Southwark, including taking account of the future need to build schools in high density environments, where compatible mixed use is often a necessary consideration.

KEY ISSUES FOR CONSIDERATION

Policy implications

19. In February 2015 council assembly approved the Council Plan 2014-18. This set out how the council sought to realise its Fairer Future for All vision. Ten fairer future promises and a set of themed commitments were also agreed. In 2016 the Council Plan was refreshed, recognising that the context in which the organisation operates in had changed since the adoption of the original plan, and that the council had made huge strides in delivering key commitments. The refreshed Council Plan was approved by council assembly in November 2016.
20. The Council Plan identifies a number of principles that underpin the Fairer Future for all vision and guides the promises and commitments that were agreed through the plan. A number of these are relevant to the adoption of the School Design Guidelines which are proposed in this report. Specifically, these are:
 - Promise 1 - Value for money: We will continue to keep council tax low by delivering value for money across all our high quality services
 - Promise 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 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.
21. From a policy perspective a key document is the New Southwark Plan, in particular policy "P23: Education places".
22. This policy is supportive of the development of school places to meet local needs where they provide shared sports, arts, leisure, cultural or community facilities. It also sets out high-level design requirements: "Development of school places must provide sufficient floor space for teaching, halls, dining, physical education, staff and administration activities, storage, toilets and personal care, kitchen facilities, circulation, plant and any non-school or support functions such as special needs facilities. Schools must receive adequate daylight and sunlight, provide high quality external areas that avoid sightlines from neighbouring homes, have good internal and external air quality and support safe travel by pupils."

23. Other policies in the New Southwark Plan also have a bearing on the design, including “P11: Design of places” and “P12: Design quality”. The School Design Guidelines will be provided as a guide for applicants as part of the pre-application process and used as a material consideration in decision making by planning committee.
24. The Old Kent Road AAP plans for new and expanded schools. Draft policy “AAP13: Best start in life” supports the co-location of schools with for example older peoples’ accommodation and other compatible development and states that “development of new and existing schools must:
 - Be in line with DfE Building Bulletin 103 standards and other published ESFA and Southwark guidance for good school design; and
 - Sit well within the context and respond to the specifics of the location; and
 - Be far enough away from main roads to protect children and young people from air pollution; and
 - Have a siting and orientation that allows the school to have architectural presence and make a positive contribution to the local environment; and
 - Have good sized pupil entrances that provide a sense of welcome and are located away from residential entrances and major traffic junctions; and
 - Consider safeguarding and privacy of residential homes and school facilities; and
 - Provide for flexible, well connected spaces with good light, air and a feeling of occasional height in internal teaching spaces; and
 - Provide high-quality external space specific to the learning and development needs of pupils attending the school, from EYFS right through to KS4; and
 - Ensure that indoor and outdoor facilities are available for community use.”

Community impact statement

25. The adoption of Southwark School Design Guidelines will benefit the community as it will ensure high quality design across the school estate, potentially those developments including residential and commercial developments mixed with schools.
26. The adoption of the School Design Guidelines will also benefit the wider community in ensuring equality of access to high quality teaching and learning spaces.

Resource implications

27. The adoption of this policy can be managed under existing resources.
28. A recent Education and Skills and Funding Agency target for efficiency savings has added further challenge to school building budgets. The council been asked

to produce an action plan with a view to achieving a government target of savings of up to 9% by 2023, as a condition for receiving future basic need grant for schools.

29. This is not without an element of conflict and challenge in terms of the council's commitment to good design and sustainable construction and government efforts to drive down costs, in a period of uncertainty in construction. Southwark is in a position to continue to build partnerships with developers and other partners to optimise the outcomes and value for money that can be achieved by combining grant for school places with other sources of funding. Officers will take this into account when briefing individual schemes and considering the most efficient means of utilising sites, procurement and construction, whilst maintaining the standards set out in the council's guidelines to produce school buildings that positively benefit teaching and learning.
30. There are no immediate legal or financial implications arising from this report.

Consultation

31. Schools across the borough and other professionals working on school design and planning have been consulted on the proposed on the development of these school design guidelines. All suggestions made in the consultation have been taken into account in the updated and recommended guidelines.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

32. The strategy for procurement is key to achieving good outcomes especially with regards to attaining the best value, design and construction. Each scheme should be developed with a procurement strategy that is specific to the scheme that takes account of best practice, market intelligence and lessons learned.
33. This requires a well written and researched educational brief, the appointment of a design team with a good mix of expertise, experience and innovation and ensuring that previous design and post occupancy feedback lessons have been applied.
34. The method of procurement will be driven by a variety of factors, including cost, programme and the current market conditions. It is important to remember that there is no 'one size fits all' model and a procurement route which best suits the project's requirements should be considered at an early stage. The selection of designers and contractors should be suited to the scale of the project, well balanced between cost and quality. It should be possible to evidence good value for money, with genuine open competition. Many school schemes will be part funded by the council and the ESFA and this process will need to be evidenced.
35. Attention should be given to developing an appropriate cost and quality evaluation methodology which contains project specific criteria supported by the necessary ensure that the brief and the evaluation criteria are clear from the outset with the necessary feasibility studies, and master planning and full surveys, to ensure that risk can be costed and realistically apportioned.
36. All surveys, designs and construction contracts should be warranted in favour of

third parties, including academies.

Director of Law and Democracy

37. The report seeks the approval of the Southwark School Design Guidelines. Cabinet has the power to take the decision set out in the recommendation.
38. All schools maintained by local authorities in England are subject to the School Premises (England) Regulations 2012, which imposes a requirement that facilities for securing the hygiene, health and welfare (among other matters) of pupils must be "suitable". Academies, free schools and independent schools are governed by the Education (Independent School Standards) (England) Regulations 2010, which outline minimum standards of premises and facilities.
39. The Localism Act 2011 empowers a local authority to do anything that an individual may do, subject to certain statutory limitations which might apply. Adopting these proposed guidelines could be said to be within the ambit of this wide-ranging power, and also incidental to the council's own functions concerning the maintenance of its own maintained schools and its duty to secure a sufficiency of schools in its area under section 14 Education Act 1996.
40. In undertaking any consultation, the council must adhere to the principles enshrined in *R (Moseley) v Haringey London Borough Council* (2014), namely that consultation must always (i) take place at a formative stage; (ii) give sufficient reasons to permit intelligent consideration and response; and (iii) give adequate time for a response. Further, the response to a consultation must be conscientiously taken into account by a decision-maker before finalising any proposal.
41. Section 149 Equality Act 2010 requires the council, in the exercise of all its functions, to have due regard to the need to
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
42. The duty is a continuing one.

Strategic Director of Finance and Governance

43. This report is requesting cabinet to agree the draft Southwark School Design Guidelines as set out in the appendix to this report to be approved for consultation before final approval by cabinet later in 2018.
44. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report. Future capital investment programmes in schools adopting the final approved Southwark Schools Design guidelines will need to be contained within the council's approved capital programme.

45. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark New Homes Design Standards	Chief Executive's Department 160 Tooley Street London SE1 2QH	Bruce Glockling 020 7525 0138
Web link: (copy and paste into your browser) http://moderngov.southwark.gov.uk/documents/s57900/Appendix%20%20Interim%20Southwark%20Housing%20Design%20Standards.pdf		
Southwark School Design Guidelines (draft for consultation March 2018)	Chief Executive's Department 160 Tooley Street London SE1 2QH	Bruce Glockling 020 7525 0138
Web link (see item 17): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5756&Ver=4		
Cabinet Report March 2018	Chief Executive's Department 160 Tooley Street London SE1 2QH	Bruce Glockling 020 7525 0138
Web link (see item 17): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5756&Ver=4		

APPENDICES

No.	Title
Appendix 1	School Design Guidelines Final September 2018 (circulated separately)
Appendix 2	Response to consultation (circulated separately)

AUDIT TRAIL

Cabinet Member	Councillor Jasmine Ali, Children, Schools and Adult Care	
Lead Officer	Bruce Glockling, Head of Regeneration	
Report Author	Rebecca Marsh, Project Manager, Regeneration	
Version	Final	
Dated	6 September 2018	
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
Interim Head of Procurement	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 September 2018

Item No. 15.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Local Government Declaration on the Reduction of Sugar and Healthier Food	
Ward(s) or groups affected:		All Southwark electoral wards	
Cabinet Member:		Councillor Evelyn Akoto, Community Safety and Public Health	

FOREWORD - COUNCILLOR EVELYN AKOTO, CABINET MEMBER FOR COMMUNITY SAFETY AND PUBLIC HEALTH

Southwark is vibrant, thriving borough. Alongside making Southwark a great place to live, work, visit and play, we are supporting our residents to lead healthy, active lives. Obesity rates in Southwark continue to be a challenge: 43% of 10-11year olds and almost 60% of adults are overweight or obese. Obesity is also a national and London priority. The recent release of Chapter 2 of the Childhood Obesity Plan and the London Mayor's announcement of the draft Food Strategy reinforces the importance of tackling unhealthy weight.

It is my intention to make tackling unhealthy weight everybody's business in Southwark. The Local Government Declaration on the Reduction of Sugar and Healthier Food offers an important opportunity for the Council to demonstrate and to spearhead a strong commitment to reduce sugar consumption – a major factor in obesity – and to promote healthier options.

In addition to all that we are already doing, I am keen that we tackle the 'upstream' factors: we know the obesogenic environment that we live in influences the decisions and choices we make. Excessive, and often hidden, sugar in our food and drinks, is making our communities unhealthy. It is for this reason that I am leading the Council in a collaborative, cross departmental manner, in the signing and implementation of the Declaration. In addition to reducing sugar and promoting healthier food offers, I will be promoting free drinking water, encouraging healthier advertising and sponsorship and leading health promotion campaigns on sugar and healthy eating.

I warmly welcome the Local Government Declaration on the Reduction of Sugar and Healthier Eating.

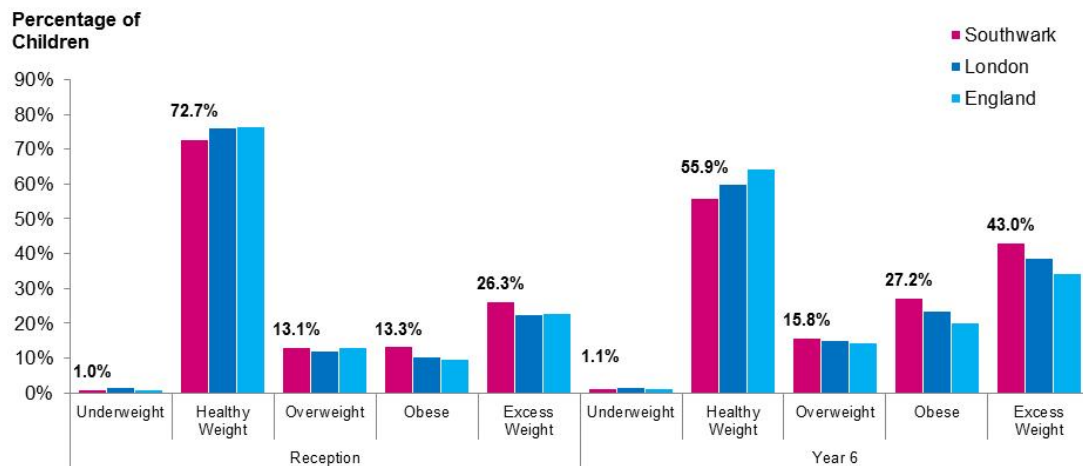
RECOMMENDATIONS

That the Cabinet:

1. Signs the Local Government Declaration on Sugar Reduction and Healthier Food.
2. Considers and agree the initial actions for the six key cross council areas.
3. Requests a progress report back in 12 months with a more developed action plan for each of the 6 areas.

BACKGROUND INFORMATION

4. Southwark has high levels of overweight and obesity, particularly among children and those from the most deprived parts of the borough.
5. The latest National Child Measurement Programme (NCMP) data show fewer than 3 in 10 children in Reception are overweight or obese (excess weight), yet by Year 6 this increases to more than 4 in 10 children. The increase in obesity between Reception and Year 6 is statistically significant. Furthermore, 58.8% of adults are classified as overweight or obese demonstrating the problem of excess weight persists beyond childhood.



6. The Health and Wellbeing Board convened a senior leadership group for obesity to oversee development of a new healthy weight strategy for the borough in May 2016 and agreed the new Southwark Healthy Weight Strategy – Everybody's Business – in July 2016. The strategy was informed by national and local learning and subject to external scrutiny and assurance.
7. The strategy is comprehensive, including elements of both prevention and treatment of overweight and obesity with actions across the whole life course including pregnant women, children and adults. The strategy also aims to influence the environment in which people live in order to make the healthy choices the easiest choices to make. Although the strategy takes a life-course approach it prioritises children and the early years.
8. It is well recognised that the overconsumption of energy-dense and calorific foods and drinks specifically that are high in fat, salt or sugar (HFSS) are a major contributor to the obesity epidemic. The availability and easy access to unhealthy foods enable this behaviour to persist and habits to develop.
9. As of 2016-17, just under 60% of Southwark adults met the recommended '5-a-day' on a usual day, and averaged 2.8 and 2.9 portions of fruits and vegetables daily. Similarly, at age 15 only 53% met the recommended '5-a-day' averaging just 2.6 portions of fruits and vegetables daily. Almost one third of primary and secondary school pupils in Southwark also reported having sweets, chocolates or non-diet fizzy drinks on most days, and 7% of primary school pupils reported having sweets or chocolate for breakfast.

10. Healthy eating is an essential part of the Healthy Weight Strategy and having a coordinated, whole-systems approach to healthy weight, and specifically tackling sugar intake, is a key opportunity for addressing obesity and disrupting the unhealthy food environment.

KEY ISSUES FOR CONSIDERATION

11. The Local Government Declaration on Sugar Reduction and Healthier Food was launched by Sustain in 2017. It aims 'to achieve a public commitment to improve the availability of healthier food and drinks and to reduce the availability and promotion of unhealthy options.'
12. The Declaration takes a whole-systems approach to enabling people to have healthier diets by encouraging local authorities to coordinate policies on the availability of healthy food and drinks. Signing up to the Declaration would:
 - Allow for continued support of existing initiatives with colleagues in Planning, Communications and Events on healthy eating while developing a stronger focus sugar reduction – sugar being a major factor in obesity
 - Help clarify the extent of, and opportunities for, advertising and sponsorship of healthy (rather than unhealthy) food and drinks
 - Improve the food offer for Southwark residents through better access to healthy foods and business, public and community sector offers
 - Highlight the impact of sugary drinks and support Southwark communities to reduce their consumption of fizzy drinks.
13. The formal commitment to coordinated actions across the whole system through the Local Government Declaration on Sugar Reduction and Healthier Food aligns and strengthens the actions in the Healthy Weight Strategy – Everybody's Business.
14. In signing the declaration, Southwark must commit to one action in each of the six key areas of sugar reduction and provide an annual progress report. Over the last three months, there was engagement and consultation with council colleagues to identify and scope potential actions to reduce sugar and promote healthy eating.

The following actions for each key area have been identified for implementation over the next 12 months.

15. Area 1 – Tackle advertising and sponsorship.

The 2018 Mayor's Draft London Food Strategy highlights that food advertisements, particularly for unhealthy food, are often unregulated and targeted at young people. Evidence shows that food preferences and behaviour can be influenced by marketing techniques and may be contributing to the childhood obesity epidemic.

Currently there is a lack of clarity in Southwark around advertising and sponsorship opportunities, limitations, relationships and geography. To be able to deliver healthy eating messages and promote corporate partnerships that align with the Council's priorities and existing strategies, the proposed action for Area 1 is:

Conduct an audit of corporate partnerships, sponsorship, marketing and advertising to determine opportunities to promote healthy eating and to develop and implement a new council policy on healthier sponsorship and advertising.

16. Area 2 – Improve the food commissioned or provided by the council and support the public and voluntary sectors to improve their food offer

As part of the Healthy Weight Strategy – Everybody's Business, the council works with partners to deliver a number of healthy eating initiatives across the borough including:

- A Nutrition and Dietetics Early Years Service in Southwark's Children's Centres;
- Free, healthy school meals for all primary school pupils;
- The UNICEF Baby Friendly Initiative accreditation for Health Visitors;
- A range of cook and eat classes in diverse settings.

Whilst these initiatives have demonstrated positive outcomes with our residents, more can be done specifically with contracts under the influence of the council with support from the public and voluntary sectors. Therefore the proposed action for Area 2 is:

To incorporate the Healthier Catering Commitment (HCC) and other accreditation for healthy food into new and renewed contracts wherever possible.

The HCC is a London-wide accreditation programme supporting businesses to implement small changes to offer a healthier food option for their customers. Currently all leisure centres and park cafes in the borough are contractually obligated to work towards meeting the standards required for the HCC. In addition to the HCC, Council businesses could also be supported into other recognized healthy eating accreditation programmes such as the Food For Life and Good Food Awards.

Businesses in areas of the borough with the high deprivation would be targeted first to ensure the greatest impact to our residents most in need of support to achieving healthy diets.

This commitment will be evaluated against the number of existing and newly accredited businesses signed up to the HCC, showing an increase in the presence of the HCC across Southwark.

17. Area 3 – Reduce the prominence of sugary drinks and actively promote free drinking water

In addition to encouraging residents to consume less sugar in their diets, of equal importance is promoting drinking water as a healthy alternative to sugary drinks. Due to the financial and environmental impact bottled water could have, water fountains offer a low cost and environmentally-friendly alternative. As a result the proposed action for Area 3 is:

Add new water fountains in the borough, gather feedback on usage and public perception, and explore more ambitious plans for borough-wide installation/rollout.

This action aligns with the council priorities: the Council Plan 2018-2022 commits to 'introduce water fountains throughout Southwark to reduce plastic bottles' as a means for creating a greener borough.

18. Area 4 – Support businesses and organisations to improve their food offer

Businesses play an important role in engaging with our residents, and act as key stakeholders in tackling unhealthy weight. Southwark is a vibrant place to live, work and visit, however sometimes the food offer can contribute to an obesogenic environment. Southwark is already leading the way in delivering healthy places through a range of initiatives, particularly through planning permissions. The New Southwark Plan (Proposed Submission version) incorporates several new policies including a provision to implement A5 takeaway exclusion zones within 400m of secondary schools. Given this existing work the first proposed action for Area 4 is:

Continue to restrict the proliferation of businesses selling food high in sugar, fat and salt through 400m exclusion zones around secondary schools

Already this policy has successfully limited the addition of new businesses contributing to the obesogenic environment, but there are many ways existing businesses can improve their food offer. Encouraging healthy diets particularly for our youngest residents is one way that businesses can contribute.

There is ample evidence to demonstrate that breast milk offers infants the best start to life, but there are many reasons why mothers do not continue breastfeeding for the first six months of life. Whilst women have the legal right to breastfeed anywhere in public, it is important that women also feel welcome. To achieve this, the second proposed action for Area 4 is:

Commission the Breastfeeding Welcome Scheme and support Council owned buildings to become Breastfeeding Welcome.

The Breastfeeding Welcome Scheme is an accreditation programme supporting local businesses and venues with the tools and resources to facilitate a breastfeeding-friendly environment for mothers outside of clinical settings. Formally recognising places as having an environment where mothers can feel welcome to breastfeed removes another barrier that prevents continued breastfeeding for the entire first six months of life.

The outcomes for this area will be measured by the continued presence and influence of a local 400m exclusion zone around secondary schools and the accreditation of all council-owned buildings and a range of local businesses as Breastfeeding Welcome.

19. Area 5 – Public events

Southwark is host to numerous events throughout the year celebrating the range and diversity of communities across the borough. Because food and drink is commonly available at these events, there is the potential to influence the vending offer to include options for healthy eating. The proposed action for this area is:

Set a policy requiring vendors supplying food and drink at events in Southwark to include an option of free or cheap water on their menus. Where alcohol is served, to promote the provision of free water as a condition of license.

By promoting water at Southwark events, vendors will be able to offer a healthy alternative to any sugary drinks without compromising an opportunity for additional sales. Adding this requirement allows vendors to continue providing their preferred food and beverage option whilst also making sugar-free options available.

This commitment will be evaluated on the inclusion of an additional policy for vendors to offer water within the Southwark Outdoor Events Policy.

20. Area 6 – Raise public awareness

In addition to tackling sugar in the places across the borough and in the food available, of equal importance is educating our residents on the impact excess sugar has on weight. Evidence indicates excess sugar has negative effects on weight and oral health, and it is essential this message is communicated strongly. To raise public awareness the proposed action for Area 6 is:

Raise awareness of the health harms associated with over consumption of sugary drinks through a targeted sugar reduction campaign.

Already Southwark has committed to sharing information about the health effects of excess sugar through the Fizz Free February campaign 2018. The campaign challenges residents to give up fizzy drinks for the entire month of February, whilst also delivers positive messages around the benefits to reducing sugar intake. This campaign offers residents a simple first step to healthy eating by helping to raise awareness of the health harms associated with excess sugar. Fizz Free February will be supported annually further communicating the health risks of sugar overconsumption and increasing public awareness.

The campaign offers information and health promotion resources and invites pledges from all residents and community groups across Southwark, however the primary target audience is young people as they have the highest risk in developing habits that facilitate unhealthy eating.

Policy implications

21. Southwark Council and the Southwark CCG have a statutory duty under the 2012 Health and Social Care Act to produce a health and wellbeing strategy for Southwark. The health and wellbeing board leads the progress of the strategy. The health and wellbeing strategy is underpinned by more detailed thematic strategies and action plans – of which the Healthy Weight Strategy is one.
22. The Local Government Declaration on the Reduction of Sugar and Healthier Food will strengthen the action plan of the Healthy Weight Strategy.
23. The council's formal commitment to taking action on sugar aligns with wider national and regional initiatives. The release of Chapter 2 of the Childhood Obesity Plan from central government introduces stronger actions to tackle unhealthy weight through advertising bans, reformulation of sugar and more, directly aligning with initiatives of the declaration.

24. Adopting the declaration also supports the council's Fairer Future Promise to help residents achieve healthy, active lives by working to reduce the availability of sugar across the borough.

Community impact statement

25. 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.
26. Communities and individuals experiencing greater disadvantage and deprivation have higher rates of overweight or obesity and less likely to access services to prevent or treat it. The actions identified within the declaration will prioritise the parts of the borough with the highest risk to excess weight or greatest need of support.

Resource implications

27. There are no specific financial implications contained within this report. Where the findings inform policy development and their implementation, their financial implications will be considered at the time these are brought forward.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

28. As stated, Southwark Council have a duty under the 2012 Health and Social Care Act to produce a health and wellbeing strategy. The sign up to the Local Government Declaration on Sugar Reduction and Healthier Food is an Executive decision.

Strategic Director of Finance and Governance (FC18/012)

29. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report.
30. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Joint Strategic Needs Assessment	160 Tooley Street London SE1 2QH	Public Health 020 7525 0280 jsna@southwark.gov.uk
Link: www.southwark.gov.uk/jsna		
Southwark Health & Wellbeing Strategy 2015-20	160 Tooley Street London SE1 2QH	Public Health 020 7525 0280
Link (please copy and paste into your browser): http://www.southwark.gov.uk/health-and-wellbeing/public-health/for-professionals?chapter=3		
Everybody's Business: Southwark's Healthy Weight Strategy	160 Tooley Street London SE1 2QH	Public Health 020 7525 0280
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s63091/Appendix%20%20Healthy%20Weight%20Strategy%202016%20-%202021.pdf		

APPENDICES

No.	Title
Appendix 1	Sustain briefing: Local Government Declaration on Sugar Reduction and Healthy Food

AUDIT TRAIL

Cabinet Member	Councillor Evelyn Akoto, Community Safety and Public Health		
Lead Officer	Kevin Fenton, Strategic Director of Place and Wellbeing		
Report Authors	Melinda Chau, Policy Officer Jin Lim, Consultant in Public Health		
Version	final		
Dated	5 September 2018		
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			5 September 2018

APPENDIX 1

Local Government Declaration on Sugar Reduction and Healthier Food Briefing



Introduction

The aim of the Local Government Declaration on Sugar Reduction and Healthier Food is to achieve a public commitment to improve the availability of healthier food and to reduce the availability and promotion of unhealthier alternatives. It should be endorsed by the elected leaders of London boroughs and relevant senior officers such as directors of public health.

To sign the declaration the local authority has to **commit to take at least six different actions across six key areas**. Action can include continuing support to existing initiatives as long as there is a commitment to new initiatives on some of the key areas. It can include areas controlled or influenced by the council. In addition, the local authority commits to report on progress annually.

From 2017 the declaration will feature as a measure in the [Good Food for London report](#).

What is the problem?

Overconsumption of foods high in sugar, fat and salt and sugary drinks is a major contributor to the health crisis. Unfortunately they are available at every corner, at every time of the day and night and strategically located near schools, in our high streets and in areas of higher deprivation. Consumption of unhealthy food is also actively promoted through advertising, sponsorship deals and price promotions.

The problems are even worse in London, where one in three children are overweight or obese by the time they start secondary school. If left unchanged, this situation will lead to serious health complications later in life, such as diabetes, heart disease and cancers. In total more than 3.8 million Londoners are overweight or obese.

The steps to sign the declaration in your council

- Step 1** Identify the priorities in your borough and define the scope of the declaration
- Step 2** Take the proposal to your champion (e.g. elected member or director of public health)
- Step 3** Internal consultation (e.g. corporate management team)
- Step 4** Identify the route the council will take to sign up (full council or cabinet)
- Step 5** Sign up and celebrate
- Step 6** Don't let the declaration gather dust (e.g. annual progress report)

The six key areas of action

- Area 1** Tackle advertising and sponsorship (e.g. advertising and sponsorship policies)
- Area 2** Improve the food controlled or influenced by the council and support the public and voluntary sectors to improve their food offer (e.g. catering standards, tackle promotions, junk food near tills and queuing areas, vending)
- Area 3** Reduce prominence of sugary drinks and actively promote free drinking water (e.g. promote water, voluntary sugar tax)
- Area 4** Support businesses and organisations to improve their food offer (e.g. planning, licensing, favourable treatment of healthy businesses, healthier catering awards)
- Area 5** Public events (e.g. healthy food at event stalls, welcoming breastfeeding)
- Area 6** Raise public awareness (e.g. local or national campaigns, local champions, healthy eating programmes, training)



More information and resources

Available at www.sustainweb.org/londonfoodlink/declaration

Contact: sofia@sustainweb.org

Item No. 16.	Classification: Open	Date: 18 September 2018	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 14 March 2018 agreed several motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motion referred to it. Any proposals in a motion are treated as a recommendation only. 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.
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	Virginia Wynn-Jones Constitutional Team 020 7525 7055
Link: http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=6173&Ver=4		

APPENDICES

Number	Title
Appendix 1	Stronger, safer, more resilient communities
Appendix 2	Corporate parenting in Southwark
Appendix 3	Rising crime in Surrey Docks
Appendix 4	Modern slavery
Appendix 5	Saving the RV1 bus
Appendix 6	Securing a Bricklayers Arms tube station
Appendix 7	Taking action on short term letting
Appendix 8	Jamaica Road gridlock

AUDIT TRAIL

Lead Officer	Chidilim Agada, Head of Constitutional Services		
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer		
Version	Final		
Dated	21 August 2018		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments sought	Comments included	
Strategic Director of Finance and Governance	No	No	
Director of Law and Democracy	No	No	
Strategic Director of Children’s and Adults’ Services	No	No	
Cabinet Member	No	No	
Date final report sent to Constitutional Team		21 August 2018	

APPENDIX 1

STRONGER, SAFER, MORE RESILIENT COMMUNITIES

1. Council assembly notes:
 - a. That Southwark's communities add great value to our borough, and make Southwark a place which we can all be proud of
 - b. That despite cuts from this Conservative government, Southwark Council continues to provide financial support to community groups, voluntary organisations and faith groups through the community capacity grants programme
 - c. The council's Voluntary and Community Sector Strategy which aims to deliver a thriving voluntary and community sector which meets the needs of our residents
 - d. The role played by faith groups in creating strong and resilient communities, and the development of a Faith Strategy which will be launched later this year
 - e. The zero-tolerance to hate crime approach taken by the council
 - f. That youth violence continues to be a problem in Southwark and across London
 - g. That the council is working with communities, the police, and other partners to tackle youth violence, violence against women and girls, and other issues which harm our communities
 - h. Southwark Labour's manifesto commitment to work with our communities to find local solutions that help young people stay away from knives and launch a Positive Futures Fund to support groups that provide inspiring opportunities for young people
2. Council assembly calls on cabinet to:
 - a. Build on the work done on the Women's Safety Charter and develop and deliver a Violence Against Women and Girls Strategy to tackle all forms of gender-based violence in our communities
 - b. Fulfil Labour's manifesto pledge and establish a Positive Futures Fund to empower communities to provide inspiring opportunities for young people which help them to stay away from knives and not become involved in youth violence
 - c. Continue to work with groups and partners in the community to tackle extremism and support those who may be at risk of radicalisation, recognising that the best solutions to these problems can often be found in the community
 - d. Continue to work with and for Southwark's communities to ensure that they are strong, safe and resilient.

APPENDIX 2

CORPORATE PARENTING IN SOUTHWARK

1. This motion seeks to build on the good work that Southwark is doing with children in our care and young people leaving care. Last year we received a good rating from Ofsted, secured innovation funding to enable young people in care to reconfigure our care leaving services, and waived council tax fees for all care leavers.
2. This year, in our forward plan, we have guaranteed an education placement or apprenticeship for all children and young people preparing to leave care.

Background

3. At the same time we have witnessed a national scrutiny spotlight being put on children's social care. The Children and Social Work Act 2017 has released updated statutory guidance to improve corporate parenting. This was followed by the launch of the Education Committee's scrutiny of foster care which was in turn swiftly followed by the release of government commissioned Foster Care in England Inquiry authored by Martin Narey and Mark Owers.
4. The government's response to the scrutiny reports has yet to be released – but we can anticipate a shift to improve services along the lines of permanence as opposed to fragmented responses to families requiring care services into adoption, SGOs and foster care.
5. At the same time the Local Government Association (LGA) and the Association of Directors of Children's Services (ADCS) have launched its Brighter Future campaign which has exposed a £2 billion deficit in children's social care. In Southwark we hosted the launch of a suite of reports entitled Care Crisis.

Individual councillors as corporate parents

6. The role that this council plays in looking after children is one of the most important things that we do. Just like all other local authorities, we have a unique responsibility to the children that we look after. It is in this context that local authorities are referred to as the 'corporate parent' of these children and young people, and the critical question that we should ask in adopting such an approach is 'would this be good enough for my child?'
 - a. Council assembly recognises that children in care are more likely to succeed in education or employment if someone is interested in their progress.
 - b. Council assembly will build on its strong ethos of corporate parenting by inviting all councillors to participate in this role, not only those on the Corporate Parenting Committee
 - c. Council assembly calls on cabinet to develop a scheme to engage councillors with looked after children, including monitoring their progress and encouraging written contact in the form of cards to acknowledge birthdays, faith festival dates and dates of exams, results of exams and education or job interview results

- d. Council assembly encourages councillors to volunteer to be a part of this initiative, recognising that this is a serious commitment to a potentially vulnerable child.

APPENDIX 3

RISING CRIME IN SURREY DOCKS

1. Council assembly recognises:
 - a. The dramatic rise in violent crime across London.
 - b. The spread of violent crime – especially knife crime – across most wards in Southwark Council.
 - c. That under a Labour administration, action has been taken by Southwark Council to tackle anti-social behaviour, and the number of arrests using CCTV footage has increased thanks to the work of the council's award-winning CCTV team.
 - d. That under the previous Liberal Democrat administration, CCTV coverage was cut and anti-social behaviour powers were not used most effectively.
2. Council assembly further recognises:
 - a. The reduction in police officers and community support officers across London thanks to the cuts imposed by this Conservative government and the previous Liberal Democrat/Conservative Coalition.
 - b. The reduction in police officers across Southwark from 957 to 706.5 officers, including 546 police constables since 2010.
 - c. The reduction in Safer Neighbourhood Teams for each ward from 6 members to 3.
3. Council assembly is aware that:
 - a. Tower Hamlets Council have hired additional police officers.
 - b. The Tower Hamlets scheme is still in at an early stage and the success of these arrangements is still to be determined.
 - c. Whilst the Mayor of London will provide a free officer for every officer that the council pays for, the cost to Tower Hamlets Council will be £3m per year once they have all the officers they have agreed to purchase in place.
 - d. That thanks to cuts from this Conservative government and the previous Liberal Democrat/Conservative coalition, the council's budget has been halved since 2010, and is continuing to reduce year on year.
4. Council assembly recommends that Southwark Council:
 - a. Investigate, alongside other options, hiring extra police officers to patrol Southwark's neighbourhoods.
 - b. Continue to work with the police and the Borough Commander to prevent, detect and respond to crime and anti-social behaviour in Southwark.
 - c. Consider installing extra streetlights and CCTV cameras in hotspot areas for violent crime.

APPENDIX 4

MODERN SLAVERY

1. Council assembly notes:
 - a. Though slavery was abolished in the UK in 1833, there are more slaves today than ever before in human history. Figures from the International Labour Organisation (ILO) suggest that there are more than 40 million people in modern slavery across the world, with nearly 25 million held in forced labour.
 - b. There were 3,805 victims of modern slavery identified in the UK in 2016. A rising number but still well below the 10,000 and 13,000 potential victims estimated by the Home Office.
 - c. Modern slavery is happening nationwide. Traffickers and slave masters use whatever means they have at their disposal to coerce, deceive and force individuals into a life of abuse, servitude and inhumane treatment. This can include sexual and criminal exploitation.
2. Council assembly believes:
 - a. That action needs to be taken to raise awareness of modern slavery and the fact that it is happening all over the UK.
 - b. That the current support for victims is not sufficient and needs to go beyond the 45 days they are currently given by the government.
 - c. That councils have an important role to play in ensuring their contracts and supplies don't contribute to modern day slavery and exploitation.
3. Council assembly calls on cabinet:
 - a. To adopt the Co-operative Party's Charter against modern slavery to ensure our procurement practices do not support slavery.
 - b. To consider the wider impact of modern slavery on the borough, and work to ensure that all forms of modern slavery are eliminated in Southwark.

APPENDIX 5

SAVING THE RV1 BUS

1. Council assembly notes:
 - a. The doubling of wait times for an RV1 bus.
 - b. The fact that there are now just three RV1 buses every hour.
 - c. The rushed decision to cut the service on 10 February 2018, publicised just 14 days before the changes went ahead.
 - d. The complete lack of consultation prior to the cut.
 - e. The complete reliance on data to make the decision.
 - f. The use of data addled by a year-long diversion at London Bridge station.
 - g. The cross party support for returning to the former timetable of the RV1 bus, including the commitment in the 2018 Southwark Labour manifesto to campaign to reinstate the frequency of the RV1 bus service.
2. Council assembly recognises that:
 - a. The RV1 bus provides a vital service to elderly residents, who made almost 60,000 journeys with bus passes and 45,000 with Freedom Elderly passes last year – even with the route on diversion.
 - b. The bus is heavily used by students, disabled residents, and commuters from Covent Garden, Waterloo, Blackfriars, Borough, London Bridge, and North Bermondsey.
 - c. The suggestion from TfL that residents use the Jubilee Line instead of the RV1 completely ignores issues of accessibility, affordability and overcrowding.
 - d. The RV1 is one of the only zero-emission routes in London, operated by a fleet of hydrogen-powered buses.
 - e. 1,000 Southwark and London residents signed a petition condemning the RV1 cuts and the failure to consult.
 - f. To this date there has still been no consultation with residents – despite a significant public petition.
 - g. There is cross-party opposition to the cuts, including from the leader of the council.
3. Council assembly further notes:
 - a. That the Deputy Mayor for Transport has agreed to review the service after six months (by 10 August 2018) following Mayoral Questions from London Assembly Members Caroline Pigeon and Florence Eshalomi.
 - b. That Labour London Assembly Member Florence Eshalomi has written to both the Mayor and TfL about the changes to the RV1 bus, and also discussed this with Heidi Alexander, the newly appointed Deputy Mayor for Transport.
4. Council assembly calls on cabinet to:
 - a. Continue to campaign for the RV1 bus to return to six services an hour.
 - b. Write to TfL opposing the cuts, requesting a full consultation, and formally asking for the RV1 bus to be restored to full service.
 - c. Encourage the Mayor and TfL to explore the suggestion to market the RV1 bus as a route serving multiple tourist attractions since the route passes dozens of London Southwark landmarks along the river.

5. Council assembly calls on TfL and the Mayor of London to:
 - a. Review the changes to the RV1 bus service after 6 months
 - b. Hold a consultation with residents on the full restoration of the RV1 bus service.
 - c. Introduce more zero-emission buses in Southwark to cut the high concentrations of air pollution in the borough.

APPENDIX 6

SECURING A BRICKLAYERS ARMS TUBE STATION

1. Council assembly recognises that:
 - a. The Bricklayers Arms site is ideal for a tube station.
 - b. There is strong cross-party support for the station in Southwark.
 - c. Close to 3,000 people have signed the petition for a Bricklayers Arms tube station.
 - d. The station has the support of local businesses and community groups – including the Tower Bridge Alliance, Bermondsey Street Area Partnership and Bricklayers Arms Tenants and Residents Association.
 - e. Before the last election, Southwark Labour's manifesto made a commitment to Campaign for three new tube stations on the Old Kent Road, including one at the Bricklayers Arms.
 - f. The leader and the cabinet member for growth, development and planning have written to the new Deputy Mayor for Transport, Heidi Alexander, to press the case for a tube station at the Bricklayers Arms, and have invited her to visit the site to see for herself the potential of the location.
 - g. That, following pressure from Southwark Council, TfL are undertaking a detailed cost-benefit analysis and design study that looks at the different options for the tube station at Bricklayers Arms.

2. Council assembly further recognises that:
 - a. A station between Elephant & Castle and Old Kent Road would bring tube access to thousands of people in Chaucer, North Walworth and West Bermondsey.
 - b. A station at Bricklayers Arms would also provide much-needed relief for the overcrowded Jubilee Line.
 - c. A station would also be a vital future-proofing measure, given the rapid expansion in population due to take place in the area – especially under the Old Kent Road Area Action Plan.
 - d. There is an historic divide between north and south London in tube access. Zone 1 in the north has 55 tube stops. In the south, we have 7.
 - e. Transport for London (TfL) is planning wide gaps between stations on the Bakerloo Line Extension (1.2 miles, comparing poorly with the 0.59 mile average on the rest of the line).
 - f. This would be an enormous missed opportunity to narrow the gap between north and south London.
 - g. A sparsity of stations on the extension will actually reinforce this gap – and the social and economic inequality that comes with it.
 - h. An additional station would be a landmark contribution to the reduction of inequality, bringing clear social, economic and environmental gains for the area.

3. Council assembly is clear that:
 - a. To secure an additional tube station at Bricklayers Arms a strong case has to be made to TfL and the Mayor of London on costs.
 - b. A station at Bricklayers Arms would increase passenger numbers and revenue for TfL, offsetting the immediate costs to TfL over the long-term.

- c. A station would also bring investment, business, and jobs to the area – that would in the long-term outweigh the upfront costs – but that little analysis has been conducted so far.
 - d. A station would reduce demand for cars, taxis and buses, reducing air pollution and cutting congestion. Nearby New Kent Road and Tower Bridge Road have some of the highest nitrogen dioxide levels in London. Last year, they averaged 71 and 91 $\mu\text{g.m}^{-3}$. The limit is 40.
 - e. Short-termist policy-making tends to lead to higher costs, lower quality, greater inconvenience and less coordination.
4. Council assembly calls on cabinet to:
- a. Maintain their commitment to make contributions through the Community Infrastructure Levy (CIL) toward the Bakerloo Line Extension.
 - b. Produce a detailed study working with the London Borough of Lewisham and TfL to look at funding options.
 - c. Investigate commissioning an independent analysis of TfL's findings and decision when announced in July.
 - d. Continue to lobby the Mayor of London, the Deputy Mayor for Transport, and TfL for a station at Bricklayers Arms, and launch a new 'Back the Bakerloo' campaign, working with the local community to demonstrate to TfL the widespread support for the Bricklayers Arms station.

APPENDIX 7

TAKING ACTION ON SHORT TERM LETTING

1. Council assembly recognises:
 - a. That national legislation has not caught up with the sharing economy.
 - b. That plenty of short-term let hosts are responsible and make a real effort to encourage their guests to be quiet, tidy and courteous.
 - c. That a sizeable minority of hosts do not make these efforts.
 - d. That some residents – both council and private tenants – are barred from hosting, yet do so anyway.
 - e. That Southwark Council has made it clear to council leaseholders that they are not allowed to host via home-sharing websites, but that some continue to do so.
 - f. that short term letting can lead to security risks, anti-social behaviour and noise nuisance, and other loss of amenity for our residents.
 - g. That some short-term lettings bear no relation to the idea of flat-sharing and are effectively hotels or hostels – sometimes run by owners who live away, sometimes overseas.
 - h. That the housing crisis in London is worsened by the proliferation of short term lets on council estates.
2. Council assembly finds it unacceptable that:
 - a. Some Airbnb-type hosts are sharing estate entry codes with guests.
 - b. Reports of anti-social behaviour related to short term lets have been made by residents across the borough.
 - c. That despite the hard work of Southwark Council, including writing to all leaseholders as outlined in (1), short-term lets have continued in Southwark council properties.
3. Council assembly agrees that:
 - a. Short term letting of council properties constitutes a breach of the lease covenants “not to use or suffer the flat to be used for any purpose other than as a private dwelling house” and “not to do or permit or suffer to be done any act or thing which may be or become a nuisance or annoyance to the Council or to the Lessees owners or occupiers of adjoining or neighbouring property.”
 - b. We applaud the leader of the council when he said: “We will take legal action where such cases come to our attention.”(2) and applaud the cabinet member for housing management and modernisation for her work on this issue, and recognise that Southwark was among the first local authorities to take this stance on short-term lets.
 - c. We look forward to that action, for the protection of our residents and visitors.
4. Council assembly calls on cabinet to:
 - a. Take action beyond merely writing standard form letters to every leaseholder and tenant.
 - b. Publicise the ban on Airbnb in council estates – on notice boards, at TRA meetings, with leaflet drops, and via digital channels (both council outlets

and community forums), and help to enable residents to feel empowered to combat the use of their communities as profit centres for pernicious landlords.

- c. Continue to notify leaseholders when short term lets have been identified in their properties and discourage them from letting on a short term basis.
- d. Continue to record and investigate all resident reports of unlicensed hosting.
- e. Publish quarterly reports on unlicensed hosting that state: how many reports the council has received, from where, what action has been taken, and what the next steps are.
- f. Make clear to leaseholders that they are accountable for the behaviour of their tenants.
- g. Take pro-active enforcement action against offenders and intervene early to prevent enforcement from being necessary where possible.
- h. Alert short term letting platforms of users who breach local authority rules.
- i. Continue to work with TMOs and TRAs across the borough to identify potential short term lets on estates.

(1) Southwark cracks down on short term holiday lets with warnings to local leaseholders: <http://www.southwark.gov.uk/news/2017/mar/southwark-cracks-down-on-short-term-holiday-lets-with-warnings-to-local-leaseholders>

(2) Homes not hotels: council to take action on Airbnb-style lets: <http://www.london-se1.co.uk/news/view/9324>

APPENDIX 8

JAMAICA ROAD GRIDLOCK

1. Council assembly notes:
 - a. The continued failure of Transport for London (TfL) to make any serious attempt to reduce congestion on Jamaica Road.
 - b. The fact that congestion on Jamaica Road is actually getting worse – with traffic up 19% this year.
 - c. Tailbacks along Jamaica Road that now begin before 3pm.
 - d. The likelihood that a tolled Silvertown Tunnel and Blackwall Tunnel will drive even more traffic to a toll-free Rotherhithe Tunnel – creating more backups along Jamaica Road.
 - e. That TfL has not introduced Variable Message Signs on Jamaica Road. There are roughly 3,000 of these across England – but not on one of its most congested roads.
 - f. That the cabinet member for environment, transport management and air quality has raised the issue of congestion on Jamaica Road with the new Deputy Mayor for Transport, Heidi Alexander.
2. Council assembly is aware that:
 - a. Congestion on Jamaica Road has left the area with some of the worst air pollution in London.
 - b. Nitrogen dioxide (NO₂) consistently sits above the legal limit (a maximum of 40µg/m³). Very often it reaches 60-70µg/m³. Around some stretches of the road it is 90-100µg/m³.
 - c. At the Abbey St junction NO₂ was 50% above the limit last year. At Rotherhithe Tunnel it was almost 150% over.
 - d. At St James' primary school near Jamaica Road last year, NO₂ was above the legal limit in every month but one.
3. Council assembly requests that cabinet call on TfL to:
 - a. Make the decongestion of Jamaica Road an urgent priority.
 - b. Set a timetable and targets for traffic reduction on Jamaica Road.
 - c. Following the grant of a Development Consent Order in May 2018 to build Silvertown Tunnel, urgently consider a rush-hour toll on Rotherhithe Tunnel.
 - d. Invest the revenue from a Rotherhithe Tunnel toll in better infrastructure on Jamaica Road and Lower Road to reduce congestion and pollution.
 - e. Consider introducing Variable Message Signs on roads leading to Rotherhithe Tunnel, warning drivers about queue lengths – or indeed alerting them when the tunnel is closed.
 - f. Make key changes to its plans for Cycle Superhighway 4 (CS4), removing the cycle crossing at West Lane junction, adding plans for Lower Road, extending the proposed route into Greenwich, and consulting on an option for one-way segregated lanes on both sides of Jamaica Road – similar to CS2 on Whitechapel Road – rather than merely consult on a two-way superhighway on the north side. If CS4 is to cut congestion, TfL needs to be more ambitious.
 - g. Introduce zero emission buses on the 1, 47, 188, 199, 225, 381, C10, P12, N1, N199 and N381 routes along Jamaica Road to reduce air pollution.

4. Council assembly calls on the Mayor of London to:
 - a. Reconsider the decision not to increase the number of carriages on the Jubilee Line.
5. Council assembly calls on cabinet to:
 - a. Work with TfL to continue to explore proposals to fund the Bermondsey-Rotherhithe Santander bike hire expansion.
 - b. Consider installing a PM2.5/PM10 (Particulate Matter pollution) automatic monitoring station on Jamaica Road, as a part of Labour's manifesto commitment to tackling poor air quality and air pollution.
 - c. Promote existing apps and website where residents can check air quality and pollution levels in real time.

Item No. 17.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Appointments to Outside Bodies 2018-19 – South Bank Business Improvement District (BID) Limited Board	
Ward(s) or groups affected:		N/a	
From:		Proper Constitutional Officer	

RECOMMENDATION

1. That the cabinet nominate Councillor Kieron Williams, cabinet member for job, skills and innovation and Councillor Victor Chamberlain (ward member) as the Southwark local authority observers on the South Bank Business Improvement District Limited Board for the 2018-19 municipal year.

BACKGROUND INFORMATION

2. Cabinet agreed nominations to outside bodies at its meeting held on 26 June 2018, however, nominations to the South Bank BID was not included in the report.

KEY ISSUES FOR CONSIDERATION

3. The South Bank BID Board consists of representatives of local organisations and employers within the South Bank area. The board represents the interests of over 160 organisations within the South Bank BID and aims to improve the quality of the area to make South Bank one of the prime areas in the country in which to do business.
4. The local authority representatives attend in an observer capacity.

Legal implications

5. Appointments to some outside bodies may carry risk both corporately and to the individuals appointed. Standards Committee at its meeting on 9 November 2011 approved 'Guidance to Members who serve on Outside Bodies' which is intended to help councillors understand their duties when appointed to outside bodies, and how to handle conflicts of interest that may arise. The guidance is available in the Library on the council website.

Community impact statement

6. The council is being invited to make nominations to the South Bank BID Board. The nominations process has no direct impact on the community.

Consultation

7. The political group whips have been consulted and their nominations are as set out in the report recommendation.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Everton Roberts, Principal Constitutional Officer		
Report Author	Paula Thornton, Constitutional Officer		
Version	Final		
Dated	6 September 2018		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Democracy		No	No
Strategic Director of Finance and Governance		No	No
Date final report sent to Constitutional Team			6 September 2018

Item No. 18.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Disposal of council's freehold interest at Devonshire Grove to rear of 745-775 Old Kent Road SE15	
Ward(s) or groups affected:		Old Kent Road	
Cabinet Member:		Councillor Victoria Mills, Finance , Performance and Brexit	

FOREWORD BY COUNCILLOR VICTORIA MILLS CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT

This report recommends the sale of the council's interest at Devonshire Grove to the rear of 747-775 Old Kent Road. The land was acquired to provide a new access road to the Waste Transfer Station. It has been used as open storage and is currently in temporary use for parking and as a temporary traveller site, enabling essential works to be carried out to the councils Ilderton Road traveller site.

The sale of the land will pave the way for a redevelopment that provides much needed new homes and which will generate around 270 full time jobs.

To ensure compliance with council planning policy the council will require the developer to provide 35% affordable housing. The mix of affordable units will be required to be planning policy compliant. The freehold of the site will not be transferred until the policy compliant scheme has been implemented. A covenant will be placed on the site to bind successors in title to the affordable housing requirement.

If the council were to seek to develop its land in isolation, the road could not be moved, there would be fewer homes built across both sites and less ground floor employment space.

The sale of the freehold will only proceed with vacant possession - once works have completed on the Ilderton Road travellers site and residents can return – and once planning permission is consented.

The planned uses will generate business rates and council tax that will help the council mitigate the loss of government funding and the capital will contribute to the council's capital programme.

RECOMMENDATIONS

That the Cabinet agrees to (all in accordance with the terms set out in the closed cabinet report):

1. Sell its Freehold interest in land at Devonshire Grove to the rear of 747-775 Old Kent Road (as shown outlined in black in Appendix 1) to the adjoining owner Barkwest Ltd for a mixed use scheme of commercial on the ground floor and residential development above subject to planning permission being obtained;
2. That the Cabinet authorise the director of regeneration to negotiate the sale and development agreement with Barkwest Ltd and place a covenant on the site

which binds successors in title to an affordable housing requirement.

BACKGROUND INFORMATION

3. The council is the freeholder of land at Devonshire Grove to the rear of 747-775 Old Kent Road SE15. It was acquired as part of a site to provide a new access road to the Waste Transfer Station development.
4. The land has been used as open storage and is currently in temporary use for parking and as a temporary traveller site, enabling essential works to be carried out to the councils Ilderton Road traveller site.
5. There are proposals for the extension to the Bakerloo Line down the Old Kent Road and the Old Kent Road Draft Area Action Plan has been published and is being consulted upon. The Draft AAP encourages mixed use development with tall residential buildings along the Old Kent Road in this location
6. Pre application discussions with the council's planning department are at an advanced stage and it is anticipated that a application for a mixed use development including retail, office/light industrial and between 400-450 units of residential accommodation will be made on the site before the end of this year. In all, it is estimated that the scheme would generate around 270 full time jobs.
7. The land is currently used as open storage with a temporary use as a traveller site. It 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 Barkwest Ltd's property advisors and the council's Property officers and its advisors Montague Evans regarding the sale of the council's freehold interest in the land. The council is advised that it has obtained best consideration with the terms agreed with Barkwest Ltd
10. A planning overage has been agreed so that if a higher density is achieved than that currently indicated in pre-planning discussions with the councils planning department then the uplift in value is shared.
11. If Barkwest Ltd were to sell on the site for a larger sum than has been agreed then the council would benefit from an overage payment reflecting this. If the council were to seek to develop its land in isolation, the road could not be moved and a larger comprehensive development would not take place. There would be fewer homes built across both sites, less ground floor employment space and the land values would be reduced.
12. The requirement for the delivery of 35% affordable homes is a requirement of planning policy however developers often make a viability case that this figure is not justifiable. To ensure compliance with council planning policy the council will require the developer in the development agreement to provide 35% affordable housing. The mix of affordable units will be required to be planning policy compliant. As proposed, the scheme will be required to deliver 70% of the

affordable units as social rented and 30% as intermediate. The freehold of the site will not be transferred until the policy compliant scheme has been implemented. A covenant will be placed on the site to bind successors in title to the affordable housing requirement.

13. If planning permission for the proposed scheme is not consented then the sale of the freehold does not proceed. The council's site can be developed in isolation however a comprehensive scheme across both ownerships deliver more homes and therefore greater value.
14. Part of the proposal will require the moving of the current road through the site from the Waste Transfer Station to the Old Kent Road. This is likely to be across to the west of the site with a new junction and this is the subject of discussions with TFL.

Policy implications

15. The disposal of the council's interest will generate a capital receipt that can be used by the council to further its key strategic objectives.
16. Redevelopment of an early site on the Old Kent Road Opportunity Area will assist in the council's objectives as expressed in the Old Kent Road Draft Area Action Plan.
17. The ability to impose restrictions on the land title to ensure that planning requirements on the provision of social rented housing within the affordable homes will mean greater certainty that the council's policies are implemented.

Community impact statement

18. The impact of the revised residential led development on the local community will be slight but positive. The current use of the site is only temporary and its redevelopment will improve the visual amenity of the area and provide much needed private and affordable housing as well as commercial space on the ground floor.
19. Officers have given due regard to the councils public sector equality duty in the sale of the freehold interest and do not believe that there are any PSED implications arising from the proposed sale and redevelopment.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

20. 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.
21. 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.

22. Paragraph 9 of the report confirms that the developer will pay a consideration to reflect the value of the council's interest and that it is confirmed that this will represent best consideration.
23. 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 and the area was designated a Housing Zone by the GLA in February 2015. 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.
24. 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. 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. The covenant is proposed in recommendation 2 and referenced in para 12.

Strategic Director of Finance and Governance (FC18/011)

25. The report is requesting cabinet to agree to sell the council's freehold interest in land at Devonshire Grove to the rear of 747-775 Old Kent Road (as shown outlined in black in Appendix 1) to the adjoining owner Barkwest Ltd for a mixed use scheme of commercial on the ground floor and residential development above subject to planning permission being obtained.
26. The report is also requesting cabinet to authorise the Director of Regeneration to negotiate the terms of the sale agreement and subsequent development agreement with Barkwest Ltd. Terms of the agreement and the financial implications are detailed in the closed version of the report.
27. The Strategic Director of Finance and Governance notes the Director of Regeneration 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.
28. The capital receipts generated from the proposed arrangement will be recycled into the council's capital receipts funds in financing council priorities.

BACKGROUND DOCUMENTS

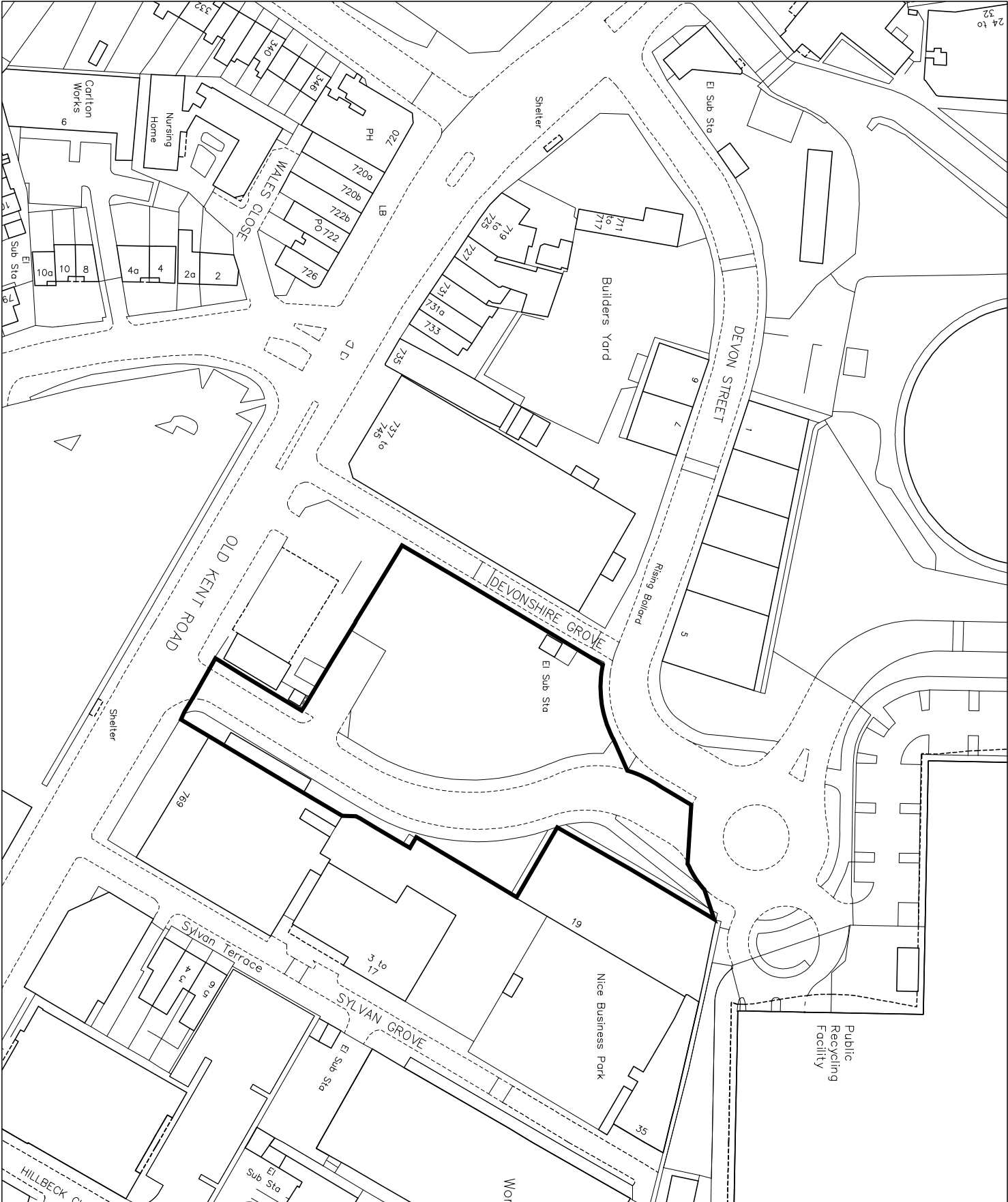
Background Papers	Held At	Contact
None.		

APPENDICES

No	Title
Appendix 1	Site plan showing the council's freehold outlined in black

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Finance, Performance and Brexit		
Lead Officer	Kevin Fenton, Director of Place and Wellbeing		
Report Author	Marcus Mayne,Principal Surveyor		
Version	Final		
Dated	7 September 2018		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Strategic Director of Finance and Governance		Yes	Yes
Director of Law and Democracy		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			7 September 2018



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TITLE.

Land at Old Kent Road.

DRAWING NO.
LBS_3556(Layout1)

DRAWN BY.
MJMANKTELOW
Property Division

DATE.
5/9/2018

Original Scale - 1:1250
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Item No. 19.	Classification: Open	Date: 18 September 2018	Meeting Name: Cabinet
Report title:		Proposed Acquisition of Freehold Interest in land in the Old Kent Road opportunity area	
Ward(s) or groups affected:		Old Kent Road	
Cabinet Member:		Councillor Victoria Mills, Cabinet Member for Finance, Performance & Brexit	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE & BREXIT

An opportunity has arisen to purchase three sites in the Old Kent Road area. In the context of the opportunity area, the Council has looked for opportunities to both strengthen its asset base and the incomes derived from it but also to secure assets which provide longer term regeneration potential. This includes their potential to provide new homes, school places, leisure and green space and workspace.

The council's property portfolio provides a vital source of income which supports our highly valued public services in this period of decreasing government funding. In the last financial year, this income was in excess of £13.5 million, contributing to both the housing revenue account and the general fund.

Having considered the income stream and yield as well as longer term potential to contribute towards the regeneration of the Old Kent Road opportunity area, including our commitments set out in the Old Kent Road Area Action Plan to deliver additional school places, green space and leisure and community facilities, I am recommending that cabinet approves the acquisition.

RECOMMENDATIONS

- 1 That cabinet approve the acquisition of the freehold interests in three sites in the Old Kent Road opportunity area, subject to completing due diligence and the agreement of Final Heads of Terms.
- 2 That cabinet delegate to the strategic director of place and wellbeing, advised by and in consultation with the strategic director of finance and governance and head of property, authority to:
 - a) Note the outcome of the due diligence process and proceed with the acquisition, provided that the findings do not undermine the purpose of the acquisition.
 - b) Negotiate terms and enter into binding contracts for the purchase of the freehold interests in the proposed acquisition land and thereafter to complete the purchase;
 - c) Agree the financing structure adopted to fund the acquisition of the assets.

BACKGROUND INFORMATION

- 3 Rent from commercial property assets is a crucial funding source for council services. The council's five year Asset Management Plan, agreed in December 2016, provides a framework for the management of the council's commercial properties. Commercial property assets generated in excess of £11 million in 2016/17, with approximately 65% of this income benefiting the Housing Revenue Account and the remainder being received into the General Fund.
- 4 In some cases the council's freehold ownership provides strategic, regeneration and new homes opportunities where it is viable to do so. In December 2017 the council published the revised draft area action plan for the Old Kent Road which sets out an ambitious vision for regeneration over a period of 20 years or so. The plan envisages growth of around 20,000 new homes and a significant uplift in jobs. In the context of the opportunity area, officers have looked for opportunities to both strengthen the asset base and incomes derived from it and also secure assets which provide longer term regeneration potential. This includes their potential to provide new homes, school places and workspace.

KEY ISSUES FOR CONSIDERATION

- 5 An opportunity has been identified to acquire three sites in the Old Kent Road opportunity area, the acquisition of which will result in the benefit improvement and development of the area.

Sale process

- 6 The council has approached the vendors "off-market". Notwithstanding the fact that the sites have not been actively marketed, officers are aware of at least two other potential purchasers looking to assemble the land. Provisional offers have been submitted on behalf of the council but conditional upon the formal consent of the council's cabinet. Offers on two of the sites have been accepted. The council is awaiting a response to its offer on the third site. The offers have been made on the basis of the income that the sites currently produce and longer term redevelopment opportunities.

Rationale for investment

- 7 The rationale for the council to invest is as follows:
 - An established income stream;
 - A reasonable yield;
 - Opportunities for longer term redevelopment for a mix of uses including opportunities for a new school, new homes and employment, in accordance with the emerging area action plan for the Old Kent Road opportunity area.
- 8 As with any investment there is risk. However the interest from developers in obtaining sites in the Old Kent Road opportunity area following the announcement of the Bakerloo Line extension is driving land values upwards. In acquiring this land there is future investment and strategic potential in an attractive and regenerating location, in the Old Kent Road opportunity area.

Community impact statement

- 9 In preparing the Old Kent Road area action plan (AAP), the council has completed an equalities analysis for the Old Kent Road opportunity area. Any reuse or redevelopment of the proposed acquisition land will occur in the context of the emerging framework for the Old Kent Road and will need to comply with policies in the AAP. In formulating the recommendations of this report the potential impact on the community has been taken into account, including people identified as having protected characteristics. No specific equality implications have been identified in relation to this report.

Financial Implications

- 10 See closed report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

- 11 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 120 of the Local Government Act 1972 is a pre-commencement statute which imposes limitations.
- 12 Section 120 (1) of the Local Government Act 1972 (The Act”) enables a principal council to acquire by agreement any land, whether situated inside or outside their area , for the purposes of:-
- (a) any of their functions under that or any other enactment, or
 - (b) the benefit, improvement or development of their area.
- 13 The report indicates in paragraph 5 that the acquisitions will result in the benefit, improvement and development of the area.
- 14 Section 120 (2) of the Act states that a principal council may acquire by agreement any land for any purpose for which they are authorised by that or any other enactment to acquire land, notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired any land acquired under that subsection may be used for the purpose of any of the council's functions.

Strategic Director of Finance and Governance

- 15 See closed report.

BACKGROUND DOCUMENTS

Background paper	Held at	Contact
Asset Management Plan for the Commercial Property Estate	160 Tooley Street	
Link: Copy and paste into your browser:		
http://moderngov.southwark.gov.uk/documents/s65510/Report%20Asset%20Management%20Plan%20for%20the%20Commercial%20Property%20Estate.pdf		
Draft Old Kent Road area action plan	160 Tooley Street	
Link: Copy and paste into your browser:		
http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/area-action-plans?chapter=2		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Cabinet Member for Finance, Performance & Brexit		
Lead Officer	Professor Kevin Fenton, Strategic Director of Place and Wellbeing		
Report Author	Tim Cutts, Senior Regeneration Manager, Regeneration Old Kent Road		
Version	Final		
Dated	7 September 2018		
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 September 2018

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