

Cabinet

Tuesday 5 February 2019

4.00 pm

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

Membership

Councillor Peter John OBE (Chair)
Councillor Rebecca Lury

Councillor Evelyn Akoto
Councillor Jasmine Ali
Councillor Stephanie Cryan
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
Community Safety and Public Health
Children, Schools and Adult Care
Housing Management and Modernisation
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

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Contact

Paula Thornton 020 7525 4395 or email: paula.thornton@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 28 January 2019



Cabinet

Tuesday 5 February 2019
4.00 pm

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

Order of Business

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

MOBILE PHONES

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

1. APOLOGIES

To receive any apologies for absence.

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

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

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

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

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any interests and 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 a public question is midnight Wednesday 30 January 2019.	
6.	MINUTES	1 - 23
	To approve as a correct record the minutes of the open section of the meeting held on 22 January 2019.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of a deputation request is midnight Wednesday 30 January 2019.	
8.	GATEWAY 0 - STRATEGIC OPTIONS ASSESSMENT FOR 2020 - PARKING AND TRAFFIC ENFORCEMENT AND RELATED SERVICES OPTIONS AND CONTRACT PROCUREMENT STRATEGY	24 - 38
	To approve the recommended strategic delivery option to bring essential services under the direct control of the council's parking services team.	
9.	POLICY AND RESOURCES STRATEGY: CAPITAL MONITORING REPORT, INCLUDING CAPITAL PROGRAMME UPDATE 2018-19	39 - 65
	To approve the virements and variations to the general fund and housing investment programme and the inclusion in the programme of new capital bids.	
	To also agree and note issues relating to the month 8 capital monitoring programme.	
10.	POLICY AND RESOURCES STRATEGY: REVENUE MONITORING REPORT, INCLUDING TREASURY MANAGEMENT 2018-19	66 - 79
	To note the general fund outturn forecast for 2018-19 and associated issues.	
	To approve general fund budget movements that exceed £250,000.	

OTHER REPORTS

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

11. POLICY AND RESOURCES STRATEGY 2019-20 TO 2021-22 UPDATE

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

EXCLUSION OF PRESS AND PUBLIC

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

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

PART B - CLOSED BUSINESS

12. MINUTES

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

Date: 28 January 2019



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 22 January 2019 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 Jasmine Ali
Councillor Stephanie Cryan
Councillor Richard Livingstone
Councillor Victoria Mills
Councillor Leo Pollak
Councillor Johnson Situ
Councillor Kieron Williams

1. APOLOGIES

All members were present.

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 items listed as closed business for the meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Councillor Richard Livingston declared a non-pecuniary interest in respect of item 15: Livesey Exchange; he is as a trust member for the Livesey Exchange project and confirmed his intention to withdraw from the meeting while this item was being discussed.

5. PUBLIC QUESTION TIME (15 MINUTES)

Public question from Toby O' Connor

To ensure '*Regeneration that works for all* (SP2)', will Councillor Johnson Situ reaffirm his statements last week that:

- no individual planning application will be determined before the St Thomas Street East Framework (STSEF) engagement process is completed and the result has been approved.
- Environmental statements will be required to address cumulative impacts.

Response from Councillor Johnson Situ, Cabinet Member for Growth, Development and Planning

I provided the comment about the engagement process in a letter to developers on 18 July 2018 and therefore can reaffirm that we would expect the results of the engagement to be considered before determining planning applications on St Thomas Street.

We are keen that genuine consultation is carried out on the joint pre-app design once planners are satisfied that key issues and aspects have been agreed, and that a coordinated scheme can be discussed with the public which is deliverable. Early engagement is obviously important when the public can genuinely inform the development of plans and this is encouraged. We would envisage that a joint consultation on the emerging design would be organised once a pre-app letter has been issued and would ask that arrangements for planning the joint consultation are discussed with the council in advance.

We have already asked for environmental statements to address cumulative impacts as part of the planning process. This would regularly be requested on all strategic planning applications particularly where a number of applications are coming forward in one place.

Supplemental question

Toby O' Connor asked a supplemental question seeking clarification on cumulative impact.

It was confirmed that environmental statements take account of cumulative effects. Substantial engagement on the four sites and events are planned. Assurances were given that full and open engagement will take place.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 11 December 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.

Old Bermondsey Neighbourhood Forum

The Old Bermondsey Neighbourhood Forum (OBNF) addressed cabinet regarding what they felt to be significant outstanding deficiencies in the “New Southwark Plan Proposed Submission Version Amended Policies”. They felt that the immediate negative impact of these deficiencies upon the local environment would be illustrated by specific reference to current planning activity on St Thomas Street which the council is currently shaping with developers through the St Thomas Street East Framework (STSEF).

The deputation highlighted the fact that consultation on the framework was problematic as well as issues in respect of site allocation policies and tall buildings (they felt that these were deliberately vague and poorly evidenced). The deputation also referred to concerns relating to local lists.

Full details of the deputation’s written submission are set out in the report for this item.

Councillor Johnson Situ confirmed that he was happy to meet separately with the deputation and clarify the points raised.

8. HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2019-20

Appendix H of this item which contained the results of consultation meetings between and 7 and 21 January 2019 was circulated separately.

RESOLVED:

1. That a rent decrease of 1.0% for all directly and tenant managed (TMO) housing stock within the housing revenue account (HRA) (including estate voids, sheltered and hostels) be agreed with effect from 1 April 2019. This is in accordance with the provisions of the Welfare Reform and Work Act 2016.
2. That with regard to other HRA-wide charges, tenant service charges, comprising

estate cleaning, grounds maintenance, communal lighting and door entry maintenance be increased as set out in paragraph 18 of the report, with effect from 1 April 2019.

3. That no increase be made to sheltered housing service charges with effect from 1 April 2019, as set out in paragraph 19 of the report.
4. That charges for garages and other non-residential facilities with effect from 1 April 2019, be increased as set out in paragraphs 20 and 21 of the report.
5. That there be no increase to district heating and hot water charges with effect from 1 April 2019, as set out in paragraph 22 of the report.
6. That the HRA budget proposals set out in the report be agreed and it be noted that these changes ensure a balanced budget is set as required by statute.
7. That the commitments made in December 2018 be reaffirmed to ensure that savings made are primarily based on efficiencies and that where staffing reductions form part of any said savings, due consultation and process is followed with trade unions.

9. ADMISSION ARRANGEMENTS FOR COMMUNITY PRIMARY SCHOOLS FOR SEPTEMBER 2020 AND AMENDMENT (AT SHORT NOTICE) OF PRIMARY PUBLISHED ADMISSION NUMBERS (PANS) FOR SEPTEMBER 2019

RESOLVED:

1. That the Southwark Community Primary Schools Admission Arrangements (“the Arrangements”) for September 2020 as set out in Appendix 1 of the report be agreed.
2. That it be agreed to proceed with the reduction to the 2019-20 Published Admissions Numbers (PANs) of the following 13 primary schools: St George’s Cathedral RC; Charlotte Sharman; Keyworth; St Paul’s CE; Robert Browning; Phoenix; Hollydale; Bellenden; Camelot; Ivydale; Brunswick Park; Comber Grove and Crawford as listed in Appendix 4 of the report, and that officers be instructed to seek a variation from the Office of the Schools’ Adjudicator (OSA) directly to implement these amendments for all ten community schools and to continue to work with three, non-community schools which are their own admission authorities to do so.

10. SOUTHWARK COORDINATED ADMISSION SCHEMES FOR PRIMARY, JUNIOR AND SECONDARY ADMISSIONS 2020

RESOLVED:

1. That it be noted that the primary (reception), junior and secondary (Year 7) coordinated admission schemes for 2020 admissions were unchanged as they have worked effectively for Southwark residents during the last academic year.
2. That the primary (reception), junior and secondary (Year 7) coordinated admission schemes for 2020 admissions attached as Appendix 1, Appendix 2 and Appendix 3 of the report be agreed.

11. LIBRARIES AND HERITAGE STRATEGY 2019 - 2022**RESOLVED:**

That the proposed Libraries and Heritage Strategy 2019 – 2022 be agreed.

12. NEW LIBRARY AND HERITAGE CENTRE FOR WALWORTH**RESOLVED:**

1. That it be confirmed that pursuant to s120 Local Government Act 1972 and s7 Public Libraries and Museums Act 1964 and subject to planning matters set out in paragraphs 18 and 19 of the report being resolved, the council takes a lease of ground floor accommodation on the land shown edged red on the plan at Appendix A of the report.
2. That it be confirmed that the lease will be in accordance with the principal terms set out in full in paragraph 6 of the closed version of the report and substantially in paragraph 15 of the open report.
3. That authority be delegated to the director of regeneration to agree the details of the proposed lease.
4. That authority be delegated to the director of leisure to agree and commission the fit out specification and works to deliver a new library and heritage centre.
5. That a capital budget set out in the closed version of the report to fund the acquisition of the lease of the premises and its subsequently fit-out for library and heritage centre purposes be approved.

13. IMPLEMENTING CIVIL PENALTIES IN THE PRIVATE RENTED SECTOR**RESOLVED:**

1. That the adoption of the Private Sector Housing - Prosecution and Civil Penalties Enforcement Policy, in Appendix 1 of the report, for use by the duly authorised officers be approved.
2. That authority for enforcement of the Housing and Planning Act 2016 (HPA 2016) be delegated to the strategic director of environment and leisure.
3. That authority to make minor amendments to the civil penalty charge matrix to reflect any legal changes by way of regulations and/or guidance be delegated to the strategic director of environment and leisure.

14. NEW SOUTHWARK PLAN: PROPOSED SUBMISSION VERSION - AMENDED POLICIES

RESOLVED:

1. That the New Southwark Plan Proposed Submission version: amended policies January 2019 (Appendix A of the report) be agreed for consultation.
2. That the consultation plan (Appendix B of the report), consultation report (Appendix C of the report), integrated impact assessment (Appendix D of the report), equalities impact assessment (Appendix E of the report) and habitats regulations assessment (Appendix F of the report) be noted.
3. That the New Southwark Plan Proposed Submission version: amended policies January 2019 be referred to council assembly 27 March 2019 for agreement.

15. LIVESEY EXCHANGE

Councillor Richard Livingstone having declared a non-pecuniary interest on this item withdrew from the meeting while this item was being discussed and a decision made.

RESOLVED:

1. That the Lease Heads of Terms and grant arrangements set out in the report for the Livesey Exchange to construct and operate a new, temporary community building on the Old Kent Road be approved.
2. That powers be delegated to the director of regeneration to negotiate and agree terms relating to the delivery arrangements, including the lease and grant agreements.

16. SOUTHWARK BREXIT PANEL - RECOMMENDATIONS TO CABINET

RESOLVED:

1. That the work of the Southwark Brexit Panel (SBP) be welcomed, noting the report at Appendix 1 of the report.
2. That the recommendations from the Southwark Brexit Panel be accepted.
3. That in accepting the recommendations, it be noted that further work will be undertaken by officers in particular relation to:
 - a. Collating information and resources being provided by other organisations about support for EU citizens, the settled status application process and other relevant information, and signpost to voluntary and community sector organisations offering support;
 - b. Identifying vulnerable individuals and groups who may struggle with the settled status application process or be unaware of what they need to do, including older people (including in care homes or supported housing) and

- some people with disabilities, and work with voluntary and community groups to ensure those people are communicated with effectively;
 - c. Use the outcomes of the work from 3(a) and (b), to help establish the process for the one-off fund that will make grants to voluntary and community groups to support vulnerable people through Brexit;
 - d. Work with London First and other relevant pan-London groups to develop a plan for, protect and enhance our local tourist offer including undertaking work that seeks to promote the strong cultural offer in Southwark balanced against the potential pressures tourism can place on our residential communities.
4. That a progress report be brought to cabinet in March 2019.
 5. That in respect of recommendation 6 of the panel, it was requested that engagement with housing stakeholders should also take place.

17. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

RESOLVED:

The best possible start in life

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

1. Council assembly notes:
 - a. Under this Labour administration, Southwark is delivering the best possible start in life for our children. Ofsted has rated our children's services good and our adoption services are outstanding. Southwark's Special Educational Needs and Disability (SEND) Services are examples of excellence where other local authorities are turning to Southwark for guidance on their SEND services. Our Youth Offending Service (YOS) was praised by Ofsted as it carries out its essential work supporting young people who have or at risk of offending. This Labour administration has protected funding for YOS and will continue to do so.
 - b. No child should be left behind, and so welcomes Southwark's continued efforts to improve education at every stage. From Early Years to Key Stage 5, Southwark exceeds national averages for results - including attainment of pupils with special educational needs.
 - c. Nine out of 10 schools in Southwark are rated as Good or Outstanding by Ofsted, showing that our schools are great places for our young people to learn and develop. Council assembly further notes the huge progress our schools have made in the last eight years, when less than two thirds were Good or Outstanding.
 - d. That this administration has made it easier for children to go to the local school of their choice and get the best possible start in life. Council assembly further notes the enormous progress from the previous administration's schools placement crisis where 500 children were not being offered a place at any of their preferred schools. Council assembly welcomes that there are now an additional 4,425 primary school places since 2009. This means almost 90% now get their first choice of primary school, and 64% get their first choice of

- secondary school.
- e. The council's commitment that children should lead happy, healthy and full lives. It welcomes measures such as the introduction of Free Swim and Gyms and Free Healthy School Meals to help tackle childhood obesity and improve standards. Council assembly further welcomes the council's programme of refurbishing and improving play areas across the borough, so that every child has access to a top quality place to play in their neighbourhood.
 - f. Southwark is a great place to grow up.
2. Council Assembly further notes:
 - a. After eight years of cuts and austerity from Conservative and Liberal Democrat governments, not all families are thriving. Council assembly recognises that cuts to council budgets, attacks on welfare and benefits, a national crisis in care, a housing crisis and spiralling youth violence have all impacted on young people in the borough. Investigations where a child is believed to be at risk of significant harm have more than doubled.
 - b. The commitment from this administration to stand alongside our communities in the face of government attacks and to do what it can to support children and young people.
 3. Council assembly welcomes the council's commitment to a fairer future for all and commitment that everyone has the best start in life with no one left behind.
 4. Council assembly calls on cabinet:
 - a. To launch a Keeping Families Strong strategy
 - i. To endorse, support and facilitate the work between the council and local communities, and to make sure parents are well supported as part of our Children and Families offer.
 - ii. To support the approach of the cabinet member for children, schools and adults to lead active engagement with parents across Southwark to make sure that the strategy targets the right support where it is needed.
 - b. To protect existing and develop new early years services
 - i. To protect the funding of its 16 children's centres and start to roll out free healthy meals in our nursery schools from January 2019.
 - ii. To help parents spread the cost of childcare over a longer period by setting up an affordable loan scheme.
 - c. To improve education for all
 - i. To welcome the increase in the number of Southwark schools rated either Good or Outstanding, which has risen to 91%, from 64% in 2010, and continue to raise standards in schools, ensuring that parents and pupils benefit from choice based on transparency with up to date and accessible information on schools.
 - ii. To open the Passmore Centre to provide training and apprenticeships for young people.
 - iii. To continue to support the work of the Construction Skills Centre to help our young people get the education and training they need to get the high skilled construction jobs being created in our borough.
 - d. To guarantee an education place or an apprenticeship for all care leavers

- i. To work across the council, with Catch22, other partners and local education and businesses to make sure that the 474 children in care and 440 care leavers the council is a corporate parent to, have every opportunity to fulfil their potential.
 - ii. To launch a local Care Covenant to make sure children leaving care get access to job opportunities in this borough and guarantee an education place or an apprenticeship for every care leaver.
- e. To improve adoption
 - i. To be the lead authority in the Regional Adoption Agency across South London, providing the best start for children in care in Southwark and to work towards positive permanence services for all children including adolescents.
- f. To continue to improve the health and wellbeing of our young people
 - i. To help our children and young people stay fit and active by making free swim and gym more flexible and making swimming lessons free for all residents, so our young people can get the most out of Southwark's fantastic leisure centres.
 - ii. To introduce a 'daily mile' in all our primary schools so children have the opportunity to walk or run a mile every day.
 - iii. To close roads around schools at drop off and collection time so that it is safer and healthier to walk or cycle to school.
- g. To revolutionise our mental health services for children and young people
 - i. To reject the National Health Service's disgracefully low target to meet just 35% of children and young people's mental health needs.
 - ii. To endorse a new approach and work towards meeting 100% of children and young people's mental health needs.
 - iii. To set up a children's mental health reference group made up of the key stakeholders from the NHS, the council, the third sector and user groups to raise aspiration by actively working to meet 100% of children and young people's mental health needs.
 - iv. To defend Child and Adolescent Mental Health Services (CAMHS) from cuts, seek match funding from partners, make applications for innovation funding, and seek new approaches to revolutionise our CAMHS and to be a beacon across London of how to support children and families.
- h. To provide exciting opportunities for young people
 - i. To ensure that 500 young people from low income backgrounds get paid internships with London's best employers.
 - ii. To work with our communities to find solutions that help young people stay away from knives and youth violence.
 - iii. To re-open the Blue Youth Club and Community Centre so as to provide young people with a welcoming, positive space they can use and visit.
 - iv. To continue the work of the last administration, which created nearly 2,000 apprenticeships, and create 2,500 more apprenticeships, many of which will benefit young people.

A People's vote on Brexit

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

1. Council assembly notes that:
 - a. Southwark's EU referendum result was one of the highest in the UK in favour of staying in the EU – 73% voted to Remain.
 - b. Recent opinion polls indicate that there has been a significant swing in favour of a 'People's Vote' on the final Brexit deal and polls also indicate a clear opposition to the deal that the Prime Minister has proposed.
 - c. The Government's own impact assessments show that the UK is likely to be worse off in every scenario after Brexit.
 - d. A recent report by the Centre for Economic Performance at the London School of Economics noted that Inner London Boroughs like Southwark will be amongst those that will suffer the most from Brexit, of whatever variety.
 - e. There will be severe damage to our international relationships, reduced influence with other states, and the complete loss of say and control over the rules of the European Single Market and Customs Union, the largest market in the world.
 - f. There are a large number of non-UK EU nationals living in Southwark who are concerned about the impact of Brexit on their lives, and that their current rights are not being fully protected.
 - g. The Government has totally mismanaged the Brexit negotiations. The 'Chequers Statement', issued on 6th July 2018, (the closest indication yet of what a final deal might look like), has been rejected by EU negotiators and has also managed to alienate both supporters and opponents of Brexit. Similarly, the draft Withdrawal Agreement proposed by the Prime Minister is unlikely to be approved in a vote in Parliament.
 - h. The NHS is experiencing severe problems in recruiting and retaining nurses and doctors from other EU countries since the decision was made to leave the European Union, and this is having a real negative impact on the health of local residents.
 - i. The UK economy is now the slowest growing economy in Europe, reducing the prosperity of the UK and our local residents. New investment in the area is being jeopardised and new job opportunities are being lost.
 - j. Inflation caused by Brexit-related depreciation of the pound is driving up living costs for our poorest residents, further squeezing their living standards.
 - k. The Prime Minister's deal does not meet the six tests set out by the Labour Party in order to support any deal, which are:
 - i. Does it ensure a strong and collaborative future relationship with the EU?
 - ii. Does it deliver the "exact same benefits" as we currently have as members of the Single Market and Customs Union?
 - iii. Does it ensure the fair management of migration in the interests of the economy and communities?
 - iv. Does it defend rights and protections and prevent a race to the bottom?
 - v. Does it protect national security and our capacity to tackle cross-border crime?
 - vi. Does it deliver for all regions and nations of the UK?
 - l. The Prime Minister has failed to satisfy members of her own party, the Labour Party and the Liberal Democrats that this deal is right for Britain, and she is unlikely to command a Parliamentary majority to approve her deal.
2. In that event, council assembly therefore:

- a. Believes that the people of Southwark should have scrutiny of what is being negotiated on their behalf and an opportunity to vote either in a General Election, or failing that, a public vote on the final deal, including the option to remain in the EU.
- b. Supports all options remaining on the table in the event that a General Election is not called immediately, including formally adding its voice to those calling for a public 'People's Vote' on the final Brexit deal.
- c. Asks the three Members of Parliament that represent Southwark to publicly support a 'People's Vote' before any version of Brexit is implemented in the event that a General Election is not called immediately.

School cuts

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

1. Council assembly notes that as a result of the ongoing government cuts, Southwark's schools:
 - a. Will have lost £17,474,847 in overall funding between 2015-2020, equating to a loss of on average £457 per pupil.
 - b. Must bear the brunt of unfunded National Insurance increases.
 - c. Will suffer inadequate High Needs Block Funding, leaving our most vulnerable pupils without the support they need.
2. Council assembly further notes:
 - a. That despite the savage cuts being imposed by the Conservative government, our hardworking teachers, support staff, students and parents are doing their best to maintain our high standards.
 - b. The grassroots Fair Funding For Schools Campaign in Southwark, which is supported by Southwark's three Labour MPs, Liberal Democrat Councillors and Labour Councillors.
 - c. That 90% of Southwark's schools have been rated Good or Outstanding by Ofsted, and results continue to improve.
 - d. The Chancellor's Budget announcement for £400 million for schools to spend on 'little extras' is a drop in the ocean compared to the £2.5 billion that has been cut since 2015. Furthermore the £400 million is a one off payment so does not deal with the long term funding crisis in schools.
3. Council assembly resolves to call on cabinet:
 - a. To join other councils and Southwark's MPs in opposing the government's ongoing cuts to school budgets and call for more funding to be invested in education.
 - b. To call on the government to fully fund the pay increase for teachers that is independently recommended by the School Teachers' Review Body.
 - c. To support the coalition of trade unions campaigning against school cuts.
 - d. To recognise that the Pupil Premium benefits the most disadvantaged pupils in the borough, with Southwark pupils receiving over £112 million since the scheme was introduced, and confirms its commitment to ensuring that pupils continue to receive this support.

Royal British Legion commemoration

That the motion referred from council assembly as a recommendation to cabinet, set out

below be agreed:

1. Council assembly notes:
 - a. That November 2018 marks the centenary of the end of the First World War, the world's first truly global war.
 - b. The council's commitment under the Armed Forces covenant to recognise and remember the sacrifices made by the Armed Forces Community, particularly those who have made the ultimate sacrifice.
2. Council assembly therefore gratefully acknowledges:
 - a. The 1.1 million United Kingdom and Commonwealth servicemen and women who gave their lives in the First World War.
 - b. The contribution of all those who lived through this tragic and remarkable time and whose example and experience shaped the world we live in today.
3. Council assembly asserts its full support for the Royal British Legion's 'Thank You' movement, and the 'Every One Remembered' initiative to commemorate each individual who served, sacrificed and changed our world.

End unfair evictions – abolish section 21 of the 1988 Housing Act

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

1. Council assembly notes:
 - a. Due to high house prices and the lack of sufficient social housing, the proportion of people renting privately has doubled since 2004; half of 18-35s, one in four families with children, and growing numbers of older people now live in privately rented homes.
 - b. Most of England's 11 million renters are on tenancies with fixed terms of six months or a year; after this period has ended, landlords can evict their tenants with just two months' notice, without giving them a reason. These 'no fault evictions' were introduced under section 21 of the 1988 Housing Act; before this, renters had much greater security and it was difficult for landlords to evict tenants who paid the rent on time and looked after the property.
 - c. Evictions are the number one cause of homelessness across the UK. 80% of evictions are on no-fault grounds, and 63% of private renters who were forced to move in 2016 were evicted not due to any fault of their own but because the landlord wanted to sell or use the property.
 - d. In Southwark, the number of accepted homeless applications resulting from the termination of assured short hold tenancies have significantly increased from 4.3% in 2010/11 to 30% in 2016/17. These terminations of short hold tenancies are not just as a result of section 21 notices, but these undoubtedly play a part.
 - e. Insecurity harms quality of life for tenants, with private renters less likely than either owners or people in council housing to say they know lots of people in their local area, but more worried that they will have to move within the next year. The threat of being evicted also gives landlords huge power over tenants, who may decide not to complain about disrepair, big rent increases or other problems in case they are kicked out.
 - f. In Germany, the Netherlands and Sweden (among other countries), tenancies are indefinite, meaning blameless tenants cannot be evicted from their homes.
 - g. In 2017, the Scottish government made tenancies indefinite and banned no-

fault evictions under the terms of the Private Housing (Tenancies) (Scotland) Act 2016.

- h. The End Unfair Evictions campaign run by Generation Rent, Acorn, the New Economics Foundation and the London Renters Union, and launched in June 2018.
 - i. The nearly 50,000 people who had, by mid-July 2018, signed the 38 Degrees petition to abolish section 21, a growing number of groups and individuals supporting abolition, including Labour Party leader Jeremy Corbyn, the Times newspaper, the London Assembly, the Resolution Foundation and Age UK.
 - j. That Labour Shadow Housing Minister, John Healey, has announced that the next Labour Government will tackle no fault evictions and legislate for new renters rights to control costs, improve conditions and increase security.
 - k. The commitment of Southwark Labour Group to improving conditions for renters in Southwark, including the manifesto pledge to introduce a Southwark Renters Union and deliver a Southwark Gold Standard for Rental Properties, which will be adopted in the Council Plan.
 - l. The work that Southwark Council are already doing to prevent homelessness, including using additional requirements brought into effect by the Housing Act 2004 and the Deregulation Act 2015 to challenge section 21 notices wherever possible.
2. Council assembly believes:
 - a. Abolishing section 21 would help to make renting more secure, improve standards, increase tenant confidence and ultimately contribute towards making renting a viable long-term alternative to home ownership or social rent for the millions who currently cannot access either.
 - b. Since insecure tenancies make it difficult for renters to complain and organise for their rights, removing section 21 would make it easier for new renter unions like the London Renters Union and ACORN to organise to defend their members.
 3. Council assembly calls on cabinet to:
 - a. Work with the Unfair Evictions Campaign led by Generation Rent, the New Economics Foundation, ACORN and the London Renters Union, including by publicising campaign events and activities as appropriate.
 - b. Continue working to improve conditions for renters in Southwark by delivering a Southwark Renters Union and Southwark Gold Standard for rental properties.
 - c. Work with Harriet Harman MP, Neil Coyle MP, and Helen Hayes MP to call for the abolition of section 21 in Parliament.
 - d. Continue the work to prepare a robust business case about conditions of the private rented sector in Southwark so that the a borough wide licensing scheme can be implemented and calls on cabinet to consider proposals in 2019.

Third runway at Heathrow

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

1. Council assembly notes:
 - a. The recent Intergovernmental Panel on Climate Change (IPCC) report

detailing the urgency of alleviating the extent and rapidity of man-made climate change.

- b. That aviation is a major worldwide contributor to man-made climate change¹.
 - c. That the expansion of Heathrow airport by building a third runway is targeted at securing Heathrow's status as a hub for international connecting flights, rather than in response to demand from London residents.
 - d. That the planned third runway will mean more than 250,000 additional flights into Heathrow a year.²
2. Council assembly is concerned that:
- a. More flights into Heathrow will mean an increase in noise which will have a negative impact on Southwark residents living under the Heathrow flight path.
 - b. An increase in flights and service vehicles at Heathrow will also contribute to deteriorating air quality across London, which will also have a negative impact on Southwark residents.
3. Council assembly therefore resolves:
- a. To formally note its support for the work of the boroughs of Hillingdon, Wandsworth, Richmond, Hammersmith and Fulham, and the Royal Borough of Windsor and Maidenhead in joining forces with the Mayor of London and environmental groups such as Greenpeace and Friends of the Earth to challenge the expansion of Heathrow Airport and the building of a third runway.

Opposing bus cuts

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

1. Council assembly notes:
 - a. The Transport for London (TfL) consultation launched on 28 September 2018 which proposed reductions in a number of bus routes across Southwark, following a fall in passenger numbers in central London.
 - b. That council assembly in July unanimously passed a motion opposing the reduction of the RV1 bus timetable from six services an hour to just three, and called on TfL to rethink these proposals.
 - c. That the new TfL consultation now proposes scrapping the RV1 bus route altogether, and shortening the route of the 45, 48, 53, 171, 172 and 388 buses so that they no longer serve central London.
 - d. That many Southwark residents use these buses as their primary form of transport, and that reducing or removing these services will have a significant and detrimental impact on them, making it harder to commute and travel for leisure.
 - e. That the proposals would terminate a number of bus routes that currently end in central London at the Elephant and Castle, and in other cases make the Elephant the last significant modal interchange. This can only make the bus stops at the Elephant more congested and slow traffic there.
 - f. That changes to bus routes would sever convenient direct links from the south of the borough; for example the 40 from Dulwich currently runs to Guy's Hospital, London Bridge underground and train station and across the river to

¹ https://en.wikipedia.org/wiki/Environmental_impact_of_aviation#Total_climate_effects

² <https://www.heathrowexpansion.com/the-expansion-plan/facts-and-figures/>

- Fenchurch Street station.
- g. The Old Kent Road Area Action Plan, which will deliver 20,000 new homes, and 10,000 new jobs along the Old Kent Road. That this increase in the number of people travelling to, from and along the Old Kent Road area will result in a greater demand on public transport, especially buses, in the area.
 - h. Despite these proposals, TfL continue to negotiate s106 payments from Old Kent Road developments to increase bus routes in the area.
 - i. Southwark Council's response to the consultation, which clearly outlines the negative consequences of these bus cuts.
2. Council assembly believes:
- a. That there are detrimental impacts on equality arising from TfL's proposals. Buses are a particularly important mode of travel for people on low incomes and are a more accessible form of public transport for people with disabilities. Asking people with disabilities to change bus routes more often, as TfL proposes, will have a disproportionately negative impact on their travelling experience.
 - b. That the data that TfL is using to justify these changes is out of date in some cases, and therefore ignores recent increases in bus usage. For example, it is clear that the RV1 has seen an increase in usage since the road works along Tooley Street have been removed and its route has therefore become more reliable.
 - c. That it is short-sighted for TfL to reduce the frequency and shorten the route of some of the main and busiest bus routes along the Old Kent Road, such as the 53, just a few years before a planned increase in population in the Old Kent Road area.
3. Council assembly resolves to call on cabinet:
- a. To work with Caroline Pidgeon AM, Chair of the London Assembly's Transport Committee and Florence Eshalomi, AM for Southwark and Lambeth and vice-chair of the London Assembly's Transport Committee, to oppose these bus cuts.
 - b. To meet with representatives from TfL following the consultation to ensure they understand that the impact of the cuts proposed in the service would be significant to our residents.
 - c. To campaign publicly against these and any further bus cuts that will disadvantage Southwark's residents.
 - d. To work with other boroughs impacted by these cuts as part of this campaign.

Overground ticket office closures

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

1. Council assembly notes:
 - a. The Arriva Rail London (ARL) and Transport for London (TfL) consultation on the proposed closure of ticket offices at 51 London Overground stations, which ran from 20 September 2018 to 11 October 2018.
 - b. That two of the stations which would be affected by these closures are in Southwark: Rotherhithe and Surrey Quays.
 - c. That these proposals have been opposed by the Rail, Maritime and Transport union (RMT) and Transport Salaried Staffs' Association (TSSA).
 - d. That there was an overwhelming response to the consultation on the closures,

- with 3,400 responses to an online questionnaire, 959 emails, 2,063 postcards, 31 written submissions, and a number of petitions.
- e. That a decision on the closure of the London Overground stations has been delayed as a result of the number of response to the consultation.
 - f. That in 2015, ticket offices across the London Underground network were closed by the former Conservative Mayor of London, Boris Johnson, despite widespread opposition from both rail unions and service users.
 - g. That in 2016, the Labour Mayor of London, Sadiq Khan, ordered a review of the London Underground ticket office closures.
 - h. That the review, carried out by the independent watchdog London TravelWatch, found that these closures had caused 'significant issues' and that not enough steps were taken to mitigate the impact of the closures, and as a result the service did suffer.
2. Council assembly believes:
 - a. That the closure of London Overground ticket offices would, like the closure of London Underground ticket offices, have a significant and negative impact on station users and passengers.
 - b. That elderly, disabled, and vulnerable residents who may need assistance with purchasing tickets will be disproportionately affected by the proposed closures.
 - c. That all residents in Southwark using Rotherhithe and Surrey Quays stations deserve the best possible service.
 3. Council assembly calls on cabinet to:
 - a. Write to Heidi Alexander, the Deputy Mayor for Transport, expressing concerns about the impact of the proposed ticket office closures.
 - b. Ask Caroline Pidgeon AM, Chair of the London Assembly's Transport Committee and Florence Eshalomi, AM for Southwark and Lambeth, and Deputy Chair of the London Assembly Transport Committee, to raise these proposed ticket office closures at a future meeting of the Transport Committee.

Solidarity with the Windrush generation

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

1. Windrush has become a symbol of African-Caribbean migration to the UK following the British government's invitation to workers from the Commonwealth countries to help reduce the British labour shortage and re-build the war damaged country.
2. Council assembly pays tribute to Patrick Vernon OBE, former Hackney Labour councillor, for first raising this issue by starting the online petition for justice for Windrush.
3. Council assembly celebrates Southwark's diverse population. As of 2015, 48% of Southwark's population identified as Black, Asian or from another ethnic minority. Around 6% of Southwark's population is of Afro-Caribbean descent, and while there are no official records, it is believed that Southwark is home to hundreds, if not thousands of people who answered the call to move to the UK from Commonwealth countries that had not yet become independent from the UK.
4. Council assembly welcomes:
 - a. The contributions of the Windrush generation to our society and community in

Southwark, such as that of Sam King, who served in the RAF before travelling on the Empire Windrush to the UK. He worked in the Royal Mail for 34 years, and in 1982 became a Labour councillor for Bellenden ward in Peckham. He later became the first black mayor of Southwark and was awarded an MBE in 1998.

- b. The contribution of black women such as Princess Ademola, daughter of the Alake of Abeokuta, the paramount chief in northern Nigeria, who worked at Guys Hospital.
 - c. Southwark Labour's manifesto commitment to continuing to make Southwark a borough where all migrants feel welcome, with families who have lived here for generations living alongside people who have newly arrived from every corner of the globe to make our borough their home.
5. Council assembly condemns:
- a. The "Hostile Environment" policies initiated by Theresa May as Home Secretary of the coalition government, which have continued during her time as Prime Minister, which have deliberately made it harder for those who cannot prove their right to remain in the UK to access basic services, work, or take part in civic life. The "Hostile Environment" policies include a "deport first, appeal later" approach, which has led to people being wrongly deported.
6. Council assembly notes:
- a. That as a result of the "Hostile Environment" policies, many of the Windrush generation were targeted by the Home Office and assumed to have entered the country illegally.
 - b. That as a result of this, people from the Windrush generation, their families and descendants lost their jobs, homes, ability to access NHS treatment for free, were refused re-entry into the UK, threatened with deportation, and at least 63 people were wrongly deported.
 - c. The work of organisations including the Joint Council for the Welfare of Immigrants, BME (black and minority ethnic) Lawyers 4 Justice, the Runnymede Trust, Southwark's three Labour MPs, and the All Parliamentary Group on Race who have raised the profile of this issue, directly assisted those who have been affected by it, and lobbied the Government for an immediate end to the "Hostile Environment" policies.
 - d. The work of local groups such as Black Cultural Archives based in Brixton and Southwark Law Centre who have supported our residents to get their status confirmed and fought for financial compensation for jobs, homes and livelihoods lost.
7. Council assembly believes:
- a. Southwark's diverse society is a cause for celebration, not concern.
 - b. The treatment of the Windrush generation and their descendants by this Conservative government and the previous Liberal Democrat/Conservative coalition government has been appalling, racist, and inexcusable, and must be condemned.
8. Council assembly resolves to call on cabinet:
- a. To continue to work with Southwark's three Labour MPs to assist those who have been targeted, criminalised, or refused access to services they should be entitled to.
 - b. To continue to actively condemn and call for an immediate halt to all the government's "Hostile Environment" policies.

- c. To call on the government to take actions to redress and compensate those who have been affected by the “Hostile Environment” and ensure that such a scandal does not take place again.
- d. To ensure through council policies that Southwark remains a welcoming place to live and work for people from all over the world.
- e. To review and ensure all council policies seek to reduce the impact of the “Hostile Environment”.
- f. To work together with other London Boroughs to ensure a joined-up approach to mitigating and eradicating this scandal.

Sustainable public health funding

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

1. Council assembly notes:
 - a. That the public health grant funds vital services and functions that prevent ill health and contribute to the future sustainability of the NHS.
 - b. That local authorities like Southwark are responsible for delivering most of these services, but their ability to do so is compromised by public health grant reductions and the broader funding climate.
 - c. That in 2018/19 and 2019/20 every local authority will have less to spend on public health than the year before, and by 2020/21 the Government is looking to phase out the Public Health Grant entirely, meaning that public health will only be funded through business rate retention.
 - d. That areas with high levels of deprivation often suffer the worst health outcomes, and so need higher levels of funding in order to tackle the greater public health challenges in the area.
 - e. That around four in ten cancers are preventable, largely through avoidable risk factors, such as stopping smoking, keeping a healthy weight and cutting back on alcohol. Smoking accounts for 80,000 early deaths every year and remains the largest preventable cause of cancer in the world. Smoking-related ill health costs local authorities £760 million every year in social care costs. Additionally, obesity and alcohol account for 30,000 and 7,000 early deaths each year respectively. All three increase the risk of: cancer, diabetes, lung and heart conditions, poor mental health and create a subsequent burden on health and social care.
 - f. Supporting people to stop smoking, drinking excessively, and eating unhealthily falls within the remit of public health, but if there is insufficient funding, it becomes harder for public health services to support people to live healthier lives.
2. Council assembly believes:
 - a. That the impact of cuts to public health on our communities cannot and should not be ignored.
 - b. That unless we restore public health funding, our health and care system will remain locked in a ‘treatment’ approach, which is neither economically viable nor protects the health of Southwark residents.
 - c. That it is vital that Southwark and other local authorities delivering public health services have enough funding to provide the services that our residents need.
3. Council assembly resolves to call on cabinet to:

- a. Support Cancer Research UK's call for increased and sustainable public health funding.
- b. Continue to lobby the Government to deliver increased investment in public health and support a sustainable health and social care system by taking a 'prevention first' approach.
- c. Continue to support and fund public health initiatives to the best of the council's abilities which will deliver the best outcomes for our residents, and prevent ill-health, reduce inequalities, and support a health and care social system that is fit for the future.

18. 1 ANN MOSS WAY, ROTHERHITHE AND FLEXIBILITY TO ACQUIRE SITES FOR COUNCIL HOUSING DEVELOPMENT

RESOLVED:

Decisions of the Cabinet

1. That pursuant to s120 of the Local Government Act 1972 and s9 of the Housing Act 1985, the council be authorised to acquire the freehold interest in the property shown edged red on the plan at Appendix A of the report.
2. That the principal purchase terms, set out in full in paragraph 5 of the closed version of this report and substantially in paragraph 18 of the open report, be authorised.
3. That authority be delegated to the director of regeneration authority to agree the details of the acquisition.

Decisions of the Leader of the Council

4. That authority be delegated to the director of regeneration in consultation with the strategic director of housing and modernisation, the strategic director of finance and governance and the cabinet member for social regeneration, great estates and new council homes to acquire sites in furtherance of the delivery of the council's housing delivery programme.
5. That in light of the amendment to recommendation 4 and for clarity, the report title for both open and closed reports be changed to:

1 Ann Moss Way Rotherhithe and flexibility to acquire sites for council housing development.

19. POLICY AND RESOURCES STRATEGY 2019-20

RESOLVED:

1. That the provisional local government finance settlement announced on 13 December 2018, key headlines being set out in this report (paragraphs 29 – 42 of the report) be noted.
2. That as reported to cabinet in September 2018 and recognising the continued uncertainty for local government funding, it be noted that the intention remains for

the council to prepare a balanced one-year 2019-20 budget for approval by cabinet in advance of council assembly in February 2019 (paragraph 21 of the report).

3. That the current budget options proposed to help achieve a balanced budget 2019-20 (Appendices C to F of the report) be noted.
4. That the proposed increase to the Southwark element of the council tax in line with the government threshold by 2.99% in recognition of the spending pressures in services, particularly those that protect and support vulnerable people (paragraph 51 – 59 of the report) be noted.
5. That it be noted that the budget proposals for 2019-20 contained within the report include:
 - Estimated general grant resources likely to be available arising from the provisional settlement (Appendix A), a reduction of £8.565m from 2018-19
 - Improved Better Care Fund resources totalling £15.752m, an increase of £3.168m from 2018-19
 - Additional one-off social care grants of circa £4.254m announced in the Autumn 2018 budget
 - Retained business rates growth of £25.0m (paragraph 62 to 65), an increase of £3.250m over 2018-19 arising from proceeds generated by continued regeneration in the borough; plus an estimated surplus brought forward of £1.158m
 - Estimated council tax revenue of £110.532m, including £2.476m additional income arising from growth in the tax base; £0.4m from increased premium on long-term empty properties; £3.209m additional income generated from increasing council tax by 2.99%; an estimated collection fund surplus of £3.860m
 - No change to the council tax reduction scheme for 2019-20 for our pension age and vulnerable and least well off households
 - Planned contingency to be maintained at £4m to mitigate underlying budget risks. (paragraph 99 of the report).
6. That it be noted that the following savings, commitments and pay and price pressures have been proposed to help ensure the delivery of a balanced budget in 2019-20 (Appendices C – F of the report):
 - Efficiency savings of £13.905m
 - Income generation of £4.810m
 - Savings impacting on services of £0.900m
 - Commitments and growth of £16.206m
 - Pay Award and contractual inflation of £8.450m
 - Debt financing costs of £3.809m.
7. That it be noted that in order to ensure that the base budget is on a secure financial footing a number of commitments are proposed for 2019-20 totalling £16.206m, including:
 - £8.072m for children's and adult's services funded principally from the growth in the Improved Better Care Fund (£3.168m) and additional social care funding (4.254m)
 - A net increase of £3.2m to further support spending pressures on temporary

accommodation and £0.7m no recourse to public funds (NRPF).

8. That it be noted that the current budget proposed for 2019-20 is balanced, after the incorporation of updated proposals and 2.99% council tax increase.
9. That the Dedicated Schools Allocation of £321.5m and the pressure on High Needs provision (paragraphs 43-50 of the report) be noted.
10. That the creation of the London Devolution Reserve and proposed commitments (paragraphs 66 – 69 of the report) be approved.
11. That the ongoing negotiations regarding the continuation of the London Business Rates Pool arrangement into 2019-20 (paragraphs 71 – 72 of the report) be noted.
12. That the departmental narratives (Appendix B of the report) and the equality analyses provided for the budget proposals be noted.
13. That the consultation that took place prior to agreeing the indicative budget options for 2017-18 and 2018-19 be noted and officers be instructed to undertake further consultation for new budget options where necessary or appropriate (paragraphs 100 – 101 of the report).
14. That it be noted that the report to cabinet on 22 January 2019 will be considered by overview and scrutiny committee on 28 January 2019 and that any recommendations arising will be incorporated into the final report to cabinet on 5 February 2019 for recommendation to council assembly on 27 February 2019 (paragraph 102 of the report).

20. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - CONTRACTOR SERVICES FOR THE DELIVERY OF SCEAUX GARDENS

RESOLVED:

1. That the strategy of procuring the works contractor for Sceaux Gardens through a two stage restricted OJEU tender process outlined in the report for new homes delivery with a total estimated contract sum of £24,000,000 with phase 1 expected to commence in April 2019 and be completed within 18 months, and phase 2 anticipated to be completed within 18 months following this, be approved.
2. That of the award decision for the three Gateway 2 reports for Sceaux Gardens (Principle Development Agreement and the subsequent build contracts for the first and second phases) be delegated to the strategic director of housing and modernisation, in consultation with the cabinet member for social regeneration, great estates and new council homes, for the reason outlined in paragraph 33 of the report.

21. REGENERATION THAT WORKS FOR ALL FRAMEWORK AND SOCIAL REGENERATION INDICATORS

RESOLVED:

1. That the *Regeneration That Works For All* Framework (Appendix 1 of the report) as Southwark's approach to social and inclusive regeneration be agreed.
2. That the social regeneration Indicators (Appendix 2 of the report) be agreed as the high-level indicators that will be used to monitor the impact of the social regeneration work across the borough.
3. That cabinet receive a report back in a twelve months time to provide an update on the social regeneration indicators.

EXCLUSION OF THE PRESS AND PUBLIC

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

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

22. MINUTES

The minutes of the closed meeting held on 11 December 2018 were approved as a correct record and signed by the chair.

23. NEW LIBRARY AND HERITAGE CENTRE FOR WALWORTH

The cabinet considered the closed information relating to this item. Please see item 12 for the decision.

24. 1 ANN MOSS WAY, ROTHERHITHE AND FLEXIBILITY TO ACQUIRE SITES FOR COUNCIL HOUSING DEVELOPMENT

The cabinet considered the closed information relating to this item. Please see item 18 for the decision.

The meeting ended at 6.05pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 30 JANUARY 2019.

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: 5 February 2019	Meeting Name: Cabinet
Report title:		Gateway 0 - Strategic Options Assessment for 2020 - Parking and Traffic Enforcement and Related Services Options and Contract Procurement Strategy	
Ward(s) or groups affected:		Borough-wide	
Cabinet Member:		Councillor Richard Livingstone, Environment, Transport Management and Air Quality	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR ENVIRONMENT, TRANSPORT MANAGEMENT AND AIR QUALITY

As a Highway Authority, Southwark Council has a statutory responsibility to manage the traffic network to ensure expeditious movement of traffic, (including pedestrians and cyclists). This is required under the Traffic Management Act 2004. Southwark have a Network Management Duty across our highway.

Since 2013 parking and traffic enforcement on the highway and on the council’s housing estates, on-street parking permit services and the parking IT back office systems have been supplied and operated by APCOA parking UK Ltd under the Parking enforcement and associated services contract. This contract expires on 31 March 2020, and the contract has already been extended.

It is therefore timely for cabinet to consider what its arrangements for delivering this work should be beyond March 2020, and so this report explores the options available to us and makes recommendations on the future strategy.

The report below concludes that the best approach is to bring in-house those elements of the service where it is practical to do so when the current contract expires. These elements are those where it is feasible to directly deliver the service without burdening the council with high capital investment in IT and other equipment, and where risks of inefficient working due to workload fluctuations for example on vehicle removal operations are reduced.

Therefore, I am pleased to support the recommendations to bring all of the permit administration, correspondence duties and early appeals decision making in-house. The recommendations also propose to bring in-house the school crossing patrol services and explore the optimum procurement strategy for the remaining services through the Gateway 1 process.

RECOMMENDATIONS

That the Cabinet:

1. Notes that the current parking enforcement and associated services contract ends on 31 March 2020 providing the council with an opportunity to review the way in which those services are delivered.

2. Approves the recommended strategic delivery option (paragraphs 22 to 32) to bring essential services such as school crossing patrols, correspondence, early appeals decision making and permit services under the direct control of the council's parking services team.
3. Notes a Gateway 1 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.

BACKGROUND INFORMATION

4. During 2011-12 Southwark Council carried out a competitive tender process under the EU Restricted route to procure services for their parking enforcement and associated services responsibilities. The provision of the services was a single contract with a single supplier who would utilise a number of specialist parking sub-contractors to deliver the service.
5. Following evaluation the contract was awarded to APCOA parking UK Ltd, with the main sub-contractors being Paybyphone (permits and virtual pay and display), Conduent (parking and traffic enforcement IT), Siemens (CCTV cameras and maintenance) and ELV (vehicle removals and car pound).
6. The contract commenced on 1 April 2013 for a duration of 4 years taking the contract through to an expiry date of 31 March 2017. The contract allowed for an option for Southwark Council to extend the contract for three years by informing APCOA in writing with a minimum of three months' notice. Following due process at the Southwark Council Cabinet meeting on 13 December 2016 an extension of this contract for three years was approved.
7. The council's parking service has been recognised at national level having won awards for intelligent parking and young parking person of the year. It has also been commended in parking person of the year and parking team of the year at the annual British Parking Awards in the last few years.
8. The council's parking and traffic enforcement service generates a surplus as a consequence of income from permitted parking and parking/traffic fines. The statutory guidance to local authorities under the 2004 Traffic Management Act says "For good governance, enforcement authorities need to forecast revenue in advance, but raising revenue should not be an objective of civil parking enforcement, nor should authorities set targets for revenue". The surplus is ring fenced to parking and related services and must only be used in accordance with section 55 of the Road Traffic Regulation Act 1984 (as amended).

Income	Financial year, in £000s		
	2015/16	2016/17	2017/18
Parking Meters/Pay and Display	3,352	3,762	3,795
Parking Permits	3,159	3,991	3,664
Off-Street Car Parks	130	70	68
Clamping and removal	0	0	0
Penalty Charge Notices	5,907	6,177	6,220
Bailiffs (PCN recovery)	643	766	763

Income	Financial year, in £000s		
Other income	171	134	482
Total income	13,363	14,900	14,992
Total expenditure	-7,348	-8,104	-8,879
Surplus	6,015	6,796	6,113

KEY ISSUES FOR CONSIDERATION

Future service requirements and outcomes

9. Under the Traffic Management Act 2004, and other legislation as modified, Southwark Council, as Highways Authority for most of the public roads within the London Borough of Southwark, has a responsibility to ensure the free flow of traffic. This is referred to as a Network management duty.
10. The council undertakes enforcement of parking in 24 controlled parking zones which cover about 50% of the borough. There are other parking controls outside of the controlled parking zones, such as the London wide pavement parking ban and double yellow lines. These are put in place for safety reasons. Outside schools we continue to make use of CCTV equipped cars and automated CCTV cameras to enforce School Keep Clear restrictions.
11. In addition to parking enforcement the council also undertakes moving traffic enforcement within bus lanes and banned manoeuvres such as no entry, one way streets, banned turns and bus gates through 43 automated cameras.
12. Parking and traffic enforcement is a key tool to assist in the delivery of the council's transport and movement plans.
13. The existing service delivery option was rigorously tested to ensure value for money and all changes recommended will undertake similar market testing.
14. The services in scope can be summarised as follows:
 - Management and supervision of parking and traffic enforcement through the issuing of Penalty Charge Notices (PCNs)
 - Parking enforcement by walking and mobile civil enforcement officers (CEOs)
 - Traffic enforcement by CCTV - CEOs using both mobile and fixed cameras
 - Vehicle removal and relocation services
 - IT back office system and associated enforcement equipment
 - Correspondence, responding to incoming appeals and queries where there is a statutory duty for the council to do so.
 - Notice processing, issuing statutory notices in a timely manner to follow up unpaid PCNs
 - Permit services and parking suspension services, issuing residents, business, visitors permit and managing suspended parking restrictions and areas.
 - A dedicated parking call centre
 - School crossing patrol officers
 - Parking surveys and compliance.

Benchmarking

15. Parking and traffic enforcement is a statutory obligation. Enforcement of parking and traffic controls is essential with the ever increasing population to drive regeneration and improve safety. Consequently every highway authority ensures this function is delivered.
16. In London 74% of councils operate an externally procured parking and traffic enforcement service; that percentage increases to 87.5% within inner London. In central London only Tower Hamlets uses an in-house team to provide this service and are the only local authority to have brought the service in house from an external contactor in 2002. All other London local authorities have operated either an outsourced or an in house model since parking contraventions were decriminalised in April 1994 and responsibility for parking enforcement passed from police to LAs.
17. There are five external operators of parking enforcement currently working in London with a further two (Egis and Conduent) interested in joining the market, it is a competitive market place. As the table below indicates there are 34 organisations in London which enforce parking and traffic regulations on the public highway these include the City of London (CoL) Transport for London (TfL) as well as the 32 London boroughs.

Civil Enforcement Operations	Number of boroughs	
As of July 2018		
APCOA	7	21%
NSL	11	32%
Mouchel	1	3%
Serco	2	6%
Indigo	3	9%
In house	9	26%
Metropolitan Police (TfL)	1	3%
	34	

STRATEGIC SERVICE DELIVERY OPTIONS AND ASSESSMENT

18. During the summer of 2018 a project board was developed to consider the most appropriate method of delivering the parking and traffic enforcement services once the current contract expires. A number of meetings and discussions have been held with Southwark officers and other boroughs' parking services, which have allowed Southwark to review the success of the current contract and consider different options including possible joint working with neighbouring boroughs.
19. The project board has considered the various tasks required of the parking and traffic service and has reviewed the most effective methods to deliver them. This review considered in-house delivery and external provision for the full range of tasks and functions.
20. To deliver a comprehensive parking and traffic enforcement service of the type required by the council is a major undertaking which requires resources other than staff such as specialist types of vehicles equipped with ANPR (Automatic Number Plate Recognition) and mobile CCTV; stock of materials, such as signs, uniform,

body worn video, etc; specialist IT software and systems for the provision of permit, virtual pay and display and back office IT services and training.

21. The buying power for materials and IT equipment of a relatively small customer such as Southwark Council would be weaker than an established contractor who has numerous similar contracts. A summary table detailing the areas of work considered for insourcing is shown below along with a more detailed description of the various elements that make up this service.

Analysis of services currently provided by our contractor and whether the council has the space, knowledge, etc to carry out the service.

Criteria / Task	Civil Enforcement Officers	Vehicle removals and relocation services	Correspondence – inc: Early Appeals	Notice processing	Permit services	Parking call centre	School Crossing Patrols	IT Back Office System and equipment
Space	N	N	Y	N	Y	Y	Y	Y
Knowledge	Y	Y	Y	Y	Y	Y	Y	Y
Supply Chain	N	N	Y	Y	Y	Y	Y	N
Equipment	N	N	Y	N	Y	Y	Y	N
Cost	N	N	N	N	N	N	Y	N
Decision to insource	N	N	Y	N	Y	Y	Y	N

Civil enforcement officers

22. Approximately 60 enforcement officers are currently deployed in Southwark on a daily basis. They are supported by 8 supervisors and 3 managers. This basic staff resource can be supported by additional staff drafted in by the contractor if needed to cover leave, sickness and special events.
23. Regular training is needed to keep staff equipped with the knowledge needed to apply parking regulations. This is a specialist market and usually performed by contractors directly utilising an internal parking training team delivering BTEC courses (Rights and Responsibilities of a CEO and Conflict Resolution) are part of 2 week classroom training prior to on-street deployment.
24. The team is located in a central location in Walworth and equipped with eleven cars and 15 mopeds and operates a 24/7 service. The CCTV CEOs are located at APCOA's national CCTV centre in Hackney.
25. Main service providers have multiple contracts which enables them to transfer skilled staff to other contracts to cover peaks and troughs and strong purchasing power for agreements with specialist sub-contractors. There is also the need to procure specialist training services and expensive IT solutions. External contractors benefit from economies of scale in all these areas and this is a benefit that

Southwark would not have. It is therefore recommended that this element of the service remains externally provided by industry specialists.

Vehicle removal and storage

26. A specialised service requiring removal vehicles and a secured car pound with the ability to increase number of vehicles on demand. While currently the council normally operates two removal vehicles Monday to Friday, the current contractor can provide up to a further four vehicles on demand and vehicles on evenings and weekends. The council currently undertakes specialist operations with the Police on a regular basis where additional resources are brought in. Due to the need to have access to additional resources on occasion, it recommended that this element of the service continues to be procured from external specialists.

Correspondence

27. Currently the contractor provides responses to early appeals (made before the statutory process has started) and at later stages in the PCN recovery cycle. The council deal with correspondence at statutory stages and when the PCN has reached the enforcement agents (formerly referred to as bailiffs). The council has strong results in management of the correspondence it manages. Recommendation is therefore to bring this element of the service in-house.

Notice processing

28. The notice processing function is in effect maintenance of the IT parking back-office system, with two members of staff processing notices and other batch jobs on to the system. Given its close alignment to the parking back office IT system it makes sense to have this role as part of that provision. This is currently provided by the external contractor and it is recommended that this remains the case for the new contract.

Permit services

29. The council already operates a permit service from its contact centre at Queens Road for the housing estates which issue approximately 16,000 permits a year. The on-street permit service is somewhat bigger and is currently externally provided. However it has a newer IT system and a lot of the service is self served on the web (more than 75% of permits are issued that way). It is intended that the estates parking permits service will move on to a similar platform to on-street this year. It is therefore recommended to bring this element of the service in-house

Parking call centre

30. The council already operates a contact centre and a permit service from Queens Road. The parking call centre functions, which are mostly around permit services, could be integrated with the existing service. It is therefore recommended to bring this element of the service in house.

School crossing patrols

31. 50 School crossing patrol officers and one supervisor are currently provided by the external contractor. The officers attend their sites on school days morning and afternoon for two hours in total. The supervisor attends sites daily to ensure the service is being delivered. The supervisor steps in when there is absenteeism and

carries out training of new officers. In addition he/she also carry out risk assessments and recruitment. Recruitment is currently restricted to the parents of children at the school where the service is provided. The recommendation is to bring this service in-house.

IT parking back office and equipment

32. In the past the IT and IT equipment supply has been undertaken by different contractors from the parking and traffic enforcement service. This did not work as there was often ambiguity around where faults emanated from and how they could be resolved. It makes much more sense for the enforcement contractor to provide this part of the service as they have platforms already being used by multiple boroughs. This is now the case and it is recommended that this remains the case for the new contract.

External procurement

33. Given that it has been concluded that a number of these service areas should continue to be outsourced, a number of external out-sourcing options have been reviewed and considered. These are outlined below:

Frameworks

34. There are no known frameworks for the provision of parking enforcement services. Some related services such as IT, permit services and pay by phone services are available

Tender

35. New competitive tender – On expiry of the current contract, a new supplier or suppliers would be ready to take over the relevant services having been selected after a competitive tender process. The different types of contract have been considered (there are models based around delivery of the manpower service and charged by hour, number of recorded visits to streets with defaults, etc) and the existing BPA (British Parking Association) model service contract based around key performance indicators which helps create a partnership rather than adversarial relationship and that contract is the most appropriate. A future contract would be procured in accordance with the Fairer Future Procurement Strategy.

Shared service delivery

36. Joint Borough procurement – Joint operations do exist with the Bexley / Bromley parking partnership (about the same size as Southwark combined) who have a joint parking outsourced contract with APCOA. The set-up of that contract is similar to that which exists at Southwark currently.
37. Consideration was given to a joint operation with Lewisham in 2011-12, this was not pursued, largely because neither council could see the benefits from the joint operation. Lewisham's outsourced contract is now on a different time line to the council's.
38. Southwark's parking operation is of sufficient size and importance that a joint operation is unlikely to result in much/any saving. There is a possibility of a reduced management structure, but even that might not be delivered as the bigger operation may require additional management support.

39. Lambeth do have a break clause in 2020 for their on street enforcement contract which is currently with APCOA parking and we are exploring options with them. Further information will be in the Gateway 1.

Voluntary sector/not for profit

40. There are no known voluntary sector or not for profit organisations that provide the required service.
41. The advantages and disadvantages of each option will be considered further in the Gateway 1.

Market considerations

42. It should be expected that any tenders carried out now would be as competitive as those carried out some years ago. However, the impact the exchange rate of sterling and the possible changes to the free movement of labour due to the UK's withdrawal from the EU will need to be considered. The nature of the withdrawal from the EU is also likely to have an impact on the tendering process. It is uncertain how suppliers will view these risks in their pricing strategy or how long it will be until the risks are resolved.
43. There are a high number of contractors capable of delivering parking and traffic enforcement services for Southwark Council. These are mostly parking specialist companies but also some of the larger administrative government services mostly multi national or multi disciplined conglomerates.

Recommended strategic delivery option

44. From the review it is recommended that some services where there are similarities to other Southwark provided services and where there is little initial capital investment required are brought in-house. These services are correspondence, school crossing patrols, permit services and call centre. This report is intended to act as approval for the procurement strategy in respect of the proposed insourcing of these services by April 2020.
45. Other services that require investment in specialist IT and equipment or those that need to be done within tight timescales should remain out-sourced. Subject to cabinet approval of the recommendations in this report a Gateway 1 report will set out the details of the council's procurement strategy for these services. The Gateway 1 will allow further consideration of shared service delivery.
46. This is the recommended service delivery model for the parking services on the expiry of the current contract.
47. A SWOT analysis of the proposed service delivery model is set out below:

STRENGTHS

The role of reviewing of appeals made by the public against the issue of a penalty charge notice will be directly managed by the Southwark Council parking and traffic enforcement team providing greater control and more efficient processes.

The in-house correspondence team will be enhanced to a sustainable level giving greater control over the appeals and providing opportunities for Southwark staff. The

<p>in house correspondence team produces strong results in the parts of the service it currently manages. Core enforcement work including the supply of a suitable depot will continue to be outsourced. The permit team and call centre will be brought in house as efficiencies can be made conjunction with the current in-house permit services and call centre services.</p>
<p>WEAKNESSES Some service providers may be deterred from bidding if the out-sourced service is reduced. This is however unlikely as the change in how the services are delivered makes the contract more similar to other similar sized London contracts. Providers prefer an all-in service provision to provide better economies of scale; reducing the outsourced services may lead to higher prices.</p>
<p>OPPORTUNITIES Potential for an increase in apprenticeships / graduate training within the parking service with an increase in workload. Asset management information may be better recorded as a result of dealing with all correspondence.</p>
<p>THREATS Southwark Council will be liable for any failings in undertaking the school crossing patrol services and will need to streamline the recruitment process to enable the same flexibility that the contractor has in delivering the service. Southwark Council will need to ensure the correspondence service is adequately resourced. There is a known scarcity of parking correspondence professionals in London which will continue to be an issue for both in-house and out-sourced employers.</p>

Decommissioning services

48. There is a clear “exit strategy” within the current parking enforcement contract for both APCOA and Southwark Council to follow.

Policy implications

49. Having an effective parking and traffic enforcement service is an important component of delivering the councils plan (Movement Plan and Transport Plan) and fairer future commitments. In particular theme 3 - a greener borough, theme 4 - a full employment borough and theme 5 – a healthier life, will benefit from this service.

Identified risks for the service and recommended strategic option

50. The identified risks are listed below:

No	Risk	Description and Mitigation	Risk rating
1	That the parking surplus declines as a result of the restructuring where services are to be delivered.	Parking services have the first call on the parking surplus by law. This restructure will move the parking service to a similar structure as is found elsewhere in London.	M
2	Insurance claims as a result of School Crossing Service not being	Southwark may be liable for insurance claims where it can be proven that School	M

No	Risk	Description and Mitigation	Risk rating
	provided or being provided incorrectly.	Crossing patrols and risk assessments were not carried out correctly. A good system and rigorous processes will need to be adopted and adequate training provided	
3	As some services are being brought in-house TUPE regulations will apply to some currently out-sourced personnel	At this stage, liabilities are unknown. Early liaison with internal TUPE lawyer and HR representative is required	L
4	Unable to adequately resource internal additional parking functions	As notice processing remains outsourced it will remain possible to use the parking contractor to mitigate the risk	L
5	Some companies may be deterred from bidding for out sourced works due to decreased workload	Liaison with relevant companies ongoing. Many other London LA contacts are similarly structured.	L

Key/non-key decisions

51. This is a key decision.

Next steps

52. The parking services team will undertake a review and an update the current parking technical specification to ensure the latest industry standards and techniques are followed.

53. Upon approval of this report, a Gateway 1 will be processed for the procurement strategy for the out-sourced work. Tender and Contract documents will be prepared.

Service delivery project plan (key decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	22/11/2018
DCRB Review Gateway 0	09/01/2019
CCRB Review Gateway 0	17/01/2019
Cabinet	05/02/2019
Indicative Gateway 1 approval	30/04/2019
Indicative Gateway 2 approval	04/12/2019
Current contract end date	31/03/2020

Community impact statement

54. People in all areas of the borough are affected by the quality of the parking and traffic enforcement services.
55. The award of new contracts or delivering some of the services directly is not considered to have any detrimental impact on local people and communities.
56. All service elements contained in the contracts are a borough-wide service. The updated technical specification addresses planning and delivery of planned and responsive parking and traffic enforcement and seeks to improve quality of the service and customer satisfaction.
57. The impact of the service will affect all communities / groups, residents, businesses, visitors and those that pass through the borough and will in turn improve the quality of life to all. Direct benefits are a service which makes an important contribution to the safety and health of all. Continued emphasis on safety and health will especially benefit the most vulnerable members of the community i.e. the elderly, the disabled and young children.

Social value considerations

58. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are detailed below:

Economic considerations

59. The economic considerations will be in the appraisal process and will be reported in the Gateway 1 report.

Social considerations

60. The new contract will deliver benefits to Southwark and particularly to the fairer future promises and policy commitments. These will include:
 - London Living Wage
 - Apprenticeships and work placement opportunities
 - Recruitment of local people using Southwark Works.

Environmental/Sustainability considerations

61. The new contract and service provision will adhere to industry best practice on sustainability and waste arising from parking and traffic enforcement will be recycled and re-used in the borough whenever possible.
62. The contract specifications will demand the latest Euro standard engines on new fleet in this contract, and encourage more sustainable forms of transport where this is feasible. Currently half of the enforcement vehicles are fully electric supporting the air quality strategy

Plans for the monitoring and management of project

63. The parking and traffic enforcement services will be monitored through the use of pre-determined key performance indicators managed by the parking and traffic enforcement team.

Resource implications

64. Additional resources will be required to undertake the correspondence, permit and call centre roles in house, it is anticipated that the correspondence will go to the existing parking team while permits and call centre function will go to the council's CSC, a permit team already exists there for estate permit processing. In addition there will also be additional staff for HR, payroll and recruitment.
65. The school crossing patrols will become part of the existing road safety team and parking services will continue to fund them. The existing school crossing supervisor will probably be subject to TUPE.

TUPE/Pensions implications

66. A change in the provider of existing services, including in this case insourcing, is likely to amount to a Service Provision Change under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However whether TUPE will apply and the extent to which it may result in the transfer of employees will depend on a number of factors, in particular whether there is change in identity from an incumbent provider to a new provider and, if so, how the existing provider organises its workforce to deliver the services under its current contract or sub-contract.
67. Due diligence needs to be undertaken with the current provider to obtain a clearer picture of the TUPE and pension implications for the Gateway 1 stage and further legal advice will be sought in light of the result of that due diligence. If there is a transfer of employees to the council from an incumbent contractor, then support will be also be sought from the council's human resources department and pensions team at the earliest opportunity.

Financial implications

68. The estimated net increase in internal costs arising from insourcing of all of the permit administration, correspondence duties and early appeals decision making and the school crossing patrol services is £250,000. However, the costs will be partly offset by a reduction in current contract costs as a result of the services brought back in-house. Any additional costs will be contained within existing parking service revenue budgets.
69. The proposed insourcing is designed to provide a robust service delivery option that builds flexibility and empowers the business unit to meet the current and anticipated future demands on the service as well as provide more accountable local services.
70. Bringing the service in-house will benefit our residents, there will be a more consistent response to early challenges, this will highlight on-street assets that may require replacement or repair earlier. This may lead to reduction in the number of PCNs which are cancelled as a result of challenges being made and improvements to overall quality.

Investment implications

71. There will be no investment implications.

Legal implications

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

Consultation

73. Formal consultation with the incumbent supplier and potential tenderers will be undertaken in accordance with the current contract and procurement regulations and guidance.

Other implications or issues

74. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Strategic Director of Finance and Governance (FC 18/033)**

75. This report is requesting cabinet to note that the current parking enforcement and associated services contract ends on 31 March 2020 providing the council with an opportunity to review the way in which those services are delivered and to approve the recommended strategic delivery option (paragraphs 22 to 32) to bring essential services such as school crossing patrols, correspondence, early appeals decision making and permit services under the direct control of the council's parking services team.

Head of Procurement

76. This Gateway Zero report seeks the approval of cabinet to the recommended strategic delivery options for the parking and traffic enforcements and related services, outlined in paragraph 14 of the report. The elements of this service have been reviewed in detail and recommendations for the future delivery after 31 March 2020 when the current contract expires is recommended as set out in paragraphs 22-32. The recommendation is that some services are to be brought in house from April 2020 and will covers school crossing patrols, the parking call centre, permit services and correspondence where there is a strategic alignment to other council services and processes so these are more efficient for the council and its residents. It is also recommended that the parking and traffic enforcement services will be subject to a procurement exercise for a new contractor following the end of the current contract on 31 March 2020. Further gateway reports, including a Gateway 1 Procurement strategy will be followed for this service.

Director of Law and Democracy

77. This report seeks the approval of the strategic options assessment for the delivery of parking and traffic enforcement and associated services in Southwark.
78. Under the council's contract standing orders, a pre-procurement/Gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or other strategically important contract for services, goods or works where

requested by the relevant cabinet member. The decision to approve the report recommendation is reserved to the relevant cabinet member, who may elect to refer the decision to cabinet.

79. Whilst the recommended strategic delivery option is for a combination of in-house and outsourced service delivery the estimated contract value of the procurement is not yet known and will be confirmed in the Gateway 1 report together with the proposed procurement strategy.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Parking and traffic services tasks	Highways Division, 160 Tooley St	Phone number David Sole 020 7525 2037
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6087&Ver=4		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Environment, Transport Management and Air Quality		
Lead Officer	Ian Smith, Strategic Director of Environment and Leisure		
Report Author	David Sole, Parking Services and Development manager		
Version	Final		
Dated	24 January 2019		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Finance and Governance	Yes	Yes	
Head of Procurement	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Director of Exchequer (For Housing contracts only)	N/a	N/a	
Contract Review Boards			
Departmental Contract Review Board	Yes	Yes	
Corporate Contract Review Board	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			24 January 2019

Item No. 9.	Classification: Open	Date: 5 February 2019	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: Capital Monitoring Report, including Capital Programme Update 2018-19 (Month 8)	
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

I am delighted to be presenting this latest update of the council's capital and housing investment programmes that underpins so many of our fairer future promises and our Council Plan priorities. This report not only provides the current status of the hugely ambitious programmes that are in progress but also seeks approval for new schemes that support a range of themes, including:

A new library and heritage centre for Walworth, which will be situated in a prominent place on the Walworth Road ensuring growth and redevelopment works for all and ensure that Walworth remains a destination.

Additional investment designed to bring the adult's existing care settings up to a modern standard which will meet the needs of our service users, support the sustainability of the adult social care budget and facilitate future options to support the need for additional bed-based care within the borough.

Investment in a new depot which will be able to provide good accommodation for our front line staff and allow services to expand in future years.

Further investment to continue the council's non-principal road investment programme and to ensure that we deliver a borough wide 20mph speed limit to reduce collisions, encourage more sustainable forms of travel and help improve air quality.

Continued investment in income generating assets, including Courage Yard. Income we receive from our commercial property investments is an essential part of continuing to support our highly valued public services in this period of decreasing government funding.

Other proposals include investment in our schools, supported housing properties for use by users with learning difficulties and further investment in the play service and our environmental priorities.

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.

As ever the council's capital programme continues to deliver major investments and improvements. Key capital achievements since the previous report include the handover of the Cherry Garden School expansion, works at St Michael's Catholic College to provide one additional form of entry were completed in September 2018 and at the Dulwich Hospital site, the first phase of the permanent home for the Charter School – East Dulwich has completed.

RECOMMENDATIONS

That cabinet:

1. Notes the general fund capital programme for the period 2018-19 to 2027-28 as at Month 8, as detailed in Appendices A and D and the forecast financing required (i.e. borrowing) of £134.3m for 2018-19.
2. Notes the housing investment programme for the period 2018-19 to 2027-28 as at Month 8, as detailed in Appendix B. Financing of the anticipated spend of £122.6m for 2018-19 has been identified.
3. Approves the virements and variations to the general fund and housing investment programme (HIP) as detailed in Appendix C.
4. Approve the inclusion in the programme of the new capital bids set out in Appendix E.
5. 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 as this position continues to outturn when more up to date information will be available.

BACKGROUND INFORMATION

6. On 18 September 2018, the month 4 2018-19 capital monitoring report was presented to the cabinet. This reported the capital forecast position of £259.9m and financing requirement (i.e. borrowing) of £158.6m on the general fund programme and a fully financed £145.1m housing investment programme for the financial year 2018-19.
7. 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 month 4 2018-19 forecast 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.
8. The scale of the capital programme is immense, with a total forecast spend of over £2 billion over the ten year period 2018-19 to 2027-28 for the general fund and the housing investment capital programme. This 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.
9. 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.

KEY ISSUES FOR CONSIDERATION

Programme position at Month 8 2018-19

10. 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 and variations
 - Appendix D provides further information on the general fund capital programme 2018-28.
 - Appendix E details a list of capital programme bids to support the delivery of the refreshed council plan to deliver a fairer future for all. Departmental narratives provide further detail on these bids.

General Fund

11. Attached at Appendix A is a summary of the general fund capital programme position as at month 8. The total programmed expenditure over the period 2018-19 to 2027-28 is £792.2m. The forecast spend in 2018-19 is £318.3m against a budget of £331.2m.
12. Capital expenditure to the end of Month 8 was £92.1m representing 29% of total forecast spend for the year.
13. Appendix C details the budget virements and variations for approval by cabinet.
14. Appendix D provides a breakdown of the programme by directorate and project and the departmental narrative statements (paragraphs 23 to 89) provide further details.
15. 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

16. The housing investment programme is forecasting total expenditure of £1,305.2m over the period 2018-19 to 2027-28. The forecast spend in 2018-19 is £122.6m against a budget of £147.0m. Spend to the end of month 8 was £43.2m representing 35% of total forecast spend for the year.
17. A breakdown of the schemes and budgets within the housing investment programme is included in Appendix B. Further narrative is provided at paragraphs 90 to 97. 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

18. 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.
19. The month 8 monitor indicates that there is likely to be shortfall in available resources of £134.3m to finance the general fund capital commitments in 2018-19 and £468.9m in total over the ten year programme. There is currently a forecast shortfall of £393.4m to fund the ambitious housing investment programme from 2018-19 to 2027-28.
20. 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.
21. 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. 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. The treasury management strategy mid-year update reported to council assembly in November 2018 indicated an additional requirement of up to £250m by March 2019. The timing of any borrowing will be mindful of cash flows and risk/probability of future interest rate increases.
22. The sections below provide commentary on the budget position by departments for 2018-19.

GENERAL FUND

PLACES AND WELLBEING DEPARTMENT

23. The total value of the capital programme for the department over the period 2018-19 to 2027-28 is £416.4m. Project managers have reviewed the progress of the various schemes and budgets have been re-profiled in line with anticipated spend. The revised budget for 2018-19 is £232.5m and expenditure incurred up to November 2018 amounted to £48.0m. The budget for future years have been profiled in line with the projected spend.

Regeneration Division

24. 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 £219.6m with a projected expenditure of £208.7m in 2018-19 and the remaining spend profiled across future years.

Walworth Rd Town Hall

25. 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 agreed to take forward 3 projects into the Invitation to Bid phase. Closing date for the ITB phase was 9th November. Two bids were received and these are now in the process of being evaluated. Public Consultation events took place in December. A Cabinet report on the outcome of the ITB process is being programmed for March 2019.

Walworth Library and Heritage Centre – £6.0m in 2019-20

26. Cabinet also instructed Officers to identify alternative locations in the area for a new library and a report was considered at Cabinet in January 2019.

New Depot

27. Cabinet approved in December 2018 the proposed consolidation of the current three depots into one depot. This is expected to generate operational efficiency, streamline processes, promote collaborative working and support the council to deliver excellent services. The anticipated costs associated with this project is £25m. Once vacated, these sites will be available for appropriate development, generating capital receipts for the council which is currently estimated to exceed the capital costs.

Elephant & Castle Open Spaces

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

Canada Water Leisure Centre

29. 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.
30. 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 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 now expected to be completed early in the new year.

Central School of Ballet

31. 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 have 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 its 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. Officers agreed the loan in October 2018 and the council will monitor the works during the construction period until September 2019.

Revitalise Peckham Rye

32. Work on the playground was completed and the playground opened successfully in time for the school summer holidays 2018. Planting was undertaken in December 2018 and January 2019 but some areas still need final works to take place. This should be completed in early 2019. The defects period has 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

33. The works are complete and the adventure playground and building, together with the public playground, are 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.

London Bridge Portfolio

34. Potential addition of income generating assets and their addition replaces revenues foregone from the commercial portfolio, where other 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.
35. Cabinet received a report on 11th December 2018 recommending the addition of a mixed use asset at Courage Yard, SE1 in the vicinity of Tower Bridge to the portfolio. The purchase price is £89m, exclusive of costs and tax (c. £5.2m)

making a total value of £94.2m of which Cabinet funding approval is sought. This is reflected in Appendix C for cabinet approval.

Freehold Land Acquisition Old Kent Road

36. Three sites in total are being purchased, two are with legal with the price agreed and their purchase should be completed in this quarter. Whilst a price has been agreed on the third site negotiations are ongoing as to the exact mechanism for reaching a final agreement on transferring the land to the council and this is expected to be resolved within the next quarter.
37. Original estimated purchase price of the 3 sites was £30m. Forecast is now a further £2.033m additional costs bringing the total to £32.033m.

Canada Water acquisitions – £3.1m in 2019-20

38. In May 2018 the council formally entered into a Master Development Agreement [MDA] with British Land [BL]. The MDA site also includes the former Rotherhithe Police Station and the Dock offices which were recently acquired by BL. The budget also includes one off payments to meet the council's 20% interest in these additional parcels of land. These costs will need to be met at the point at which the head lease is drawn down and will ensure the council's 20% land value is maintained across the full MDA site. This is currently anticipated to be payable in 2019/20 when the head lease is drawn down. The timing of the draw down of the head lease is subject to planning and other condition precedents being met.

Planning and Transport Division

39. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £12.8m with £12.1m projected to spend in 2018-19 and the balance profiled over future years.
40. The transport planning budget of £9.8m 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 £7.4m 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

41. 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 part HLF funded Peckham Townscape Heritage Initiative is due to complete in December 2018 and the second phase of the programme are currently being developed.
42. Schemes are also under development with the Highways Department on Bermondsey Street, Bermondsey Spa, Lynton Road and Butlers Wharf to be delivered in 2019-20.

TfL Funded works

43. TfL schemes are progressing in line with forecast, besides some issues with late billing from the contractor especially on bus improvement schemes (RMP). Cycling programme is progressing well and TfL continue to provide further funding based on Southwark's proven track record of delivery.
44. The capital programme also includes the remaining s106/CIL contribution of £43.7m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.

CHILDREN'S AND ADULTS' SERVICES

45. The total value of the departmental capital programme for the period 2018-19 to 2027-28 is £176.0m.

Children's Services

46. The capital programme budget for 2018-19 to 2027-28 is £131.9m. This consists mainly of the £49.0m 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 warm, dry and 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.
47. 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 fourteen out of fifteen schools. The one remaining is Rotherhithe School, which was submitted for planning approval in November 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) Regional Building Awards and was also awarded a National Commendation from the recent LABC National 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" mainly for the work on the primary school programme. Further schools are under review for possible expansion, to meet the potential uneven demand for pupil places in future years arising from the Old Kent Road regeneration. These may be the subject of a future capital bid.
48. 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 which completed in September 2018. The first phase of work at the Dulwich Hospital site to provide the permanent home for The Charter School – East Dulwich, have completed. The handover of the main teaching building has taken place and pupils moved to the site in January 2019. Phase 2, which includes the 6th form centre, is dependent on the NHS relocation and is scheduled to start on site in April 2020 and complete by September 2021.

49. The Primary Schools Refurbishment programme for 2018-19 programmes is underway, with works to 17 primary schools being undertaken mainly over the summer holiday period in order to minimise disruption to school operations. The programme for 2019-20 is being prepared and schools have been identified to include in the programme with works anticipated to start over the holiday periods.
50. 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). This opened recently and is in use by the LSBU. In return, LSBU will assist in delivering commitments made in the Council Plan relating to education, employment and training.
51. The report includes a bid for £3.5m of new capital funding for Riverside Primary School, in addition to the schools own resources of £1.1m and S106 of £1.6m, to provide a new teaching block too replace the existing 1960's buildings which has suffered from severe subsidence and cracking, particularly over the past year. A feasibility study has informed the proposed works and these works will also address condition and suitability issues in the main building. Thames Tideway has funded the initial surveys and feasibility study. This scheme will also have a benefit in reorganising some of the teaching spaces and make these more efficient for staff and pupils and reduce maintenance and running costs by having a single annex building to the main school rather than the three remote buildings they currently use.
52. With regard to Spa Camberwell Special School, Part of the Spa Academy, the cost of the project for a new special secondary ASD school of £7.4m and is wholly financed by government grant and managed by the LA and therefore does not feature in the current programme. However, the Council may make a contribution to this project; but this is subject to agreement with the Secretary of State on a range of matters. Moreover in the meantime a plan has been developed to ensure that the additional place provision is available at a separate accommodation from September 2019.
53. Additional SEND capital grant for 2019-20 of £100m nationally has been announced over and above the previous £265m over three years. We are awaiting the announcement of the authority's allocation.

Adult Social Care

54. The capital programme budget for the period 2018-19 to 2028-29 is £44.1m, the main projects being £7.9m in respect of an essential lifecycle capital maintenance programme for the residential care homes operated by Anchor Trust, £5.2m for the Cator Street Older Peoples Hub and Day Centre and £1.8m for new office accommodation in Castlemead. This report also includes two new bids totalling £20.7m in respect of a programme of refurbishments to existing care settings and the provision of an additional bed-based care facility (details below).
55. 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, and integrated with, the existing Extra Care housing at the Cator Street 1 site and this second phase of the build will incorporate a further 42 Extra Care flats. Design work has

commenced and will continue throughout the first part of 2019-20 with onsite work anticipated in December 2019.

56. 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 commenced as scheduled in October 2018 and is due to be completed by May 2019.
57. In addition to the £7.9m 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. These are expected to be completed by February 2019 and are forecast to cost in the region of £1.4m. Some fire safety work will continue into 2019.
58. Additional funding of £10.7m is being requested for a lifecycle works programme that covers a wide range of bed-based and community settings. The proposed programme spans 24 properties over a period of ten years and is designed to bring the estate up to a modern standard which will meet the needs of our service users and support the sustainability of the adult social care budget.
59. A bid in the sum of £10m is also included within the proposed programme to facilitate future options to support the need for additional bed-based care within the borough. Officers from across the council are working to identify potential sites and modes of delivery and this item will be subject to an options appraisal and more detailed design analysis as plans progress.

SOUTHWARK SCHOOLS FOR THE FUTURE (SSF)

60. The capital programme budget for the period 2018-19 to 2027-28 is £9.6m.
61. The main residual item from the Southwark Schools for the Future (SSF) programme is the provision of new accommodation for SILS3. This is due to start on site in January 2019 and complete in July 2020.

ENVIRONMENT AND LEISURE

62. The total value of the departmental capital programme for the period 2018-19 to 2027-28 is £106.3m. The latest revised budget for 2018-19 is £25.4m and spend is projected to be in line with this revised budget. The budget for future years has been re-profiled in line with the projected expenditure.

Highways

63. 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 satisfaction results. Spend in the first quarter was ahead of forecast reflecting the momentum gained on non-principal roads in 2017-18 continuing into 2018-19. Spending has continued at the same level in the second quarter. Spend is expected to level off towards the end of financial year. Overall, the budget is forecast to be fully spent by year end.
64. S106 Sturge St, Southwark Bridge money is being supplemented by cycle

funding from TfL. The TfL funding has been prioritised so the S106 has been put back to next year.

65. Some slippage in 20MPH Zone review work due to a combination of delays in consultation and delayed invoicing from the contractor. Actual spend is tracking forecast but approx. 3 months behind profile.
66. 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.
67. St Saviours Dock footbridge will be substantially complete by the end of the financial year.
68. The Flood Prevention Programme budget is expected to be fully spent with the completion of the Coleman Road project.
69. Additional capital resources of £16.8m to continue the Council's non-principal road investment programme prioritising works on non-principal roads on a borough-wide basis for the council's 10 year programme and this investment forms the largest part of the annual highway investment programme.

Parks and Leisure

70. The implementation of the cemetery strategy continues in order to create further burial space and make associated infrastructure improvements. Area B has now been completed and the construction works at Area Z continue. The increased amount of contamination and associated reduction of clean material is likely to result in a budget pressure for area Z.
71. Southwark Athletics Centre: a concept design has been developed with a view to consultation with the planning application to be submitted in February 2019.
72. Major Parks: Burgess Park West will be completed at the end of March 2019. Construction has also started on site to deliver the new café building in Southwark Park with a view to works being completed in the spring 2019.
73. Dulwich Leisure Centre air handling: The contractor is currently on site and works are due to be completed by Christmas.
74. All the above projects are within the parks and leisure capital programme budget with the exception of the risk noted in Cemeteries for area Z.
75. Additional capital resources of £100k to support the delivery of the Cemetery Strategy which was agreed in 2012.

Culture

76. Grove Vale Library: Internal fit-out of new Grove Vale library was completed and the library was opened in December 2018. The project is on budget and is forecast to be fully spent by year end.
77. Kingswood House: The final phase 3 works commenced in October 2018 and are due to be completed in February 2019. The project has been profiled to be

delivered within the allocated budget and is forecast to be fully spent by year end.

Capital Bid – Adventure play

78. The play service now sits within parks and leisure and there has been significant work in identifying what is required to improve the service offer. There has also been much needed capital investment in the Mint St. site resulting in a quality service offer.
79. There is now the need to improve other sites within the play service portfolio. This proposal relates to Fredericks and Surrey Docks adventure play sites where the majority of play equipment was removed in 2018 as a result of Health and Safety inspections that condemned the play equipment.
80. The capital amount of £500k will enable new equipment to go to Surrey Docks Adventure play and Fredericks and associated ground works. A capital bid is being submitted this is reflected in Appendix C for cabinet approval.

Environment and Leisure - Capital Bids

81. A programme of works had been planned to implement traffic calming measures on the 10 identified priority roads following the post- monitoring speed measurement carried out across the borough. The scope of the works was widened in 2017 to incorporate Transport for London guidelines for Healthy Streets into each of the scheme. The current budgets are only sufficient to implement works to 4 of the priority roads and therefore additional capital budget of £1.5m is required to plan the works for the remaining 6 priority roads over the next 4 years. This is reflected in Appendix C for cabinet approval.
82. Capital resources are required to implement some of the Air Quality Strategy and Action plans approved by cabinet in 2017. These include improved air quality monitoring systems; installation of school streets, air quality improvement projects in the GLA identified Air Quality Focus Areas and delivering some of the outcomes of the planned schools air quality audits. Capital resources are also expected to be required as match funding towards various project bids being submitted by the council from London Mayor's Air Quality Grant. Capital bid of £500k is included in appendix C for cabinet approval.
83. Additional capital bids within Environment and Leisure are being proposed to help deliver the capital programme objectives within the Environment and Leisure business plan including works for flood relief (£719k), CCTV (£320k) and additional cycle storage and moped security (£150k).

HOUSING AND MODERNISATION

84. 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 £13m forecast for 2018-19.

Traveller sites

85. Necessary reconstruction works to the railway embankment at the Ilderton Road site has provided the opportunity for reconfiguration and improvement works to

address health and safety and compliance issues. Proposed upgrading works to Burnhill and Brideale sites are also included in the programme at a total estimated cost of £3.5m, for which the council has been successful in securing 50% grant funding from the Greater London Authority.

Modernisation

86. Investment in ICT continues apace and there is a current expectation that the provision of the new data centre will be completed by autumn 2019. The extension to the original target date reflects the complexity and mission critical nature of the task and structured approach necessary to minimise the risk of service outage. In addition to this investment in hardware, work is also underway to renew systems and/or upgrade applications, particularly telephony and mobile working. Total investment on ICT in 2018-19 is expected to be in the region of £5.7m which is slightly below the previous forecast and largely due to re-profiling.
87. The capital programme for CFM focuses on two main areas, the first is investment to ensure that the council's operational estate meets all necessary regularity standards for compliance and remains safe for both council employees and visitors alike. Forecast investment of £0.5m includes both pre-emptive/planned works and remedial works following inspection and assessment. The second focus is on buildings life cycle investment, currently forecast at £1.7m. This sits alongside the council's wider workplace and modern ways of working strategies, with the focus being the rationalisation of the existing estate, modernisation and improvement of those buildings that will continue to support service delivery in the longer term and new provision where appropriate.
88. The current profile for the modern ways of working programme will see significant investment (c. £1.9m) made over the next two financial years, with the emphasis being on the development of smart working environments at strategic operational sites. Decommissioning and disposal of surplus assets remains key to supporting the council's wider capital investment plans.

Housing Renewal

89. This 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)

90. Overall, the HIP is forecast to spend £122.6m, comprising £73.2m on existing stock, £35.3m on new council homes including acquisitions and £14.1m on wider regeneration schemes, which also delivers affordable housing.
91. In October 2018, the Government removed the debt cap on HRA borrowing that had been in place since the introduction of HRA self financing in 2012. Its removal is welcomed and will provide much needed capacity for financing the council's new homes delivery programme. Pressures and constraints on the

planned programme remain however, and 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)

92. 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

93. 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 as part of the periodic electrical testing programme.

Quality Homes Investment Programme (QHIP)

94. 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 £46.1m. 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

95. The programme covers those estates identified as high need/high cost requiring extensive repair and refurbishment with spend of £13.3m 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 during 2019.

New Council Homes

96. 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. The council has recently been awarded £89.5m of "Building Council Homes for Londoners" grant from the GLA, which will help support the delivery programme. The award was

the third highest in London.

Regeneration schemes

97. 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 £6m with a further £5m on leaseholder buy backs and £0.8m 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.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

98. 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.
99. 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
Policy and Resources Strategy: capital monitoring report, including capital programme update 2018-19 (month 4)	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/ielistDocuments.aspx?CId=302&MId=6083&Ver=4		

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position at Month 8 2018-19
Appendix B	Housing investment programme summary monitoring position at Month 8 2018-19
Appendix C	Budget virements and variations at Month 8 2018-19
Appendix D	General fund programme detail at Month 8 2018-19
Appendix E	New capital bids

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	28 January 2019	
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		28 January 2019

Department	2018/19			2019/20			2020/21+			Total Programme 2018/19-27/28		
	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	49,297	49,873	576	49,832	49,256	(576)	76,875	76,875	-	176,004	176,004	-
Southwark Schools for the Future	9,066	9,066	-	564	564	-	-	-	-	9,630	9,630	-
Environment and Leisure	25,389	25,389	-	27,207	27,207	-	53,676	53,676	-	106,272	106,272	-
Housing General Fund	14,973	13,152	(1,821)	10,877	13,159	2,282	57,996	57,535	(461)	83,846	83,846	-
Places & Wellbeing	232,492	220,825	(11,667)	84,413	93,449	9,036	99,533	102,164	2,631	416,438	416,438	-
TOTAL EXPENDITURE	331,217	318,305	(12,912)	172,893	183,635	10,742	288,080	290,250	2,170	792,190	792,190	-
FUNDED BY:												
Corporate Resource Pool	129,399	129,399	-	21,125	21,125	-	35,000	35,000	-	185,524	185,524	-
Reserves	258	258	-	719	719	-	3,562	3,562	-	4,539	4,539	-
Capital Grants	36,142	36,142	-	17,524	17,524	-	14,616	14,616	-	68,282	68,282	-
Section 106 Funds	13,425	12,545	(880)	5,015	5,896	881	36,805	36,804	(1)	55,245	55,245	-
External Contributions	5,648	5,648	-	4,020	4,020	-	-	-	-	9,668	9,668	-
TOTAL RESOURCES	184,872	183,992	(880)	48,403	49,284	881	89,983	89,982	(1)	323,258	323,258	-
Financing to be agreed (see paragraphs 18-22)*		134,313			134,351			200,268		468,932		-

*In the event that there is a shortfall in funding in any particular year, that gap will need to be bridged by borrowing.

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	3	3	3	-	-	-	-	-	-	-	-	-	-	3	3	-
WDS 2012 major works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WDS 2013 major works	100	-	100	-	-	-	-	-	-	-	-	-	-	100	100	-
WDS 2014 major works	26	(33)	(24)	(50)	-	50	50	-	-	-	-	-	-	26	26	(0)
WDS 2015 major works	5,159	3,239	5,124	(34)	3,923	3,394	(529)	108	90	(18)	117	699	582	9,307	9,307	-
M&E heating	181	60	185	5	-	236	236	-	-	-	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	-
	8,173	3,268	8,093	(80)	6,627	6,384	(243)	2,812	2,793	(18)	721	1,062	341	18,332	18,332	(0)
Special Schemes/HINE																
Chilton Grove Wall - Decent Homes	767	1	678	(89)	1,760	1,760	-	307	396	89	-	-	-	2,834	2,834	0
Tustin	6,432	1,405	6,432	-	1,980	1,980	-	-	-	-	-	-	-	8,412	8,412	-
Portland	2,049	1,375	2,049	-	20	20	-	-	-	-	506	506	-	2,575	2,575	-
Damory/Thaxted externals	383	69	424	41	1,205	1,205	-	210	170	(41)	-	-	-	1,799	1,799	0
Maydew	2,135	386	2,773	638	11,947	11,309	(638)	-	-	-	-	-	-	14,082	14,082	(0)
Four Squares (HINE)	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lakanal House	402	251	437	35	334	299	(35)	-	-	-	-	-	-	736	736	-
Lebury Emergency Works	500	342	500	-	-	-	-	-	-	-	-	-	-	500	500	-
	12,667	3,830	13,292	625	17,246	16,573	(673)	518	566	48	506	506	-	30,938	30,938	(0)
QHIP (Inc. Kitchens & Bathrooms & LD2)																
Asset Management Strategy 2016/17 (QHIP)	19,805	7,542	14,712	(5,093)	5,772	10,808	5,036	769	458	(310)	-	367	367	26,345	26,345	-
Asset Management Strategy 2017/18 (QHIP)	13,899	5,871	11,013	(2,885)	15,179	12,612	(2,567)	7,785	13,073	5,288	-	165	165	36,863	36,863	0
Asset Management Strategy 2018/19 (QHIP)	17,781	6,311	17,936	155	30,490	17,758	(12,731)	3,640	14,208	10,567	-	2,009	2,009	51,911	51,911	-
Asset Management Strategy 2019/20 (QHIP)	1,203	369	1,614	412	50,160	60,079	9,919	17,965	7,341	(10,624)	-	293	293	69,327	69,327	(0)
Asset Management Strategy 2020/21 (QHIP)	135	18	147	11	2,009	243	(1,766)	40,495	42,250	1,755	31,082	31,082	-	73,722	73,722	0
Asset Management Strategy 2021+Future years (QHIP)	-	-	-	-	-	-	-	-	-	-	518,549	518,549	-	518,549	518,549	-
Installation of LD2	715	37	715	-	1,955	1,955	-	2,000	2,000	-	16,617	16,617	-	21,287	21,287	-
FRA Contingency Budgets	792	-	-	(792)	1,188	792	(396)	-	1,188	1,188	-	-	-	1,980	1,980	-
	54,329	20,148	46,137	(8,192)	106,752	104,248	(2,505)	72,655	80,518	7,863	566,249	569,082	2,834	799,984	799,984	0
Regeneration																
Aylesbury Estate regeneration	14,798	2,738	11,750	(3,048)	14,374	10,275	(4,099)	6,725	10,276	3,551	-	3,596	3,596	35,897	35,897	-
Bermondsey Spa refurbishment	7	10	21	14	14	-	(14)	-	-	-	-	-	-	21	21	(0)
East Dulwich Estate	656	105	308	(348)	1,721	1,572	(149)	470	667	197	-	300	300	2,847	2,847	-
Elmington Estate	516	52	132	(384)	-	384	384	-	-	-	-	-	-	516	516	(0)
Heygate Estate	386	117	270	(116)	-	116	116	-	-	-	-	-	-	386	386	0
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	-
Regeneration Commercial properties	175	2	175	-	175	175	-	-	-	-	-	-	-	350	350	-
	17,987	3,067	14,106	(3,882)	17,284	13,522	(3,762)	8,196	11,944	3,748	-	3,896	3,896	43,467	43,467	(0)
New Builds																
Hostels new build	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hidden Homes	2,151	559	2,151	-	5,180	5,180	-	94	94	-	-	-	-	7,426	7,426	-
SRPP	100	161	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	-
Direct Delivery - New Council Homes Phase 1	9,192	3,523	8,655	(537)	10,180	10,718	537	9,707	9,707	-	273	273	-	29,352	29,352	-
Direct Delivery - New Council Homes Phase 2	18,303	2,417	11,048	(7,255)	89,876	97,131	7,255	94,966	94,966	-	113,752	113,752	-	316,897	316,897	0
	37,065	6,660	29,273	(7,792)	111,565	119,357	7,792	108,007	108,007	-	116,485	116,485	-	373,122	373,122	0
Acquisitions																
Acquisitions & S106 properties	9,364	2,346	4,641	(4,722)	4,118	5,378	1,259	1,673	3,729	2,056	386	1,793	1,407	15,541	15,541	-
Ledbury Acquisitions	1,397	1,313	1,397	-	1,162	1,162	-	-	-	-	-	-	-	2,559	2,559	-
	10,760	3,659	6,038	(4,722)	5,280	6,539	1,259	1,673	3,729	2,056	386	1,793	1,407	18,099	18,099	-
Other programmes																

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
Adaptations	1,600	665	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	420	514	630	210	371	371	-	371	371	-	741	531	(210)	1,902	1,902	-
Disposals costs	400	238	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	410	430	489	79	14	22	8	-	1	1	-	-	-	424	512	89
T&RA halls	1,546	109	942	(603)	1,169	1,724	555	-	48	48	-	-	-	2,715	2,715	(0)
Heating Energy Efficiency Measures (North Peckham Pi	162	-	162	-	60	60	-	-	-	-	-	-	-	222	222	-
Other Installation of Sprinkler & smoke detection	179	-	179	-	42	42	-	-	-	-	-	-	-	221	221	-
Ledbury Tenants-Assistance with moving costs	641	629	641	-	98	98	-	-	-	-	-	-	-	738	738	-
Misc. Tenanats Homeloss Assistance & Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Damage Reinstatement	225	-	225	-	-	-	-	-	-	-	-	-	-	225	225	-
	5,972	2,585	5,658	(314)	4,125	4,688	563	2,371	2,420	50	8,741	8,531	(210)	21,209	21,298	89
	146,954	43,216	122,597	(24,357)	268,879	271,312	2,432	196,230	209,976	13,746	693,088	701,356	8,268	1,305,151	1,305,240	89
FINANCED BY:																
Capital Receipts b/fwd	-	-	-	-	19,223	3,996	(15,227)	-	-	-	-	-	-	19,223	3,996	(15,227)
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	32,642	-	18,562	(14,079)	22,007	41,907	19,900	15,500	9,000	(6,500)	46,500	39,500	(7,000)	116,649	108,970	(7,679)
Voids Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RTB Receipts - Restricted to New Build	14,406	-	7,216	(7,190)	20,787	11,672	(9,114)	20,573	14,164	(6,409)	10,470	19,698	9,229	66,235	52,751	(13,485)
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	-	13,589	6,845	3,011	36,032	33,021	300	28,750	28,450	1,470	13,048	11,578	11,524	91,418	79,894
Section 106 Funds	16,811	-	8,781	(8,031)	42,215	69,201	26,986	44,816	30,775	(14,041)	25,222	35,219	9,997	129,064	143,976	14,911
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	145,051	-	122,597	(22,455)	181,691	237,257	55,566	155,637	157,137	1,500	371,004	394,807	23,803	853,383	911,798	58,415
Forecast variation (under)/over	1,903	43,216	0		87,188	34,055		40,593	52,839		322,084	306,549		451,768	393,442	

	Children's & Adults Services	Southwark Schools for the Future	Environment and Leisure	Housing General Fund	Places & Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
CURRENT PROGRAMME AS AT 2018 M4	151,458	9,630	84,614	83,847	285,424	614,972	1,135,695	1,750,667
Month 8 - Virements to be approved								
Children's								
Heber Primary-Building Services	4					4		4
Hollydale fabric	17					17		17
Lyndhurst Primary Boiler	33					33		33
Riverside CRC	2					2		2
Rotherhithe boilers	23					23		23
Brunswick Park - Replacement thermostatic valves (TRVs)	(40)					(40)		(40)
Camelot - Fabric repairs (windows overhaul and wc roof)	20					20		20
Comber Grove - Fabric repairs (windows overhaul)	(95)					(95)		(95)
Crampton - Fabric repairs (windows overhaul, external decorations, repointing fire doors and drainage repairs)	4					4		4
Grange - Fabric repairs (windows overhaul)	3					3		3
Heber - Fabric repairs (windows overhaul)	21					21		21
Hollydale - Light fittings replacement	(9)					(9)		(9)
Ilderton - Fabric repairs (windows overhaul)	(31)					(31)		(31)
John Ruskin - Plumbing alterations (to safeguard against legionella)	(3)					(3)		(3)
Oliver Goldsmith - Fabric repairs (windows overhaul)	(4)					(4)		(4)
Rye Oak - Victorian building - Boiler replacement to original building	(98)					(98)		(98)
Robert Browning - Fabric repairs (windows overhaul)	5					5		5
Southwark Park School - Roof leaks investigation and remedial works	(4)					(4)		(4)
Tower Bridge - Fabric repairs (windows overhaul and roof repairs)	10					10		10
Comber Grove - Replacement thermostatic valves (TRVs)	50					50		50
2018/19 Primary Schools refurbishment programme	93					93		93
Cobourg lighting	6					6		6
Comber Grove boiler & asbestos	24					24		24
Grange	1					1		1
Ivydale phase 2	0					0		0
2016-17 Retention payments	(32)					(32)		(32)
Bishop's House - Park College for young adults	239					239		239
Nursery Buildings Improvements	-					-		-
Camberwell nursery	-					-		-
SEND and disabilities development	(239)					(239)		(239)
Adult's								
ASC Capital contingency	(54)					(54)		(54)
Mosaic Implementation	(4)					(4)		(4)
ASC Orient Street	59					59		59
Environment and Leisure								
Major Parks			(4,000)			(4,000)		(4,000)
Sports Pitch Provision - Parks			4,000			4,000		4,000
S106 Old Jamaica Road			290			290		290

	Children's & Adults Services	Southwark Schools for the Future	Environment and Leisure	Housing General Fund	Places & Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
S106 Old Jamaica Road			56			56		56
S106 Old Jamaica Road			127			127		127
Southbank Accessibility Improvements			52			52		52
Southbank Accessibility Improvements			48			48		48
Highway Infrastructure Improvements			(4)			(4)		(4)
NPR Programme			4			4		4
Sports Pitch Provision - Parks			-			-		-
Sports Pitch Provision - Parks			2,623			2,623		2,623
Park Sports Pitch pr			(2,623)			(2,623)		(2,623)
S106 Swan Mead Ball Court Refurbishment			11			11		11
S106 St Saviour's Estate playground refurbishment			(11)			(11)		(11)
Thurland Road/St James Churchyard			33			33		33
Housing General Fund								
Travellers Sites Reconfiguration				(2,858)		(2,858)		(2,858)
Gypsy and Travellers Site Fire Safety Reconfiguration				2,858		2,858		2,858
Places and Wellbeing								
Bermondsey Spa and Grange Road Environs					(290)	(290)		(290)
Butlers Wharf and Surrounds Improvements(Crucifix Lane)					(52)	(52)		(52)
Shad Thames Paving					(48)	(48)		(48)
Great Suffolk Street BUP Project					(20)	(20)		(20)
Great Suffolk Street BUP Project(Closure Phase)					20	20		20
Legible London					11	11		11
Tourism Promotion & Interpretation and Southwark Young Pilgrims(SYP)					(11)	(11)		(11)
Peckham Rye Station Redevelopment(Gateway to Peckham)					(543)	(543)		(543)
Peckham Palms Professional Fees					149	149		149
Peckham Palms Works					394	394		394
Bermondsey Spa Traffic Management					(56)	(56)		(56)
Grange Yard					(127)	(127)		(127)
Thurland Road/St James Churchyard					(33)	(33)		(33)
Harper Road					65	65		65
Void Shops & Council Owned Parade					(65)	(65)		(65)
HRA								
WDS 2010 major works							3	3
WDS 2014 major works							(3)	(3)
Tustin							7,019	7,019
Asset Management Strategy 2016/17 (QHIP)							(967)	(967)
Asset Management Strategy 2017/18 (QHIP)							4,098	4,098
Asset Management Strategy 2018/19 (QHIP)							(376)	(376)
Asset Management Strategy 2021+Future years (QHIP)							(8,899)	(8,899)
Installation of LD2							(874)	(874)
Total virements to be approved at Month 8	-	-	606	-	(606)	-	-	-
Month 8 - Variations to be approved								
Children's								

	Children's & Adults Services	Southwark Schools for the Future	Environment and Leisure	Housing General Fund	Places & Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
Cherry Garden Special School	371					371		371
Riverside Primary School	3,500					3,500		3,500
Adult's								
Lifecycle maintenance programme- LD properties	10,675					10,675		10,675
Bed Based Care	10,000					10,000		10,000
Environment and Leisure								
Major Parks			150			150		150
Major Parks			12			12		12
Leathermarket Garden			191			191		191
S106 Astley & Coopers ball court			23			23		23
Dulwich CGS			0			0		0
Newington Ward Park Improvements			87			87		87
Fredricks and Surrey Docks adventure			500			500		500
Flood Relief			719			719		719
CCTV			320			320		320
Air Quality			500			500		500
Cycle Storage & Moped Security			150			150		150
20MPH Zones			1,500			1,500		1,500
NPR Programme			16,800			16,800		16,800
Cemetery Burial Strategy			100			100		100
Places and Wellbeing								
Rotherhithe to Peckham Cycle Connection					200	200		200
Lavington & Great Guildford Streets South					185	185		185
LCG Cornwall Road					13	13		13
LCG St George's Circus					16	16		16
LCG Tanner Street					15	15		15
LCG Southwark Bridge Road					16	16		16
EV Charging Points					300	300		300
BP RMP 79 Denmark Hill					(678)	(678)		(678)
BP RMP 91 Grove Vale					23	23		23
BP RMP 87 Dog Kennel Hill					13	13		13
BP RMP 3430032 Peckham Rye					37	37		37
BP RMP 133-135 Camberwell Road					23	23		23
BP RMP 27-28 Croxted Road					20	20		20
BP RMP 440-441 Denmark Hill					29	29		29
BP RMP Minor Works					191	191		191
BP RMP South Croxted Road					24	24		24
BP RMP 1103 College Road					15	15		15
BP REL Denmark Hill					45	45		45
REL Lordship Lane					84	84		84
QW7					(120)	(120)		(120)
Revitalise Peckham Rye					410	410		410
Mint Street Adventure					283	283		283
Nursery Row Park					137	137		137
Strategic Property Purchase					2,034	2,034		2,034

	Children's & Adults Services	Southwark Schools for the Future	Environment and Leisure	Housing General Fund	Places & Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
Dockley Road Bridges					7	7		7
Courage Yard					94,200	94,200		94,200
Canada Water Acquisitions					3,100	3,100		3,100
Newington Library and Heritage Centre					6,000	6,000		6,000
Super Depot					25,000	25,000		25,000
HRA								
Heygate Estate							(303)	(303)
Regeneration Commercial properties							350	350
Hostels new build							(393)	(393)
Hidden Homes							6,344	6,344
Direct Delivery - New Council Homes Phase 1							19,307	19,307
Direct Delivery - New Council Homes Phase 2							151,948	151,948
Acquisitions							117	117
Fire Damage Reinstatement							225	225
Security							28	28
Ledbury Acquisitions							(8,167)	(8,167)
Total variations to be approved at Month 8	24,546	-	21,053	-	131,620	177,218	169,456	346,674
TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT MONTH 8 2018/19	24,546	-	21,658	-	131,014	177,218	169,456	346,674
REVISED BUDGETS	176,004	9,630	106,272	83,847	416,438	792,190	1,305,151	2,097,341
VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED FINANCED BY:								
Capital Receipts	24,546		19,724	-	132,764	177,034	98,664	275,698
Reserves	-		865	-	-	865	225	1,090
Revenue	-		-	-	-	-	28	28
Capital Grant	-		173	-	-	173	53,390	53,563
Section 106 Funds	-		883	-	(293)	590	17,149	17,740
External Contribution	-		13	-	(1,457)	(1,445)	-	(1,445)
TOTAL RESOURCES	24,546	-	21,658	-	131,014	177,218	169,456	346,674

GENERAL FUND CAPITAL PROGRAMME- 2018/19 MONTH 8 REPORT

APPENDIX D

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 and Leisure Total												
Cleaner Greener Safer	1,998	1,998	-	2,862	2,862	-	8,897	8,897	-	13,757	13,757	-
Other PR Projects	2,627	2,627	(0)	4,673	4,673	0	1,375	1,375	-	8,675	8,675	-
StreetCare	8,747	8,747	-	6,200	6,200	-	32,541	32,541	-	47,487	47,487	-
Environmental Services	1,500	1,500	-	1,070	1,070	-	525	525	-	3,095	3,095	-
Street Metal Works	540	540	-	500	500	-	2,000	2,000	-	3,040	3,040	-
Culture	850	850	-	668	668	-	(0)	(0)	-	1,519	1,519	-
Parks	7,884	7,884	-	8,018	8,018	-	8,162	8,162	-	24,064	24,064	-
South Dock Marina	125	125	-	670	670	-	(0)	(0)	-	796	796	-
Leisure	1,117	1,117	-	2,546	2,546	-	176	176	-	3,839	3,839	-
Environment and Leisure Total	25,389	25,389	(0)	27,207	27,207	0	53,676	53,676	-	106,272	106,272	-
Places & Wellbeing												
PLANNING	4,430	3,715	(715)	2,938	3,653	715	-	-	-	7,368	7,368	-
TRANSPORT POLICY & PLANNING	8,420	8,420	-	1,400	1,400	-	-	-	-	9,820	9,820	-
REGENERATION NORTH	10,720	4,753	(5,967)	47,106	53,073	5,967	37,500	37,500	-	95,326	95,326	-
REGENERATION SOUTH	31,626	31,626	-	14,558	14,558	-	16,978	16,978	-	63,162	63,162	-
REGENERATION CAPTAL	9,859	5,249	(4,610)	13,597	15,576	1,979	250	2,881	2,631	23,706	23,706	-
PROPERTY SERVICES	167,437	167,061	(376)	4,813	5,189	376	44,805	44,805	-	217,055	217,055	-
Places & Wellbeing Total	232,492	220,825	(11,667)	84,413	93,449	9,036	99,533	102,164	2,631	416,438	416,438	-
Children and Adult Services												
Castlemead, 232 Camberwell road	1,100	1,100	-	691	691	-	-	-	-	1,791	1,791	-
Centre of Excellence	224	224	-	2,786	2,786	-	2,149	2,149	-	5,159	5,159	-
Anchor Blue Grove	542	542	-	22	22	-	-	-	-	564	564	-
Anchor Greenhive	665	665	-	31	31	-	-	-	-	696	696	-
Anchor Rose court	615	615	-	26	26	-	-	-	-	641	641	-
Anchor Waterside	151	151	-	8	8	-	-	-	-	159	159	-
49 Mount Adon Park	63	63	-	555	555	-	(0)	(0)	-	618	618	-
26 Therapia road	30	30	-	392	392	-	-	-	-	422	422	-
Dover Lodge, 41 Wood Vale	30	30	-	738	738	-	-	-	-	768	768	-
52-60 Grosvenor terrace	-	-	-	1,120	1,120	-	-	-	-	1,120	1,120	-
Adult PSS Capital Allocations	50	50	-	2,781	2,781	-	-	-	-	2,831	2,831	-
Telecare expansion	-	-	-	143	143	-	-	-	-	143	143	-
Southwark Resource Centre	-	-	-	193	193	-	-	-	-	193	193	-
ICT	312	312	-	-	-	-	-	-	-	312	312	-
Lifecycle maint prog- Anchor homes	-	-	-	3,120	3,120	-	4,768	4,768	-	7,888	7,888	-
Lifecycle maint prog- LD properties	-	-	-	1,068	1,068	-	9,608	9,608	-	10,675	10,675	-
Orient Street	69	69	-	-	-	-	-	-	-	69	69	-
Half Moon Lane	58	58	-	-	-	-	-	-	-	58	58	-
Bed Based Care	-	-	-	-	-	-	10,000	10,000	-	10,000	10,000	-
2017/18 Primary Schools refurbishment programme	-	-	-	-	-	-	-	-	-	-	-	-
2018/19 Primary Schools refurbishment programme	2,853	3,429	576	2,158	1,582	(576)	-	-	-	5,011	5,011	-

GENERAL FUND CAPITAL PROGRAMME- 2018/19 MONTH 8 REPORT

APPENDIX D

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
Autism Spectrum	-	-	-	1,800	1,800	-	-	-	-	1,800	1,800	-
Beormund Primary School Redevelopment	28	28	-	11,618	11,618	-	0	0	-	11,646	11,646	-
Healthy Pupils Programme	201	201	-	-	-	-	-	-	-	201	201	-
Ilderton School	35	35	-	305	305	-	10	10	-	350	350	-
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	29,846	29,846	-	2,684	2,684	-	16,470	16,470	-	49,000	49,000	-
Primary Schools refurbishment programme	1,886	1,886	-	3,500	3,500	-	21,000	21,000	-	26,386	26,386	-
Riverside Primary School	-	-	-	500	500	-	3,000	3,000	-	3,500	3,500	-
Retention	2,055	2,055	-	31	31	-	-	-	-	2,086	2,086	-
Rotherhithe Primary School Expansion	550	550	-	8,500	8,500	-	8,499	8,499	-	17,549	17,549	-
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	-
Southwark Inclusive Learning Service KS4	-	-	-	3,000	3,000	-	-	-	-	3,000	3,000	-
Alternative provision accommodation at STAC	30	30	-	170	170	-	-	-	-	200	200	-
Troubled Families	250	250	-	-	-	-	-	-	-	250	250	-
Children and Adult Services Total	49,297	49,873	576	49,832	49,256	(576)	76,875	76,875	-	176,004	176,004	-
Southwark Schools for the Future												
St Michael's PFI	67	67	-	-	-	-	-	-	-	67	67	-
SMAA - Ark All Saints	484	484	-	-	-	-	-	-	-	484	484	-
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	-
Housing Renewal	2,320	1,970	(350)	2,035	2,340	305	14,905	14,950	45	19,260	19,260	-
Gypsy and Travellers Site Fire Safety Reconfiguration	2,286	2,286	-	573	573	-	-	-	-	2,858	2,858	-
IT Investment Schemes	6,393	5,718	(675)	2,716	3,382	666	12,699	12,708	9	21,808	21,808	(0)
Leathermarket - Kipling Garages	898	898	-	-	-	-	-	-	-	898	898	-
Modern Ways of Working	-	50	50	1,985	1,395	(590)	-	540	540	1,985	1,985	-
Planned Preventative Maintenance	2,538	1,689	(849)	2,538	4,439	1,901	22,152	21,100	(1,052)	27,228	27,228	-
PPM & Compliance Programme (CRP)	500	503	3	1,030	1,030	-	8,241	8,238	(3)	9,771	9,771	-
Springtide Close travellers site	29	29	-	-	-	-	-	-	-	29	29	-
Housing General Fund Total	14,973	13,152	(1,821)	10,877	13,159	2,282	57,997	57,535	(461)	83,847	83,846	(0)
Capital Programme 2018/19 - 2027/28	Total General Fund Programme											
	2018/19			2019/20			2020/21+			Total Programme 2018/19-2027/28		

GENERAL FUND CAPITAL PROGRAMME- 2018/19 MONTH 8 REPORT

APPENDIX D

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
	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	331,217	318,305	(12,912)	172,893	183,635	10,743	288,080	290,250	2,170	792,190	792,190	(0)
Total Resources	184,872	183,992	(880)	48,403	49,284	881	89,983	89,982	(1)	323,258	323,258	-
Forecast variation (under)/over	146,345	134,313	(12,032)	124,490	134,351	9,862	198,097	200,268	2,171	468,932	468,932	(0)
Cumulative position				270,835	268,664	(2,171)	468,932	468,932	(0)	468,932	468,932	(0)

Paragraph	Service	Project/Programme Description					Financing	
			2018/19	2019/20	2020/21+	Total Programme	Funded (S106, Grant etc)	Resources to be identified
			£'000	£'000	£'000	£'000	£'000	£'000
26	Places and Wellbeing	Walworth Library and Heritage Centre	-	6,000	-	6,000	-	6,000
27	Places and Wellbeing	New Depot	-	12,500	12,500	25,000	-	25,000
34-35	Places and Wellbeing	Courage Yard Purchase Price	89,000	-	-	89,000	-	89,000
34-35	Places and Wellbeing	Courage Yard Stamp Duty Tax and Costs	5,200	-	-	5,200	-	5,200
38	Places and Wellbeing	Former Rotherhithe Police Station and the Docks Office - Canada Water Acquisition	-	3,100	-	3,100	-	3,100
51	Children's	Riverside Primary School	-	500	3,000	3,500	-	3,500
58	Adult's	Lifecycle Works Programme	-	1,068	9,607	10,675	-	10,675
59	Adult's	Bed Based Care	-	-	10,000	10,000	-	10,000
69	Environment and Leisure	NPR Programme	-	-	16,800	16,800	-	16,800
75	Environment and Leisure	Cemetary Burial Strategy	-	100	-	100	-	100
78-80	Environment and Leisure	Fredricks and Surrey Docks Adventure Play Sites	-	500	-	500	-	500
81	Environment and Leisure	20 MPH Zones	-	375	1,125	1,500	-	1,500
82	Environment and Leisure	Air Quality	-	500	-	500	-	500
83	Environment and Leisure	Flood Relief	-	719	-	719	719	-
83	Environment and Leisure	CCTV	-	320	-	320	-	320
83	Environment and Leisure	Cycle Storage and Moped Security	-	-	150	150	150	-
			94,200	25,682	53,182	173,064	869	172,195

Item No. 10.	Classification: Open	Date: 5 February 2019	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: Revenue Monitoring Report, including Treasury Management 2018-19 (Month 8)	
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 is the second budget monitoring report of 2018-19 showing our position at the end of month 8 of the financial year (November 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 with an overall favourable variance of £0.354m.

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 £36k 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 £7m and therefore the forecast position at 31 March 2019 is an £11m 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 £3.5m 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 £0.354m under spend, before application of the DSG deficit (Table 1)
 - the continuing pressures on the Dedicated Schools Grant (DSG), £7.0m in

- 2018-19 (paragraphs 21 to 22);
 - cost pressures in Housing and Modernisation, largely relating to Temporary Accommodation (£3.5m) and No Recourse to Public Funds (£0.6m) (paragraph 25 to 32);
 - the £4m contingency is utilised in full to mitigate the impact of cost pressures within Temporary Accommodation and No Recourse to Public Funds (paragraph 40);
 - the general fund outturn forecast indicates a net increase in reserves of £7.0m (paragraphs 51 to 55 and table 3), excluding DSG reserve (paragraph 21 to 22), arising principally as a result of the creation of the London Devolution Deal Reserve (paragraphs 56 – 57);
 - the housing revenue account forecast set out in Table 2 (paragraph 42 to 50);
 - the treasury management activity to date in 2018-19 (paragraph 58 to 60).
2. That cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.
 3. That cabinet notes that allocations from the London Devolution Deal Reserve were presented within the Policy and Resources Budget Report 2019-20, considered by cabinet on 22 January 2019.

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 no use of reserves 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.
9. As reported to cabinet on 18 September 2018, the month 4 general fund outturn forecast 2018-19 a small net overspend of £0.042m. The key drivers were cost pressures in Housing and Modernisation within Temporary Accommodation and No Recourse to Public Funds with largely forecast under

spends in Strategic Finance being utilised to mitigate the impact of these cost pressures.

KEY ISSUES FOR CONSIDERATION

General fund overall position

10. 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 DSG)	195,160	-11,409	183,751	186,269	2,518	-2,554	183,715	-36
Environment and Leisure	65,818	-2,507	63,311	63,249	-62	0	63,249	-62
Housing and Modernise	64,454	637	65,091	70,407	5,316	-1,383	69,024	3,933
Chief Executive's	3,202	194	3,396	3,401	5	0	3,401	5
Place and Wellbeing	6,144	101	6,245	6,240	-5	211	6,451	206
Finance and Governance	21,135	237	21,372	20,272	-1,100	191	20,463	-400
Strategic Finance	-28,369	16,223	-12,146	-12,146	0	0	-12,146	0
Support cost recharges	-37,264	-3,476	-40,740	-40,740	0	0	-40,740	0
Contingency	4,000	0	4,000	0	-4,000	0	0	-4,000
Total General fund Services	294,280	0	294,280	296,952	2,672	-3,535	293,417	-354
Dedicated School Grant (DSG)	-11	0	-11	6,989	7,000	0	6,989	7,000
Net revenue budget	294,269	0	294,269	303,941	9,672	-3,535	300,406	6,646

11. As shown in Table 1, within General fund services there is a forecast favourable variance of £0.354m; this is after the utilisation of £3.535m of general fund reserves. Over spending on the DSG is forecast at £7m which will result in an increase in the deficit on the DSG reserve of £11m at the year end.

Children's and Adults' Services

12. Children's and Adults' social care services are forecasting a small favourable variance of £36k on a gross expenditure budget of £200m. As has been previously reported, 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

13. 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 £35k is anticipated at year-end.
14. The current forecast is a welcome improvement following a number of difficult years and is the result of a sustained effort by senior leadership to transform our approach to managing the service and budgets in close partnership with finance, HR, legal and procurement teams. This achievement is a considerable feat, both in contrast with many of our neighbours and despite ongoing austerity and a disjointed approach to health and social care by central government.
15. 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. With effect from 1st April, the Children with Disabilities, Transitions and Family Link teams transferred to Adult Social care as part of the newly formed All Age Disabilities pathway. The service is currently undergoing a reorganisation and we continue to monitor financial performance closely, however at this stage we anticipate that spend will remain within budget.
16. Children's Services are under growing pressure from increased demand and new duties, inadequately funded by Government and whilst we welcome the 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 are experiencing increased demand for supporting unaccompanied asylum seeking children (UASC), with 47 children and young people now in our care (from a baseline of 7 in 2014), representing 10% of our children in care and 20% of our care leaver populations. This exceeds the Government threshold for UASCs and the gap between expenditure and grant funding grew to £1.3m during 2017/8. Numbers of care leavers have risen with the increased statutory duties but minimal increase in funding.
17. The division has introduced an Access to Resources Team (ART) that has coordinated all our resources around getting the right placements for children in care, resulting in us now having half the number of children in residential care in comparison to this time last year – currently 23 children. 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. 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.
18. 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
19. The department continues to monitor risk as we move into the second half of the year and develop our planning for 2019-20. There is significant uncertainty

surrounding the future of social care funding and despite central government announcing a series of financial 'sticking-plasters' in recent months we still have scant information regarding our settlement for 2019-20 and beyond. The long-awaited social care green paper is still awaited. It is increasingly frustrating that government are expecting, at times with thinly-veiled threats, for social care to undertake transformative change and closer integration with health whilst failing to fund the existing system, let alone provide a stable platform of investment from which meaningful change could be sustainably realised.

20. Thanks to the relatively stable budget in 2018-19 the department is in a strong position to find the necessary efficiencies for 2019-20 via a small number of focussed initiatives. Officers are working closely with members to identify potential areas and will leverage expertise from across the council to ensure we maximise outcomes for residents within our limited resources.

Dedicated Schools Grant (DSG)

21. 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 £7m and therefore the forecast position at 31 March 2019 is a £11m 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. By the end of 2017-18, two-thirds of London authorities were overspent on DSG and 13 of those carried a combined deficit of £48m into 2018-19.
22. 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 Leisure

23. The department is forecasting a favourable variance of £62k at month 8. 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 income and expenditure budgets to forecast a small underspend.
24. 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 £4.7m are achieved by year end.

Housing and Modernisation (H&M)

25. The outturn forecast as at the end of November 2018 shows an adverse variance of £3.9m (net) against budget following the drawdown of £1.4m of earmarked reserves to support temporary accommodation. The forecast includes a provisional one-off sum of £1.1m for severance and redundancy

arising from proposed restructuring across the department. Additionally, there is a potential liability arising from ill-health retirement cases which may come to fruition before year-end; this is currently excluded from the forecast pending confirmation. The key headlines are outlined below.

No Recourse to Public Funds (NRPF)

26. The current spend forecast is around £0.6m over budget and will require further budget commitment in 2019-20, rather than savings originally predicated in early budget planning. The strategic project board continues to review and monitor performance in this area.

Temporary Accommodation (TA) /Housing Solutions

27. Southwark is recognised nationally as a leading authority in homeless prevention, but this remains a particularly challenging area as a result of rising demand, restricted housing supply, statutory and policy obligations and the impact of Universal Credit (UC). The requirement to avert family placements in nightly paid accommodation is more expensive and requires the payment of upfront incentives to landlords, which can distort budget profiling. However, restarting direct lettings following the Ledbury suspension and the use of HRA estate voids helps to mitigate the impact to some extent, but as regeneration progresses the number and incidence of properties will fluctuate and decline.
28. Restructuring is expected to deliver some relatively modest operational efficiencies, but changes in policy and procedures currently under review would provide the greatest opportunity to make cost reductions and bring spending closer to budget. The latest cost projections based on current trend analysis to year-end indicate a net budget shortfall of £3.5m following the drawdown of £1.4m of earmarked reserves. This pressure will increase during 2019-20 should the status-quo prevail and activity continues to rise at the same or a similar rate necessitating further budget commitment going forward.

Information Technology and Digital Services (ITDS)

29. Following the move in to the ICT shared service in November 2017, the service continues to review operations and applications across the board, 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. A degree of flexibility has been built into the ITDS budget in the form of a contingency to accommodate the evolving nature of the service and address potential cost pressures that emerge. Activities previously identified as business as usual are currently forecast to remain within the financial cost model developed for the shared service.

Corporate Facilities Management (CFM)

30. CFM is responsible for ensuring the council's operational estate is both compliant with health and safety regulations and fit for purpose for staff and service users. In setting the budget for 2018-19, cabinet approved a commitment to address a number of long-standing cost pressures and stabilise the position going forward. Notwithstanding new pressure emerging from the impending re-procurement of FM contracts in 2020, the forecast remains broadly on target at this point. Restructuring within the team is currently in

progress with potential one-off severance and redundancy costs arising in 2019.

Human Resources (HR)

31. Temporary staff usage across the council is subject to fluctuation to meet changing circumstances and capacity shortfalls and volumes remain higher than expected with consequent higher service costs offset by greater management fee income. A key strand of the council's strategic workforce plan is to reduce the reliance on agency cover, which will, over time, deliver lower net costs for the authority.

Customer Services

32. 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

33. The Chief Executive Department is forecasting a small adverse variance of £5k at this stage. The budgets are being monitored closely and any changes to this projected outturn position will be reported at the next revenue monitor report to cabinet.

Place and Wellbeing

34. The Place and Wellbeing department is forecasting a small favourable variance of £5k before the movement of reserves. The £5k favourable variance incorporates the projected underspend of £211k in the ring-fenced public health grant and therefore the departmental position excluding public health is an unfavourable variance of £206k.
35. The unfavourable variance of £206k is mainly due to cost pressures from unbudgeted business rates for various vacant/surplus properties and additional costs on Queen's Road block. The budgets are being monitored very closely in an effort to contain these cost pressures as much as possible within the departmental budgets.
36. The projected savings of £211k in the ring fenced public health grant budgets will contribute towards the negative reserve of £1.7m in public health as reflected in the previous revenue monitors report to cabinet.

Finance and Governance

37. Overall the Finance and Governance Department is expected to report an underspend of £400k after reserve movements. This forecast underspend is a consequence of a reduction in contract costs associated with risk, insurance and banking in addition to below budget staffing expenditure arising from vacancies across the department, with a number deliberately held vacant as part of the planning and preparation for potential savings as required for the 2019-20 financial year.

38. During the financial year the council received further reimbursement from the Cabinet Office for costs associated with the administration of the 2016 EU Referendum, which followed an appeal. This reimbursement, a full recovery of costs for effective management of this election, had not been expected and as such has contributed to the overall underspend within Finance and Governance. It is forecast that this will be utilised to bolster the Election Reserve to support any election costs that may arise as a result of continuing uncertainty regarding the UK exit from the European Union.

Strategic Finance

39. Strategic Finance is currently forecast on budget and will continue to be monitored and reviewed over the remainder of the financial year.

Contingency

40. It is anticipated that the £4m contingency budget will be fully utilised to meet the Temporary Accommodation, No Recourse to Public Funds and other pressures within the 2018-19 general fund budget.

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

41. 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)

Table 2: Housing Revenue Account outturn position for 2018-19

Division/Activity	Full Year Budget £'000	Outturn £'000	Variance £'000
Asset Management	50,029	53,783	3,754
Communities	9,028	9,066	38
Resident Services	38,938	39,038	100
Customer Services	8,421	9,216	795
Central Services	115,764	112,410	-3,354
Exchequer Services	13,244	12,450	-794
Homeowner Service Charges	-30,984	-28,102	2,882
Tenant's Rents & Service Charges	-225,185	-225,993	-808
Revenue Contribution to Capital	20,745	20,745	0
Appropriations to /(from) Reserves	0	-2,613	-2,613
Total HRA	0	0	0

42. The headline outturn forecast shows a variance of £2.6m, which includes a number of known and potential budget pressures/commitments yet to be fully determined. In the event the position cannot be mitigated any further by year-end, it will be necessary to meet the gap from reserves or a reduction in the

revenue contribution or a combination thereof to ensure a balanced budget position.

43. The maintenance, repair and renewal of the housing stock consumes the greatest proportion of operating resources and control of high volume, high value contracts is critical to delivering greater value for money. The operational impact of the mid-year contract switch from Mears to SBS for responsive repairs and maintenance should not be underestimated and will take time for the operation to fully embed and start to realise the operational and financial efficiencies envisaged.
44. The financial model prepared at the time indicated there would be higher operating costs and one-off transition/mobilisation costs accruing in 2018-19. However, the protracted run-out of the old works contract, the delay in implementing new terms and conditions for SBS staff and move to a new pricing model (price per property) are all factors that carry greater risk and additional cost which are reflected in this outturn forecast (£3.8m). The on-going budget commitment required has been addressed as part of HRA setting for 2019-20.
45. 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 severely limited the financial flexibility within the HRA to maintain and invest in the housing stock and build new council homes.
46. 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 £0.8m will be generated to help offset 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.
47. Homeowner service charges are fully recoverable under the terms of the lease in order to prevent cross-subsidy by tenants and represent the second largest income stream to the HRA. Revenue service charge income remains broadly consistent year on year, subject to RTB activity and inflationary pressures and is forecast to be on budget. However, the level of rechargeable major works fluctuates in line with the capital programme and is dependent on the type and extent of works being undertaken. The scale of investment in the housing stock over recent years is unprecedented and is reflected in budget windfalls, which have been recycled back into the investment programme.
48. 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 rather than external works. As a result the proportion and value of rechargeable works has fallen and budgeted income targets have been reduced to reflect this trend in recent budget rounds. For 2018-19, billing remains below target and is further impacted by a high level of prior-year account adjustments (reflecting the

actualization of estimated accounts), requiring the income forecast to be downgraded by £2.9m (net). Going forward, the position is expected to stabilize and no further budget adjustment is proposed at this stage.

49. The downturn in RTB sales and associated homeowner activity has had a pronounced impact on the budgeted level of fee income within the MSHO of £0.6m. There is no expectation of any significant increase in activity in the short-term, thereby necessitating the downward revision of the budget for 2019-20. Other one-off budget pressures across the Customer Experience division contribute to the overall outturn variance of £0.8m. Conversely, there is an expectation of a lower budget requirement in non-service specific departmental budgets held within central services comprising: corporate and departmental overheads, debt financing, depreciation, major projects and provisions (predominantly rent arrears/debt write-offs and water refunds) totaling £3.3m. Additionally, employee and associated operational savings within Exchequer Services of £0.8m help to mitigate the position overall.
50. 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, which are largely earmarked for specific purposes. 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 when circumstances permit.

Reserves

51. 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
52. 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.
53. 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.
54. 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.

55. The forecast level of closing revenue reserves are set out below, indicating a net increase of £7.005m.

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	-1,630	10,186	8,556	14,056
Capital Programme and Other Capital Investment	22,502	-770		-770	21,732
Service Reviews and Improvement	11,166	-1537		-1,537	9,629
Strategic financing, technical liabilities and financial risk	33,231	191	354	545	33,776
Total	72,399	-3,746	10,540	6,799	79,193
Public Health Grant	-1,747	211		211	-1,536
Total	70,652	-3,535	10,540	7,005	77,657

NB the above table excludes the DSG reserve (paragraph 20)

London Business Rates Pool

56. 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.
57. As set out in the February 2018 Budget Report, although the first year of the pilot relates to business rates generated during 2018-19, the available distribution will not be finalised until September 2019. Latest figures from London Councils indicate that the pool is on track to deliver the forecast (one-off) growth. Southwark's share of the total net benefits distributed in 2018-19 is £10.186m. These receipts will be ring-fenced in a London Devolution Reserve.

Treasury management

58. 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.
59. For the period 1 April 2018 to 30 November 2018 the average available cash balances for the council were £127m (£126m during the same period last year) and the balance at 30 November 2018 was £128m (£124m at 30 November

2017). The annualised rate return for council treasury management assets for the first six months of the financial year was 0.74%.

60. During the financial year to 30 November 2018, £12.7m in long term debt from the Public Works Loan Board (PWLB) as part of HM Treasury matured and was paid off.

Community impact statement

61. 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 5 to 8

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	24 January 2019	
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	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		24 January 2019

Appendix A - Interdepartmental Budget Movements months 5 to 8

Interdepartmental movements to be approved for months 5 to 8

Department From	Amount £	Department to	Amount £	Description of the budget movement
Environment and Leisure	(3,725,458)	Strategic Finance	3,725,458	Transfer of budget for Minimum Revenue Provision
Strategic Finance	(253,500)	Housing and Modernisation	253,500	Transfer of Engineering and Breakdown Insurance budget
Support Cost Recharges	(3,475,766)	Children and Adults' Services	639,033	Support Cost Reallocations
		Housing and Modernisation	502,323	
		Environment and Leisure	1,458,080	
		Chief Executive's	194,432	
		Places and Wellbeing	100,953	
		Finance and Governance	415,148	
		Strategic Finance	165,797	

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Paula Thornton Tel: 020 7525 4395

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		David Quirke-Thornton	1
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Maria Linforth-Hall	1		
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