

Cabinet

Tuesday 24 July 2018

4.00 pm

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

Membership

Councillor Peter John OBE (Chair)
Councillor Rebecca Lury

Councillor 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

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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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: 16 July 2018



Cabinet

Tuesday 24 July 2018
4.00 pm

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

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
	MOBILE PHONES	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
1.	APOLOGIES	
	To receive any apologies for absence.	
2.	NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED	1
	To note the items specified which will be considered in a closed meeting.	
4.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.	

Item No.	Title	Page No.
5.	PUBLIC QUESTION TIME (15 MINUTES)	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules. The deadline for the receipt of public questions is midnight Wednesday 18 July 2018.	
6.	MINUTES	2 - 17
	To approve as a correct record the minutes of the open section of the meeting held on 26 June 2018.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Wednesday 18 July 2018.	
8.	BOROUGH EMERGENCY PLAN 2018-19	18 - 22
	To agree the annual review of the generic borough emergency plan.	
9.	AYLESBURY ESTATE: FIRST DEVELOPMENT SITE (FDS)	23 - 33
	To note the current position in relation to the delivery of the first development site at phase 1b/1c of the Aylesbury regeneration programme and to approve appropriation of land to planning purposes to facilitate the carrying out of the development proposals for the area.	
10.	AYLESBURY ESTATE: COMMUNITY FACILITIES AT PLOT 18 DELIVERY	34 - 50
	To note the update report and progress towards obtaining vacant possession of the site and overall progress on the delivery of the project, and to approve the appropriation of land to planning purposes to facilitate the carrying out of the development proposals for the area.	
11.	AYLESBURY ESTATE: APPROVED PREMISES FACILITY (APF) DELIVERY	51 - 60
	To note the content of the update report and progress towards obtaining vacant possession of the site and the overall progress on the delivery of the project.	

Item No.	Title	Page No.
12.	REVENUE MONITORING REPORT AND TREASURY MANAGEMENT 2017-18 OUTTURN REPORT	61 - 82
	<p>To note the general fund outturn position for 2017-18 and the key adverse variations and budget pressures underlying the outturn position.</p> <p>To approve and note general fund budget movements.</p>	
13.	OUTTURN CAPITAL MONITORING FOR 2017-18 AND CAPITAL PROGRAMME REFRESH FOR 2018-19 TO 2026-27	83 - 108
	<p>To note that a ten-year capital strategy and capital programme will be presented to council assembly in quarter 1, 2019.</p> <p>To approve the virements and variations to the general fund and housing investment capital programme and the inclusion in the programme of the capital bids.</p>	
14.	SOUTHWARK CONVERSATION - ADDITIONAL ANALYSES AND DISSEMINATION	109 - 116
	<p>To consider and agree the key findings from the additional analyses of the Southwark Conversation.</p>	
15.	GATEWAY 0 - STRATEGIC OPTIONS ASSESSMENT FOR 2019 + HIGHWAYS SERVICES DELIVERY OPTIONS AND CONTRACT PROCUREMENT STRATEGY	117 - 130
	<p>To approve the recommended strategic delivery option to bring essential services such as highway safety inspections and the routine and reactive gully emptying service under the direct control of the council.</p>	
16.	PROPOSAL TO ESTABLISH SPECIALIST SEND EDUCATION PROVISION FOR CHILDREN AND YOUNG PEOPLE WITH LEARNING DISABILITIES, AGED 16-25 AT BISHOPS HOUSE	131 - 138
	<p>To begin preparatory work to facilitate in-borough 16+ provision for pupils with complex special educational needs and disability (SEND) and to note that Spa Special School will establish a specialist SEND education provision for children and young people with learning disabilities aged 16-24 at Bishops House.</p>	
17.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - LOCAL COMMUNITY OFFER (VCS HUBS)	139 - 157
	<p>To approve the procurement strategy to undertake a competitive tender for the provision of a local community offer (VCS – voluntary community sector hubs).</p>	

Item No.	Title	Page No.
18.	AMENDMENT TO SENIOR MANAGEMENT ARRANGEMENTS	158 - 165
	To agree the creation of a temporary post of strategic director of place and wellbeing for the period 1 September 2018 to 30 September 2020.	
19.	APPOINTMENTS TO OUTSIDE BODIES 2018-19 - BOARD OF LEWISHAM SOUTHWARK COLLEGE CORPORATION	166 - 167
	To approve a nomination to the Board of Lewisham Southwark College Corporation 2018-19.	
20.	DISPOSAL OF COUNCIL'S FREEHOLD INTEREST IN FORMER CAR POUND, MANDELA WAY, SE1	168 - 173
	To seek approval to sell the freehold interest in land at Mandela Way to the long leaseholder owner of the site Firmdale Hotels for mainly residential development, subject to planning permission being obtained.	
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:		
<p style="padding-left: 40px;">“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.”</p>		
PART B - CLOSED BUSINESS		
21.	MINUTES	
22.	DISPOSAL OF COUNCIL'S FREEHOLD INTEREST IN FORMER CAR POUND, MANDELA WAY, SE1	
DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT		

Date: 16 July 2018



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

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

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

DECISION MAKER

Name of decision maker: Cabinet

Date of meeting: 24 July 2018

LEAD OFFICER DETAILS

Name and contact details: Marcus Mayne 020 7525 5651
or email: marcus.mayne@southwark.gov.uk

DETAILS OF THE REPORT

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

Disposal of Council's Interest in Mandela Way, London SE1

To seek cabinet approval to dispose of this site to enable delivery of a policy compliant scheme which dovetails with land allocations in the draft Area Action Plan for the Old Kent Road, London SE1.

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

If a decision is delayed until the next cabinet meeting in September this would lead to reputational risk and risk that the disposal may be aborted with the council's development partner and putting back delivery of the mixed use scheme and capital report.

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

June 2018 following receipt of financial information being sought from the council advisors on financial matters.

Paula Thornton
For Proper Constitutional Officer
Dated: 16 July 2018



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 26 June 2018 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John OBE (Chair)
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

Apologies for absence were received from Councillor Rebecca Lury.

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.

Additionally, it was noted that an addendum report had been circulated in respect of item 14: Appointments to Outside Bodies 2018-19 relating to the Greater London Employment representative for 2018-19.

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

The following declarations were made:

- Councillor Peter John declared a non-pecuniary interest in respect of Items 13 and 19: Gateway 2: Contract Award Approval – Southwark Solicitors Framework as a barrister whose chambers procure legal work.
- Councillor Johnson Situ declared a non-pecuniary interest in respect of Item 9: Southwark Skills Strategy – Delivery Plan, as he was a governor at Lewisham and Southwark College.

5. PUBLIC QUESTION TIME (15 MINUTES)

No public questions were received.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 13 March 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 requests had been received in line with the constitutional deadline for the receipt of deputation requests.

RESOLVED:

That the deputations be received.

Bankside Busking Working Group

The deputation spokesperson addressed the meeting to present the Bankside Busking Strategy drafted by the working group and for cabinet to consider the short, medium and long term recommendations with a view to progressing them. They advised that local residents have experienced nuisance over many years and the working group asked that action be taken without delay to deal with the situation.

Councillor Richard Livingstone was confirmed as the relevant lead cabinet member and he gave an undertaking to meet with the working group to discuss the issues.

Southwark Homeowners Council

The deputation expressed a number of concerns in respect of item 11: Response to Housing and Community Safety Scrutiny Sub-Committee Review of Resident Engagement namely that:

- No terms of reference set out
- No outcomes identified and
- No measurements included
- The report did not acknowledge positive improvements by Homeowners Council (conference and web site including all agendas and minutes)
- Lack of consultation on report with Homeowners Council.

Councillor Stephanie Cryan advised that the report was a response to the scrutiny report from the housing and community safety scrutiny sub-committee. She confirmed that work was planned to look at all structures within housing and community engagement with a further report coming to cabinet later in the year, with recommendations for the engagement structures going forward.

8. COUNCIL PLAN 2018-19 - 2021-22

RESOLVED:

1. That the proposed Council Plan 2018-19 – 2021-22 be agreed.
2. That the leader, in consultation with cabinet, approve the final format of the council plan 2018-19 – 2021-22 for agreement by council assembly on 28 November 2018, following a period of consultation.
3. That officers be instructed to work with cabinet members to develop detailed performance schedules for the council plan based on the eight priority themes.
4. That the proposed arrangements for monitoring and reporting on progress against the council plan 2018-19 – 2021-22, as noted in paragraphs 14 to 16 of the report be agreed.

9. SOUTHWARK SKILLS STRATEGY - DELIVERY PLAN

Councillor Johnson Situ having declared a non-pecuniary interest on this item withdrew from the meeting during the consideration of this item.

RESOLVED:

Decisions of the Cabinet

1. That the proposed Southwark Skills Strategy Delivery Plan contained in Appendix 1 of the report be approved.
2. That it be noted that the plan will be kept live, with key local partners working with the council in the delivery, monitoring and review of actions.
3. That an update on progress be received by cabinet in 12 months time.

Decision of the Leader of the Council

4. That authority be delegated to the cabinet member for jobs, skills and innovation to respond to the Greater London Authority (GLA's) consultation on the adult education budget commissioning framework.

10. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - PROFESSIONAL TECHNICAL SERVICES FRAMEWORKS

RESOLVED:

Decisions of the Cabinet

1. That the procurement strategy outlined in the report for two frameworks be approved:
 - A professional technical services framework consisting of 10 lots, as further detailed in paragraph 28 of the report, at a total estimated annual cost of £33m, for a period of 4 years from 1 May 2019, making a total estimated contract value of £132m and
 - An architect framework consisting of 6 lots, as further detailed in paragraph 28 of the report, at a total estimated annual cost of £10m, for a period of 4 years from 1 May 2019, making a total estimated contract value of £40m.

Decisions of the Leader of the Council

2. That authority be delegated to the cabinet member for housing management and modernisation, for the reasons outlined in paragraph 14 of the report to:
 - Award and enter into the professional technical services framework agreement consisting of 10 lots which will include direct awards and mini competition as noted in paragraph 32 of the report.
 - Award and enter into overarching agreement with all providers on the professional technical services framework agreement to cover management and governance provisions and the delivery of soft benefits.
3. That authority be delegated to the cabinet member for social regeneration, great estates and new homes for the reasons outlined in paragraph 14 of the report to:
 - Award and enter into the architect framework agreement consisting of 6 Lots which will include direct awards and mini competition as noted in paragraph 32 of the report.
 - Award and enter into overarching agreement with all providers on the architect framework agreement to cover management and governance provisions and the delivery of soft benefits.
4. That it be noted that any new homes projects delivered through either the professional technical services or architects frameworks will be approved by the

cabinet member for social regeneration, great estates and new homes.

11. RESPONSE TO HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE REVIEW OF RESIDENT ENGAGEMENT

RESOLVED:

That the establishment of a co-design panel of residents to review the housing engagement and involvement structure be approved.

12. GATEWAY 2: CONTRACT AWARD APPROVAL - SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITY (SEND) TAXIS FOR CHILDREN, YOUNG PEOPLE AND VULNERABLE ADULTS

RESOLVED:

1. That the appointment of the following companies:

- Olympic South Limited (trading as Healthcare and Transport Services (HATS))
- Access Mobility Transport Limited.

to the framework agreement for the provision of special educational needs and/or disability (SEND) taxi for children, young people and vulnerable adults for a period of four years commencing on 1 September 2018 at an estimated annual value of £1.70m, making an estimated total framework agreement value over the four years of £6.81m be approved.

2. That the award of call off contracts (these values are included in the framework value above) for the first year in respect of SEND taxi transport based on the expected levels of activity be approved as follows:

- Olympic South Limited (HATS), 54 transport rounds, £1,113,594
- Access Mobility Transport Limited, 20 transport rounds, £590,064.

3. That it be noted that the value of these call off contracts may be subject to changes due to finalisation of operational detail as noted in paragraph 41 of the report and that any changes will be agreed by the director of education.

4. That it be noted that in-year changes to call off contracts or award of new rounds will be awarded without the need for a separate gateway report in line with the adult and children's scheme of management.

13. GATEWAY 2: CONTRACT AWARD APPROVAL - SOUTHWARK SOLICITORS FRAMEWORK

Councillor Peter John having declared a non-pecuniary interest withdrew from the meeting during the consideration of this item.

RESOLVED:

1. That it be noted that the evaluation criteria were amended for the reasons set out in paragraphs 27-28 of the report.
2. That the award of the Southwark Solicitors' Framework to the providers listed in Appendix 1 of the report for a period of four years commencing on 23 July 2018 with a maximum value of £25 million if used by all the organisations mentioned in paragraph 5 of the report including Southwark be approved.
3. That Southwark's use of this framework at an estimated total spend of £9 million for the four year period with an estimated annual spend of £2.25 million be approved.

14. APPOINTMENTS TO OUTSIDE BODIES 2018-19

An addendum report had been circulated in respect of this item relating to the Greater London Employment representative for 2018-19.

RESOLVED:

1. That the appointments to the outside bodies listed in Appendix A of the report for the 2018-19 municipal year be agreed as follows:

Age UK London

Councillor Jasmine Ali

Better Bankside Board

Councillor Johnson Situ

Blue Bermondsey Bid

Councillor Sunny Lambe

Board of Lewisham Southwark College Corporation

Councillor Jasmine Ali

Canada Water Consultative Forum

Councillor Johnson Situ
 Councillor Stephanie Cryan
 Councillor Bill Williams
 Councillor Nick Johnson

Central London Forward

Councillor Peter John

Centre for Literacy in Primary Education

Councillor Catherine Rose

Creation Trust

Councillor Johnson Situ

Councillor Jack Buck

Councillor Paul Fleming

Cross River Board

Councillor Johnson Situ

Crystal Palace Community Development Trust

Councillor Catherine Rose

Newable Limited (formerly Greater London Enterprise Limited)

Councillor Johnson Situ

Groundwork London, Local Authority Strategic Input Board

Councillor Richard Livingstone

Guys and St Thomas NHS Foundation (Council of Governors)

Councillor Alice Macdonald

Kings College Hospital NHS

Councillor Richard Leeming

London Road Safety Council (LRSC)

Councillor Richard Livingstone

Councillor Charlie Smith

London Youth Games Limited

Councillor Rebecca Lury

Councillor Evelyn Akoto (deputy)

Millwall for All

Councillor Leanne Werner

North Southwark Environment Trust

Councillor Kath Whittam

Potters Fields Management Trust

Councillor Rebecca Lury
Deborah Collins

South Bank Partnership

Councillor Kieron Williams
Councillor Adele Morris
Councillor David Noakes
Councillor Victor Chamberlain

South Bank and Bankside Cultural Quarter Directors Board

Councillor Rebecca Lury

South Bermondsey Big Local Partnership Steering Group

Councillor Richard Livingstone
Councillor Sunny Lambe

South London Gallery Trustee Limited

Councillor Cleo Soanes
Councillor Radha Burgess
Councillor Victor Chamberlain

South London and Maudsley (SLaM) NHS Trust Members Council

Councillor Helen Dennis

Southwark Construction Skills Centre

Councillor Kieron Williams

Southwark and Lambeth Archaeological Excavation Committee (SLAEC)

Councillor Darren Merrill
Mr Bob Skelly (deputy)

Southwark Cathedral Education Centre

Councillor Sandra Rhule

Safer Neighbourhood Board (Southwark)

Councillor Evelyn Akoto

WeAreWaterloo BID

Councillor Maria Linforth-Hall

2. That Councillor Stephanie Cryan, cabinet member for housing management and modernisation be nominated as the Southwark representative on the Greater London Employment Forum for the 2018-19 municipal year.

15. NOMINATIONS TO PANELS, BOARDS AND FORUMS 2018-19**RESOLVED:**

1. That the allocation of places to the panels, boards and forums set out in Appendix A of the report for the 2018-19 municipal year and member nominations be agreed as follows:

Joint Partnership Panel (Trade-union consultation)

Councillor Peter John
Councillor Stephanie Cryan

Homeowners Service Charge Arbitration Panel

Councillor Sandra Rhule
Councillor Sunny Lambe
Councillor Sunil Chopra
Councillor Jon Hartley
Councillor Kath Whittam
Councillor Lorraine Lauder
Councillor Dora Dixon-Fyle
Councillor Charlie Smith
Councillor Nick Dolezal
Councillor Sirajul Islam
Councillor Ian Wingfield
Councillor Jane Salmon
Councillor Eliza Mann
Councillor Maria Linforth-Hall
Councillor Anood Al-Samerai

Tenancy and Leasehold Arbitration Tribunals

Councillor Sandra Rhule
Councillor Sunny Lambe
Councillor Sunil Chopra
Councillor Jon Hartley
Councillor Kath Whittam
Councillor Lorraine Lauder
Councillor Dora Dixon-Fyle
Councillor Charlie Smith
Councillor Nick Dolezal
Councillor Sirajul Islam
Councillor Ian Wingfield

Councillor Jane Salmon
 Councillor Eliza Mann
 Councillor Maria Linforth-Hall
 Councillor Graham Neale

Southwark Safeguarding Adults Board

Councillor Jasmine Ali
 Councillor Evelyn Akoto

Southwark Safeguarding Children's Board

Councillor Jasmine Ali
 Councillor Evelyn Akoto *

(*Cabinet requested that Councillor Evelyn Akoto also be invited to meetings of the board)

Standing Advisory Council on Religious Education

Councillor Sandra Rhule
 Councillor Sunny Lambe
 Councillor Evelyn Akoto
 Councillor William Hougbo

Southwark Tenant Management Organisation Committee

Councillor Stephanie Cryan
 Councillor Victoria Olisa
 Councillor Paul Fleming
 Councillor Anood Al-Samerai

16. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

RESOLVED:

Future of Southwark, Opportunities and Challenges

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

1. Council assembly welcomes the huge progress that the council has made since 2010 delivering a fairer future for all.
2. Council assembly notes that this progress was in stark contrast to the previous eight years where the Liberal Democrat and Conservative administrations had the wrong priorities and lacked ambition for the borough. Council assembly notes the record of the previous administration where:
 - a) Council housing was the worst in the country, and almost half of council homes failed to meet basic decency standards.
 - b) The environment was neglected, with recycling the sixth worst in the entire

- country.
- c) Council tax collection was the third worst in the country, and council tax increased by 17.5% despite record investment in Southwark from the Labour Government. Adult social care went from being one of the best to the eighth worst in the country.
 - d) CCTV coverage was cut, making it harder to tackle antisocial behaviour and crime.
 - e) Despite a housing crisis, they only built three new council homes in the last term of the former administration.
3. Council assembly notes that in the first four years of this administration, Southwark made huge progress despite a Liberal Democrat/Conservative coalition government that:
- a) Introduced the bedroom tax hitting some of our poorest residents the hardest.
 - b) Almost halved the grants from central government to pay for local services.
 - c) Slashed childcare support by up to £1,500 per family.
 - d) Trebled tuition fees to £9,000 after promising not to.
4. Council assembly notes that the public rightly gave their verdict of the shameful record of the Conservatives and Liberal Democrats by kicking out the local Liberal Democrat MP, and slashing the number of Conservative and Liberal Democrat Councillors across the borough. Council assembly notes the public's confidence in this administration and hard working local Labour MPs by consistently electing them to serve this borough.
5. Council assembly notes the proud record of this Labour administration over the last eight years and the work that has been done to deliver a fairer future for all, including:
- a) Making every council home warm dry and safe, and rolling out quality kitchen and bathroom so that over 95% of council homes now meet the decent homes standard, so our council tenants can live in a high quality home they can be proud of.
 - b) Tackling the housing crisis by building new homes of every type, including new council homes because our residents should be able to afford good quality homes in the borough they call home. 535 council homes are already completed, 471 are being built or have permission to start, and a further 513 are going through the planning process.
 - c) Helping over 5,000 people into work since 2014 – more than any other London borough – and creating nearly 2,000 apprenticeships – again more than any other London borough – because this council wants to give residents the skills and opportunities to get good quality, secure jobs.
 - d) Improving healthy lives for children by introducing free healthy school meals and free fruit for all primary school children, and expanding and refurbishing popular schools so that every child has the best start in life.
 - e) Introducing free swim and gyms for all residents – with nearly half a million visits since 2016, so it's easier and cheaper to keep fit and healthy.
 - f) Diverting over 99% of waste away from landfill, and making our recycling rate the best in inner London, and making our borough even greener with more award winning green flag parks than any other borough in inner London.
 - g) Developing and delivering a Women's Safety Charter, increasing the number of arrests from our CCTV cameras, and installing new estate security doors, to

- prevent and tackle crime and antisocial behaviour more effectively.
- h) Keeping our libraries open, and investing in them whilst many other councils cut theirs. Canada Water Library is now the busiest in London and Camberwell now has a nationally recognised award winning library thanks to Labour's investment.
6. Council assembly is disappointed that Liberal Democrat members opposed many of these policies which have improved life for Southwark residents, including:
- a) Campaigning against free healthy school meals, and voting to cut the funding needed to pay for it.
 - b) Voting against plans to keep all of Southwark's libraries open.
 - c) Voted against the money for Southwark staff to be paid the London Living wage and recently proposed that they should work in dirty offices and even provide their own stationery.
 - d) Voted against funding more CCTV cameras which prevent crime and antisocial behaviour and help the Police to catch criminals.
7. Council assembly resolves to call on cabinet to agree a Council Plan early in the new administration which will continue to deliver a Fairer Future for Southwark's residents, including:
- a) Every child having the best start in life: some of Southwark's schools are already outstanding, but others are struggling. The new council plan must include plans to drive up standards in all Southwark's schools. Southwark's children should have healthy, active childhoods, which means continuing and extending free school meals to school nurseries so all children have the opportunities to thrive.
 - b) Building high quality homes that residents can afford, with more homes of every type being built across the borough to tackle the housing crisis. This must include building more council homes so that we meet our 11,000 new council homes by 2043 target, and improving the quality of housing in the private rental sector.
 - c) Making sure Southwark continues to be a great place to live. Recycling rates are already high, and they must stay that way. Air quality is one of the greatest public health challenges for Southwark, and the next council plan must tackle poor air quality, as well as the challenge of climate change.
 - d) Southwark being a healthy borough, where your background doesn't determine your life chances. Swimming and going to the gym are now free in Southwark, and now walking, cycling and other types of exercise must become more accessible to all so that everyone has the chance to be fit and healthy.
 - e) Making Southwark a full employment borough, where the barriers keeping people out of work are swept away, and everyone has the skills to play a full part in our economy. The next council plan needs to consider the jobs of the future, so it must ensure more residents are helped to get the skills they need to get these new jobs.
 - f) Keeping Southwark Council a modern and efficient organisation, which listens to and works with residents and communities? In a changing and increasingly digital world, council must keep digitally innovating: the way that residents want to access services is changing and the council must change with it. At the same time, the council must improve digital inclusion, so no one and nowhere is left behind.

8. In a world changed by Brexit, and following on from the tragic Grenfell fire, Southwark council must be fighting for our residents, and standing up against the Conservative Government in challenging and uncertain times.
9. Council assembly believes that this vision for a fairer future for all residents will only be delivered by a financially responsible, ambitious Labour administration, which embodies the council's fairer future principles.

Busking on Bankside

The deputation heard from Bankside Busking Work Group was noted. That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed and noted:

1. Council assembly notes:
 - a) The dramatic increase in footfall alongside Bankside that has occurred over the last 20 years, driven by the opening of the Globe, Tate Modern, the Millennium Bridge and the ongoing redevelopment of the riverside area.
 - b) That Bankside was, and remains, an area with a significant residential population, namely residents in Falcon Point, Bankside & Gallery Lofts, the Bankside houses and Clink Street, plus newer developments in Benbow House, 20 New Globe Walk and the Bear Pit.
 - c) The work that the council is already doing to tackle nuisance busking, including the re-organisation of the Regulatory Services team which has brought together the Noise and Nuisance team, SASBU, street wardens and other street enforcement teams which work closely together to reduce the disturbance of busking, the ongoing analysis of busking activity to tackle those causing nuisance, anti social behaviour and difficulties, and ceasing the advertising of busking sites in Southwark to discourage a further increase in busking levels.
2. Council assembly acknowledges:
 - a) The efforts of council officers, Bankside residents, and partners from other stakeholders, including Better Bankside, the Tate Modern and Bankside Residents forum, to find a solution to the busking noise related issues.
 - b) That the massive increase in visitors and tourists has attracted buskers to the area, many of whom use amplification in their performances
 - c) That the impact of this noise nuisance on a daily basis can have a detrimental impact on the residential amenity of those who live and work in Bankside, including possibly for some residents on their physical and mental wellbeing.
3. Council assembly supports:
 - a) The work of the 'Bankside Busking Working Group', which seeks to:
 - Reduce the number of nuisance buskers along the riverside

- Improve and better co-ordinate local authority and police force efforts to manage nuisance busking
 - Co-ordinating use of resources to control nuisance buskers
 - Provide residents and businesses with a voice to lobby for additional resources, and changes to protocols, processes, procedures and legislation controlling busking
 - Explore introduction of a scheme to organise and regulate busking in the Bankside area
- b) And looks forward to the group bringing forward options for an effective and proportionate approach to dealing with the issue of nuisance busking.
4. Council assembly resolves to call on cabinet to:
- a) look at the recommendations coming forward from the Bankside Busking Working Group and the multi-agency Buskers group, which includes representatives from the council's noise team, SASBU, EPT, street enforcement teams and the police, with a view to adopting a solution which protects the amenity of local residents and reduces problematic and nuisance busking.

Improving Mental Health and Wellbeing in Southwark

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

1. Council assembly notes that two million Londoners experience poor mental health, which equates to 62,500 people in each borough, and that London's suicide rate increased by 33 per cent from 552 to 735 incidents between 2014 and 2015 – the highest figure recorded by the Office for National Statistics since records began.
2. Council assembly understands that employment for Londoners with a mental health problem is 31 per cent lower than the UK average and that the financial cost of mental ill-health is approximately £700 million for each London borough.
3. Council assembly reaffirms its commitment to approach mental health and wellbeing as a key priority and to work collaboratively with partners within and outside the borough to address and tackle mental ill-health across our communities.
4. Council assembly welcomes the Mental Health and Wellbeing Strategy jointly developed by the council and Southwark Clinical Commissioning Group that was agreed by both organisations in January 2018.
5. Council assembly resolves to call on cabinet to commit to support and work with Thrive LDN, and develop the Mental Health and Wellbeing Strategy, to:
 - a) Create a citywide movement for all Londoners that empowers individuals and communities in our borough to lead change, address inequalities that lead to poor mental health and create their own ways to improve mental health.
 - b) Following on from the examples set by Harrow Thrive and Black Thrive in Lambeth, look in to localising Thrive LDN to Southwark by exploring the

practicalities of establishing a local Thrive hub that responds to local needs.

- c) Work with Thrive LDN and the Mental Health Foundation to develop a pilot programme on an estate to develop new approaches to improving mental health well-being.
- d) Examine new methods to support more people in Southwark to access a range of activities that help them to maintain good mental health and wellbeing.
- e) Work closely with partners across Southwark to end mental health stigma and discrimination.
- f) Build on the great work happening across London to engage children and young people in mental health by helping Thrive LDN to develop training and resources for youth organisations, schools and student societies.
- g) Support employers to make mental health and wellbeing central to the workplace.
- h) Work with partners to explore new ways to access services and support, and consider the use of digital technologies to promote mental health and improve information about accessing support.
- i) Work with partners and build on the excellent work being done across the borough to reduce suicides in Southwark. We welcome the vision in the Southwark Suicide Prevention Strategy to reduce suicide, attempted suicide and self-harm in Southwark to among the lowest rates in London, and to work towards this ambition by ensuring that the number of suicides across the borough decreases by at least 10% by 2023.

ELECTION OF CHAIR FOR THE REMAINING PART OF THE MEETING

The chair varied the order of business so that Items 13 and 19: Gateway 2: Contract Award Approval – Southwark Solicitors Framework could be considered in his absence (having declared a non-pecuniary interest). Councillor Peter John left the meeting at 5.35pm.

Councillor Victoria Mills chaired the meeting during consideration of these items and the other items on the closed agenda.

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

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

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

17. MINUTES

The minutes of the closed section of the meeting held on 13 March 2018 were approved as a correct record and signed by the chair.

18. GATEWAY 2: CONTRACT AWARD SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITY (SEND) TAXIS FOR CHILDREN, YOUNG PEOPLE AND VULNERABLE ADULTS

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

19. GATEWAY 2: CONTRACT AWARD APPROVAL - SOUTHWARK SOLICITORS FRAMEWORK

Councillor Peter John declared a non-pecuniary interest and was not present for the closed section of the meeting.

The cabinet considered the closed information relating to this item. Please see item 13 for the decision.

The meeting ended at 5.45 pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 4 JULY 2018.

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

Item No. 8.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Borough Emergency Plan 2018-19	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Protecting our local community and keeping residents, businesses and all those who visit and enjoy our borough safe is a priority and a basic duty of any public authority. For its part, the council has a legal and moral obligation to provide effective and robust emergency planning and business continuity arrangements so that we can mobilise our people and resources in short order to deal with whatever incident we are faced with. The borough emergency plan that is being presented to cabinet today sets out what we do, how we do it and the differing levels of command and operation depending on the scale of incident faced.

Over the last year the country has faced an unprecedented level of emergency incidents. Local government has faced stern tests in how it manages and responds to those incidents. In Southwark our own emergency planning arrangements have been activated on a number of occasions at differing scales. In each incident our arrangements were found to stand up well and have received external commendation, demonstrating key strengths.

In July 2017 we took a decision as a cabinet that the production and review of the emergency plan be retained by cabinet. This was to give us assurance that at the most strategic level our arrangements were being tested as both appropriate and effective. The framework of our emergency plan will of course continue to evolve reflecting lessons learned and best practice from within and outside of London, including – in recognition of the international nature of our borough - learning from other global cities too.

RECOMMENDATION

1. That the cabinet agrees the annual review of the generic borough emergency plan.

BACKGROUND INFORMATION

2. The council has clear legal and moral obligations to provide effective, robust and demonstrable emergency arrangements to mobilise its resources at short notice to deal with a broad range of incidents. This may be on a localised departmental level where a simple out-of-hours activity is required, or on a much larger scale, where a multi function response requires dedicated coordination, liaison and communication. In either case, high quality planning provides the foundation for this flexible response, whatever the initiating event may be.
3. The generic plan is being presented at this time to ensure that the organisation is satisfied that the annual review and post incident review of the plan and of the supporting plans/handbooks provide assurance that our arrangements are both

appropriate and effective.

4. The generic emergency plan sets out the council's strategy for dealing with a broad range of incidents. It ensures that the local authority is meeting its moral responsibility to the community and as a designated Category 1 responder it is meeting legal obligations in accordance with the Civil Contingencies Act 2004.
5. The London Borough of Southwark Generic Emergency Plan is available for public view and outlines the structure of the council's response in the event of an emergency.
6. The Civil Contingencies Act, 2004, requires that emergency plans are in situ and recommends they be reviewed annually. To ensure the overall generic plan remains effective each supporting hand book and specific individual plans are reviewed on a regular basis. This ensures Southwark Council's moral and legal compliance to maintain our reputation of good practice and to capture additional response capability.
7. Detailed operational procedures are not captured in the generic emergency plan due to the complexity and occasional sensitive nature; they are captured in the supporting handbooks.

KEY ISSUES FOR CONSIDERATION

8. Southwark has in place a generic emergency plan which sets out the framework that is used to deploy and control its resources during emergency incidents. The framework within the plan is flexible enough be adapted dependent on circumstances but sufficiently structured to allow the same principles to be employed for all incidents which in turn gives a better understanding of specific responsibilities and roles.
9. The purpose of cabinet agreeing this plan on an annual basis is so that the council can be satisfied the generic plan provides a simple but robust framework that enables the council to respond to emergency incidents affecting the borough. It is also so that the council is satisfied that our arrangements meet pan-London requirements and that are arrangements effectively align with other boroughs ensuring an effective cross-London response if and as required.
10. Agreeing the plan will enable the council to effectively deploy its resources to mitigate the effect of any incident and facilitate the return to normality for local residents, businesses and the community more generally.
11. The arrangements detailed in the plan also support the deployment of London Local Authority Gold (LLAG) the Strategic Co- ordination Chair(SCG) rota. It also gives due regard to the requirements detailed in the pan-London Concept of Operations for Emergency Response and Recovery document (ConOps) and the program of standardisation of boroughs emergency response protocols.
12. The overarching generic plan is supported by a range of supporting handbooks that cover specific roles integral to the effective management of emergency incidents and a further raft of individual plans covering identified risks that reflect the National Risk Register, the London Risk Register and local Risk Register.

13. The tragic events following terrorist attacks on London Bridge, Westminster Bridge, Finsbury Park in the spring and summer of 2017 have highlighted the requirement for each Borough to be confident that it has robust and proven plans in place. Southwark's plan was activated a number of times during the past year in relation to the attacks and other incidents, and it has continued to support the delivery of our critical services both during an emergency event and through the recovery process. In each incident our arrangements were found to stand up well and have received external commendation, demonstrating key strengths.
14. An internal audit in 2017 recommended enhanced overarching governance for the generic emergency plan. Following realignment of cabinet member portfolios in May 2018 the Leader now has responsibility for emergency planning and business continuity with the emergency planning and resilience section managed and reporting directly to the chief executives office. This ensures that an organisational response to incident can be swiftly deployed and effectively managed with limited impact on 'business as usual' activities during the period of an incident and into recovery.
15. Whilst the framework of our plan has been used to good effect it will continue to evolve reflecting lessons learned and best practice from within and outside of London, including – in recognition of the international nature of our borough - learning from other global cities where appropriate

Policy implications

16. The Council Plan 2018-22, agreed for consultation in June 2018, describes the vision for a fairer future for all including making Southwark a great place to live with clean, green and safe communities. Having a robust emergency plan in place with supporting arrangements not only meets important statutory duties in relation to Civil Contingencies Act 2004 but moreover supports our aim for a borough where everyone has the right to feel safe and be safe.
17. The corporate governance panel have also received the emergency plan as part of their 2018-19 work program.

Community impact statement

18. The Civil Contingencies Act 2004 (CCA) requires each Category 1 responder to put in place plans deal with emergencies. As a category 1 responder the council must ensure that its arrangements are robust, agile and able to respond to the differing needs of the community in any single incident (or multiples of incidents). In activating arrangements, either in response to an incident or through recovery, the council is mindful of its commitments for equality and fairness and in ensuring that no group is detrimentally impacted as a result of actions arising from emergency response.
19. As with other plans and strategies, the council will give due consideration to the public sector equality duty (PSED) as a positive duty to in assessing our local emergency planning response arrangements. For example, in setting up humanitarian assistance centres (and other such centres) the council will be mindful of access and other such equalities considerations to ensure that all individuals affected by an incident are given equal opportunity for support (e.g. providing support where language is a barrier in communications).

Resource implications

20. A broad range of facilities and equipment are in place to support any emergency response. These include:
- A fully equipped borough emergency control centre (BECC)
 - A fully equipped alternative borough emergency control centre (ABECC)
 - A general use van to assist in emergency operations
 - A range of rest centre equipment
 - An ongoing pan-London MOU with British Red Cross to support staffing and equipment provision in rest centres
 - Nominated rest centres within the borough (usually schools, leisure centres and halls)
 - Tools and equipment associated with specific council services
 - A range of communications & data infrastructure and equipment.

Legal implications

21. The Civil Contingencies Act 2004 (CCA) requires each category 1 responder to put in place plans deal with emergencies. As a category 1 responder the council is required to co-operate and liaise with a broad spectrum of stakeholders in the planning process. The Southwark Borough Resilience Forum (BRF) provides the opportunity to liaise and interact with these parties on a regular basis. Outcomes from this regular liaison informs the review and revision of the generic emergency plan.

Financial implications

22. The resources identified above are all in place. There are no additional financial implications arising from agreement of the plan.
23. Given the unpredictable nature in which emergency incidents can arise, it may be that responding to some incidents will require additional resources to ensure an effective, efficient and safe response for residents and businesses in the borough. The council will seek to deploy resources as best appropriate in this instance and would seek additional support from central government and other such bodies where this was felt to be appropriate to the scale of incident.

Consultation

24. The generic emergency plan is agreed annually and published on the website, in line with the council's values with regards openness and transparency. Feedback received on the plan and associated arrangements will be taken into account when re-assessing and refreshing the plan each year.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

25. Cabinet has the power to make this decision under Part 3C of the constitution.

26. As detailed in this report, pursuant to the Civil Contingencies Act 2004 schedule 1, Southwark as a category 1 responder has statutory responsibility for emergency planning.

Strategic Director of Finance and Governance (FC18/004)

27. The report is requesting the cabinet to agree the annual review of the generic borough emergency plan.
28. The strategic director of finance and governance notes the resource implications in the report and notes that there are no additional financial implications arising from the report

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Generic Emergency Plan 2017-2018	Emergency Planning Section, Southwark Council 160 Tooley Street London SE1 2QH	Andy Snazell 020 7525 3517
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6125&Ver=4		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Andy Snazell, Emergency Planning and Resilience Manager	
Version	Final	
Dated	12 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	12 July 2018	

Item No. 9.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Aylesbury Estate: First Development Site (FDS)	
Ward(s) or groups affected:		Faraday	
Cabinet Member:		Councillor Johnson Situ, Growth, Development and Planning	

FOREWORD - COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR GROWTH, DEVELOPMENT AND PLANNING

The transformation of the Aylesbury estate will create new quality homes in the area, dramatically improve living conditions with new community facilities and increase the amount of genuinely affordable homes in the area.

This report notes the current position in relation to the delivery of the First Delivery Site. The process for a principal contractor for the first package of development works on the FDS is now underway and the compulsory purchase order (CPO) inquiry concluded with just one statutory objector remaining and a secretary of state decision is expected in due course.

The report also requests confirmation that the council-owned land highlighted in Appendix 1 is no longer required for the purpose it is being used. The former use of the property has been superseded and the recommendation in this report will result in it being held for the better planning of the area, a more accurate reflection of the reason for the council holding the property. Changing the purpose for which the council holds an asset is known as appropriation. Appropriating the land removes the risk of anyone benefitting from a third party right over the land seeking an injunction to stop the development; they will however have the right to financial compensation for any loss in value to their property arising from any infringement of that right. This will de-risk the delivery of the approved scheme of over 800 new homes including more than 300 new homes at social rent.

RECOMMENDATIONS

1. That Cabinet notes the current position in relation to the delivery of the First Development Site at Phase 1b/1c of the Aylesbury regeneration programme:
 - Demolition of the vacant buildings within the site underway and well advanced;
 - CPO inquiry concluded with just one statutory objector remaining and a secretary of state decision is expected in due course;
 - A detailed tender process for a principal contractor for the first package of development works on the FDS is now underway.
2. That Cabinet confirms that the area of council-owned land hatched black on the plan at Appendix 1 is no longer required for the purposes for which it is currently held and approves the appropriation of the land to planning purposes to facilitate the carrying out of the development proposals for the area in accordance with section 226 of the Town and Country Planning Act 1990 and section 122(1) of the Local Government Act 1972 (as amended), subject to compliance with the

advertisement requirements of section 122(2A) of the Local Government Act 1972.

3. That Cabinet confirms that, following completion of the appropriation at paragraph 2 above, the area of council-owned land hatched black on the plan at Appendix 1 will no longer be required for planning purposes and approves the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972.

BACKGROUND INFORMATION

4. The background to the regeneration of the Aylesbury Estate has been covered extensively in previous reports.

KEY ISSUES FOR CONSIDERATION

The scheme

5. The currently consented scheme for the redevelopment of the First Development Site will deliver a total of 830 new mixed-tenure housing units across a range of tenures, including homes for private sale, intermediate shared ownership homes and homes for social rent; a number of the new homes will be dedicated to residents with extra care needs and those with learning difficulties. As previously reported to cabinet, an application has been made to vary the existing consent for the FDS which will increase the quantum of new homes to be delivered on the FDS to 842 units and makes changes to the tenure mix of those units. The detailed changes to the FDS tenure mix were set out in detail in the report to cabinet of 31st October 2017.

Appropriation

6. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation (equal to the loss in value of their property caused by losing the right) but cannot seek an injunction to delay or terminate the development. This will give the council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or potentially result in unquantifiable but significant costs.
7. The compensation to which persons affected by the loss of a right to light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property with the infringed right. This compensation is based on the diminution in value of the affected property. If agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).

8. In this case, it is recommended that the land be appropriated from housing purposes to planning purposes and thereafter back to housing purposes as to hold the land for planning purposes may cause adverse financial implications. The rationale for the appropriations of the land shown at Appendix 1, which is in the council's freehold ownership, is set out at Appendix 2 and cabinet is recommended to approve the appropriations.
9. The appropriation stages are summarised as follows:

Land currently held for housing		
Appropriate from housing to planning	↓	Third party rights infringed by development cannot be enforced by injunction
Appropriate from planning to housing	↓	Construction of FDS can proceed

10. The rationale for the appropriations is summarised as follows:
- to mitigate against the construction of the FDS being frustrated or delayed by injunctions;
 - to mitigate against consequential delays to the delivery of new homes across a range of tenures on the FDS;
 - to de-risk the construction of the FDS so as to encourage the maximum number of bidders and achieve a lower construction cost;
 - to avoid any potential adverse accounting implications through the appropriation of the land back to housing from planning purposes.

Policy implications

11. The proposed scheme has detailed planning consent and its implementation facilitates the objectives of the relevant policy framework. The Aylesbury Area Action Plan (AAAP) is a key material consideration for all applications within the area it covers. The AAAP was adopted by the council in January 2010, following a three-year process of consultation and engagement including an Examination in Public in 2009. It is part of the statutory development plan and deals directly with the redevelopment of the Aylesbury Estate. The policies in the AAAP have significant weight in any decisions on planning applications within the area. In addition, the statutory development plan for the borough comprises the London Plan, Core Strategy and saved policies from the Southwark Plan, while National Planning Policy Framework provides national planning guidance.
12. The appropriation allows for the delivery of delivery additional of new high quality, mixed tenure homes within the FDS, including specialist residential facilities comprising extra care homes and homes for residents with learning difficulties, plus new public spaces, in line with the planning consent for the site.

Community impact statement

13. The appropriation of land allows for the deliver of high quality new homes on part of the FDS site, across a range of tenures providing new homes for market sale, rent, intermediate shared ownership and social rent.
14. An independent study has been undertaken into the potential for third party

rights to light over the land proposed to be appropriated. This identifies that no properties with rights are sufficiently affected to have a claim for infringement of those rights. There remains, however, a residual risk that a neighboring land owners could successfully claim for loss of rights and therefore it is proposed to proceed with appropriation in order to mitigate this residual risk.

15. The council's intention to appropriate has been advertised in the local press for two consecutive weeks. To date, no responses have been received. Any future responses received will be reported back to cabinet.

Resource implications

16. There are no additional resource implications as a result of this report.

Legal implications

17. The appropriation of the land is authorised by Section 122(1) Local Government Act 1972 which states that "the Council may appropriate for any purpose for which the council is authorised by statute to acquire land by agreement any land which belongs to it and is no longer required for the purpose for which it is held immediately before the appropriation". As stated earlier in this report, the council currently owns the land identified in Appendix 1, it is currently held for a purpose for which it is no longer required, and it is now being appropriated for the purposes of implementing a consented development scheme, which the council is authorised by statute to do.
18. Where the land to be appropriated includes open space, the council is required not to appropriate without having first advertised its intent to appropriate for a period of 2 consecutive weeks prior. The land proposed to be appropriated comprises cleared housing land and hard and soft landscaping, including unadopted footpaths. While this does not constitute formally designated open space, as outlined above, the council will nevertheless advertise its intent to appropriate the land as if it were open space, and will consider any responses.

Financial implications

19. The costs of undertaking the appropriation are minor and contained within existing budgets. The costs associated with any successful claims for compensation for loss of rights of light are to be passed to the developer under an indemnity agreement pursuant to the development partnership agreement.

Consultation

20. There has been extensive consultation on the overall regeneration programme for the Aylesbury estate, which has been set out in detail within previous reports. This includes extensive consultation on the formation of the AAP, non-statutory and statutory consultation undertaken on the outline masterplan and detailed FDS planning applications.
21. The council's intention to appropriate land has been advertised for two consecutive weeks in the local press. The details of any representations received will be reported back to cabinet.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

22. Not applicable.

Director of Law and Democracy

23. The report provides details of the progress that has been made with the delivery of the First Development Site and asks Members to note this.

Appropriation

24. The purposes for which a council can appropriate land must be authorised by statute. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s.237 of the Town & Country Planning Act 1990.

25. Section 203 says:

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

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

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

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

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

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

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

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

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

26. What this means is that where land has been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s.204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss.7 and 10 of the Compulsory Purchase Act 1965.

27. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the land has been appropriated and s.203 triggered, that work will be authorised even where it interferes with third party rights.

28. Section 122 of the 1972 Act provides that where land consists or forms part of an open space then the council may not appropriate the land unless before doing so they cause notice of their intention to do so to be advertised for two consecutive weeks in a newspaper circulating in the area in which the land is situated, and

consider any objections to the proposed appropriation which may be made to them.

29. Following the appropriation of the land for planning purposes, it is recommended that the land is appropriated for housing purposes, as the land is to be used for the provision of new housing. At that point the land will no longer be required for planning purposes and will be appropriated for housing purposes in accordance with section 9 of the Housing Act 1985.

Strategic Director of Finance and Governance (FC18/006)

30. This report is requesting cabinet to note the current position in relation to the delivery of the First Development Site at Phase 1b/1c of the Aylesbury regeneration programme. The report also seeks confirmation and approval of the appropriation of the council-owned land as detailed in the report to progress the regeneration of the area. Full details and background is provided within the main body of the report.
31. The strategic director of finance and governance notes that costs will be contained within the current approved Aylesbury capital programme and notes that the costs associated with any successful claims for compensation for interference with rights are to be passed to the developer under an indemnity agreement pursuant to the Development Partnership Agreement.
32. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Aylesbury Area Action Plan	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link (copy and paste into your browser): http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/area-action-plans?chapter=5		
Gateway 2 - Contract Award Approval Development partner for the regeneration of the Aylesbury Estate (Cabinet, April 2014)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s44910/Report.pdf		
Aylesbury Regeneration Programme Delivery (Cabinet, 9 May 2017)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AllId=44960		
Aylesbury Regeneration Programme Delivery (Cabinet, 20 September 2016)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787

Background Papers	Held At	Contact
Link: http://modern.gov.southwark.gov.uk/ielssueDetails.aspx?Id=50010613&Opt=3		

APPENDICES

No.	Title
Appendix 1	FDS Package A appropriation plan
Appendix 2	Background to appropriation

AUDIT TRAIL

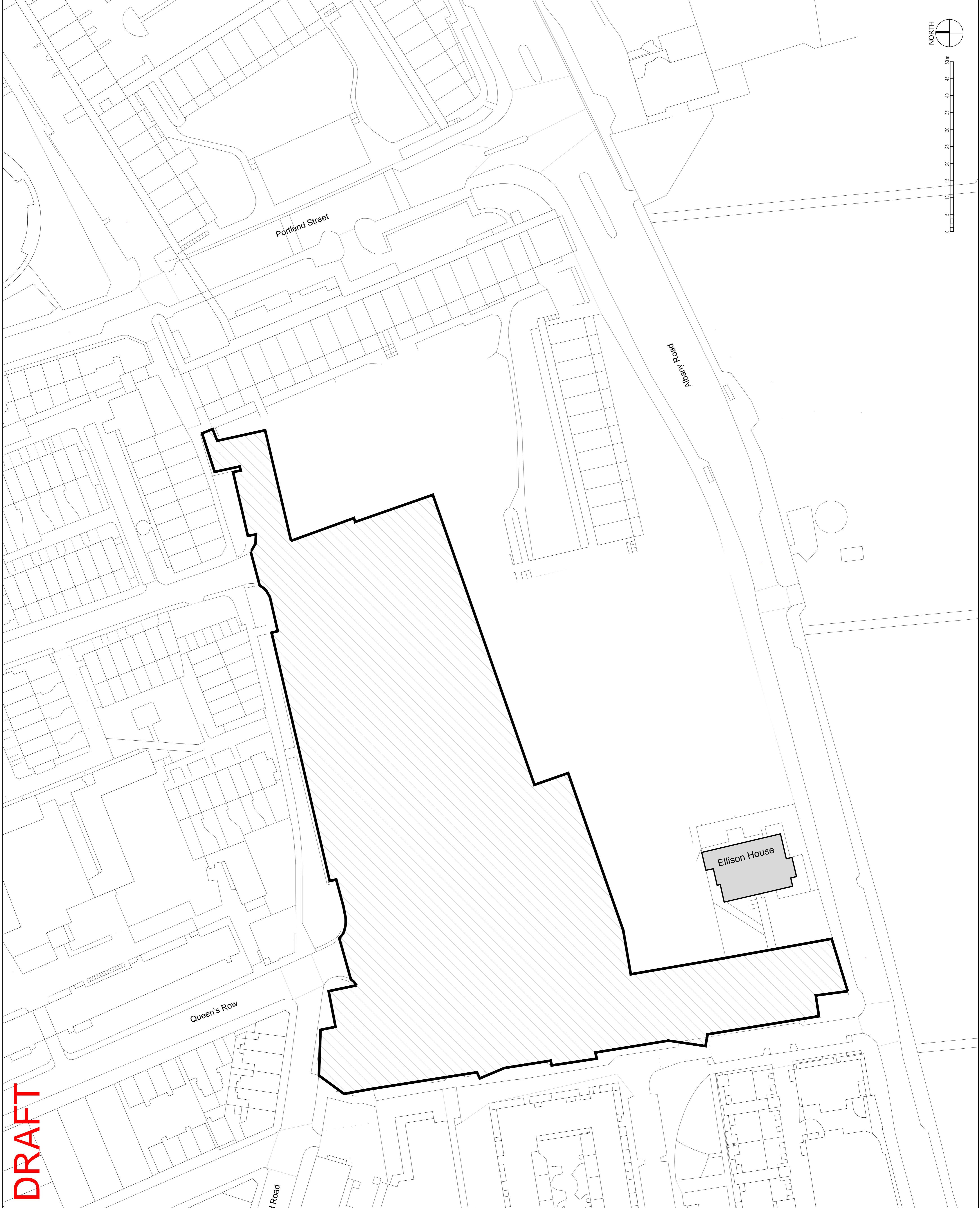
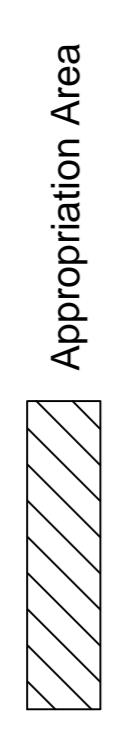
Cabinet Member	Councillor Johnson Situ, Growth, Development and Planning	
Lead Officer	Neil Kirby, Head of Regeneration South	
Report Author	Matt Derry, Senior Regeneration Manager	
Version	Final	
Dated	13 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Law and Democracy	Yes
	Strategic Director of Finance and Governance	Yes
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	13 July 2018



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LEGEND



DRAFT

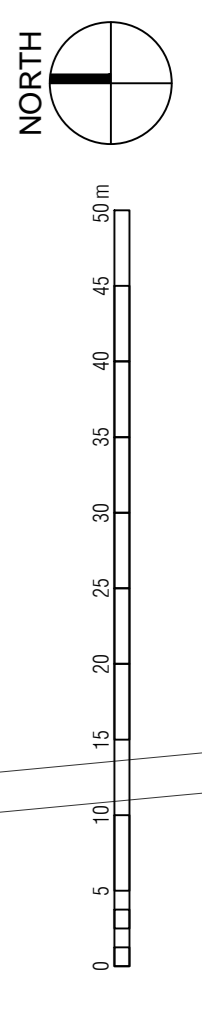
Scale: 1:500
 Rev. Date Drawn Description
 25.06.18 SNM Initial Issue

DRAFT

Client / Project: Notting Hill Housing
 Aylesbury Regeneration - FDS
 Drawing Title: Appropriation Plan

Scale @ A1: 1:500
 Originated by: SNM
 Project Code: NHH-FDS

Drawing number: _____
 Reviser: _____



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APPENDIX 2**AYLESBURY ESTATE: APPROVED PREMISES FACILITIES DELIVERY**

Appropriation of the land (shown hatched on the plan) at Appendix 1 for purposes set out in section 226 of the Town and Country Planning Act 1990 and to purposes set out in section 9 of the Housing Act 1985

Background to appropriation

1. Under section 122(1) of the Local Government Act 1972 the council may appropriate land for any purpose for which it is authorised to acquire land when the land is no longer required for the purposes for which it is held.
2. Under section 226(1)(a) and 227 of the Town and Country Planning Act 1990 the council may acquire land if they think the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land. This includes development of the sort contemplated in the regeneration of the subject land at the APF Site. The power in section 226(1)(a) is subject to subsection (1A) of section 226. This provides that the acquiring authority must not exercise the power unless it considers the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of the area for which the acquiring authority has administrative responsibility.
3. There are clear social and environmental benefits resulting from the implementation of the development scheme for the FDS site. This enables the demolition and redevelopment of the FDS, in line with the consented scheme for that site, which will deliver a significant quantum of new high-quality homes, across a range of tenures, including specialist accommodation for residents with learning difficulties and those with extra care needs as set out in the main report. This will contribute significantly to delivering the council's vision for the regeneration of the wider Aylesbury estate in accordance with the Aylesbury Area Action Plan and thereby contributing to the social, economic and environmental well being of the estate and the wider borough. Accordingly, the council may appropriate for the purposes of the development proposals land that it already owns if that land is no longer required for the purposes for which it is held.
4. The land shown on the plan at Appendix 1 is vacant and is no longer required for its current purpose - housing and ancillary uses - and is not needed in the public interest for those purposes. The land can therefore be appropriated from its current use. As the appropriation to planning purposes will facilitate the scheme of development to deliver the redevelopment of the FDS site in accordance with the existing detailed planning consent, it may be appropriated for planning purposes.
5. Section 122(2)(A) of the Local Government Act 1972 provides before appropriating 'open' land, notice of the intention to do so is to be advertised for two consecutive weeks in a local newspaper. The view has been taken that the subject land may fall within this classification, and the council has accordingly complied with the advertisement requirements and will consider any objections to the appropriation.
6. Where land has been appropriated for planning purposes, Section 203 of the Housing and Planning Act 2016 (power to override easements and other rights)

applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. The level of compensation for interference with rights or breach of restrictive covenant is assessed on the basis of the loss in value of the claimant's land as a consequence of the interference or breach of covenant. An important consequence of the operation of Section 203 is that a claimant cannot secure an injunction, to prevent the development from going ahead – as indicated above, their remedy is a claim for compensation.

7. Prior to developing land it is usual practice to make prudent enquiries of what rights might exist over the land, this will involve inspecting the land to see if there are any obvious rights and checking land ownership information. However, some rights may not be apparent from inspection and historic ones may not always be recorded at the Land Registry. The application of the power to override rights contained in s203 therefore mitigates this risk.
8. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land, which in this case is the council.

Rationale for appropriating the subject site to planning purposes

9. The site outlined in Annexe 1 is currently vacant having been cleared in order to bring forward the redevelopment of the site in accordance with the adopted planning framework to address a need for new homes including affordable housing, the site has been identified to be redeveloped for this purpose. Planning consent has been secured for the scheme outlined in paragraph 4 of the main report. As there may be a minor impact on the rights of light to nearby residents from the consented scheme there is the risk one or more of them may apply to the court for an injunction. If an injunction is granted, the scheme will not be able to proceed. In any event, the risk of an application for an injunction is such that it will deter prospective builders from bidding to construct the new building or result in a substantial risk contingency that undermines the viability of construction. In these circumstances, it is appropriate to utilise the powers of section 203 to overcome this risk and enable the redevelopment of the FDS site enabling much-needed new homes to be built.
10. As indicated above, the land is now required to be held for planning purposes to facilitate the redevelopment proposals within the planning permission for the FDS site. When land has been appropriated, for section 203 purposes it will continue to benefit from its over-riding provisions even when the land is no longer held for planning purposes.
11. The land identified at Appendix 1 is no longer required to be held for housing purposes. As indicated above, the land is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission.
12. The appropriation of the land, whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the land, will not take away their ability to claim for compensation in respect of any diminution in the value

of their land as a result of their rights being overridden.

Rationale for appropriating the subject site to back to housing purposes

13. Once the land is appropriated for planning purposes, it should be appropriated back to housing purposes as this will be its ultimate usage and the cleansing effect of section 203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the development.
14. Section 9 (1) (a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that, following the section 203 appropriation, the land is appropriated in accordance with section 122(1) of the Local Government Act 1972 for purposes within section 9 1 1A) (a) of the Housing Act 1985. The site will be developed to provide residential accommodation over a range of tenures, including a significant quantum of new homes at social rents, as well as specialist residential accommodation for people with learning difficulties and those with extra care needs.

Item No. 10.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Aylesbury Estate: Community Facilities at Plot 18 Delivery	
Ward(s) or groups affected:		Faraday	
Cabinet Member:		Councillor Johnson Situ, Growth, Development and Planning	

FOREWORD - COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR GROWTH, DEVELOPMENT AND PLANNING

The transformation of the Aylesbury estate will create new quality homes in the area, dramatically improve living conditions with new community facilities and increase the amount of genuinely affordable homes in the area.

This reports is updating Cabinet on the decision it made in October 2017 to begin the Compulsory Purchase Order process for Plot 18. Since then, this report notes the council has updated its leaseholder assistance policy. All remaining owners have received further revised financial offers for the acquisition of their properties since the cabinet resolution in October.

Vacant possession on Plot 18 will enable the delivery of new homes and particularly much needed social rent homes, a new library for the community, a new GP health centre, new community facilities, and a new public square on Plot 18 in the heart of the Aylesbury Estate. The new homes and facilities have planning permission and represent a significant investment for local residents; working with the community the early delivery of these facilities will directly benefit local residents.

We have made progress with purchasing a number of leasehold interests in the proposed Order area and the council will continue to seek voluntary purchase of all remaining interests. The full range of options and support for resident leaseholders remains a key priority to enable them to stay in the area. However, to give certainty on delivery of these new homes and community facilities it is necessary to continue with the decision in October, this report also seeks approval to appropriate council-owned land.

RECOMMENDATIONS

1. That Cabinet notes that on 31 October 2017 it resolved to make a compulsory purchase order (CPO) under section 226 (1)(a) of the Town & Country Planning Act 1990 for all land and rights within the area of land identified within the plan at Appendix 1.
2. That cabinet notes the content of this update report on progress towards obtaining vacant possession of the site and in particular that:
 - The council has updated its leaseholder assistance policy enabling qualifying residential leaseholders to purchase under improved shared equity or equity loan terms;

- All remaining owners have received further revised financial offers for the acquisition of their properties since the cabinet resolution to the use of CPO powers;
 - Officers have met all remaining leaseholders jointly about the proposed acquisition of their homes;
 - While officers will continue to engage with all remaining property owners to attempt to buy back those properties by agreement, the council will now proceed to make a compulsory purchase order.
3. That cabinet also notes the overall progress on the delivery of this project:
- Major enabling works contract comprising a package of site clearance and remediation and utilities diversions and connections has been let and is on site, reducing the risk for the main development works package;
 - A detailed tender process for a principal contractor for the main development works on Plot 18 is due to be commenced later this month.
4. That Cabinet confirms that the area of council-owned land hatched black on the plan at Appendix 2 is no longer required for the purposes for which it is currently held and approves the appropriation of the land to planning purposes to facilitate the carrying out of the development proposals for the area in accordance with section 226 of the Town and Country Planning Act 1990 and section 122(1) of the Local Government Act 1972 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972.
5. That Cabinet confirms that, following completion of the appropriation at paragraph 4 above, the area of council-owned land hatched black on the plan at Appendix 2 will no longer be required for planning purposes and approves the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972 (as amended), subject to compliance with the advertisement requirements of section 122(2A) of the Local Government Act 1972.

BACKGROUND INFORMATION

6. The background to the regeneration of the Aylesbury Estate has been covered extensively in previous reports.
7. In particular, on 31 October 2017 Cabinet considered a report on the delivery of the new homes community facilities on Plot 18 of the Aylesbury Estate and resolved to make a compulsory purchase order to enable the timely delivery of those facilities noting that the CPO would be made following an update report on progress towards obtaining vacant possession of the site. The present report provides that update.

KEY ISSUES FOR CONSIDERATION

The scheme

8. The currently consented scheme for the Plot 18 Site will deliver 122 new homes across a range of tenures, including homes for private sale, intermediate shared ownership homes and homes for social rent; a number of the new homes will be dedicated to the over-55s age group. The scheme will also deliver a range of community facilities including:

- Community Facility, comprising a new Library, multi-use space and offices for Creation Trust;
 - Health Centre, providing new premises for the Aylesbury Medical Partnership and the Aylesbury Health Centre (both currently located in Taplow);
 - A new Early Years facility;
 - Retail space, including a pharmacy to provide new premises for the Medi-pharmacy (currently located in Taplow) and café;
 - Public Open Space.
9. As previously reported to cabinet, an application has been made to vary the existing consent for Plot 18 which will deliver the same mix of community facilities and quantum of new homes but makes changes to the tenure mix of those units. The detailed changes to the Plot 18 tenure mix were set out in detail in the report to cabinet of 31 October 2017.

Vacant possession

10. While construction of the Plot 18 scheme can commence on land already within the council's control, full implementation of the scheme requires the council to achieve vacant possession of the block at 57–76 Northchurch to enable this building to be demolished and this land to be redeveloped as part of the scheme in line with the planning consent.
11. Cabinet was advised of the position in terms of outstanding interests in the building in October 2017. At that time, the 20 properties within the block comprised 3 leasehold properties, 1 property occupied on a secure tenancy, 13 properties occupied by households in temporary accommodation and 3 void properties. At the present date, there remains 3 leasehold properties and 1 property occupied on a secure tenancy, and there are now 11 properties occupied by households in temporary accommodation and 5 void properties.
12. The council's Area Housing Office is continuing to work with the 1 remaining household on a secure tenancy to facilitate their move to a new property. While the tenants have decant status and have previously bid on potential new homes, the Housing officers are meeting with the tenant to resolve any issues they are experiencing with bidding on appropriate properties.
13. The council has now undertaken a comprehensive review of values across the whole of the estate, which it has used to update its valuation of properties within the site. On this basis, all three outstanding leaseholders have been made revised financial offers for their properties within the last 2 months.
14. The current position in relation to attempts to purchase each remaining leasehold property is as follows:
15. 59 Northchurch owned by resident leaseholders, who have applied and been accepted for council rehousing assistance. The council has made a total of 4 offers made to date to purchase their property, dating back to September 2013, with the most recent in May 2018.
16. 70 Northchurch is owned by a non-resident leaseholder. The council has made a total of 5 offers to date, dating back to November 2009. The council's offer

September 2013 was accepted by the owners however unfortunately they subsequently withdrew from the sale. The council's most recent offer for this property was issued in May 2018.

17. It is understood that the owners of 72 Northchurch were previously non-resident leaseholders however their status has since changed and they are now understood to qualify as resident leaseholders. The council has made a total of 3 offers to date, dating back to May 2015. The council's offer of August 2016 was accepted by the leaseholder and terms of a sale were agreed in September 2016 however the leaseholders subsequently advised that they did not want to complete until the FDS CPO was confirmed and have since advised that they want to renegotiate terms. The council's most recent offer for this property was issued in May 2018.
18. Since the council's latest round of offers, officers from the council have met all leaseholders jointly to discuss the purchase of their properties, their rehousing options and their value expectations. Leaseholders were advised that the council recently updated its leaseholder offer, which now provides the opportunity for qualifying resident leaseholders affected by the regeneration to the Aylesbury to purchase replacement homes under shared equity or equity loan terms. The leaseholders have stated that their preference is to remain in their present properties and for these to be refurbished by the council however clearly this is inconsistent with the planning framework and consent for the site. The leaseholders have advised that they do not accept the council's valuation of their properties and are not prepared to consider rehousing options on a shared equity or equity loan basis. While officers will continue to engage with the remaining leaseholders to seek to negotiate the purchase of their properties by agreement in parallel, the council will now need to progress to making the compulsory purchase order in order to ensure that vacant possession of the site is secured within the required timescales.

Appropriation

19. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation (equal to the loss in value of their property caused by losing the right) but cannot seek an injunction to delay or terminate the development. This will give the council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or potentially result in unquantifiable but significant costs.
20. The compensation to which persons affected by the loss of a right to light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property with the infringed right. This compensation is based on the diminution in value of the affected property. If agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).

21. In this case, it is recommended that the land be appropriated from housing purposes to planning purposes and thereafter back to housing purposes as to hold the land for planning purposes may cause adverse financial implications. The rationale for the appropriations of the land shown at Appendix 2, which is in the council's freehold ownership, is set out at Appendix 3 and cabinet is recommended to approve the appropriations.
22. The appropriation stages are summarised as follows:

Land currently held for housing		
Appropriate from housing to planning	⇩	Third party rights infringed by development cannot be enforced by injunction
Appropriate from planning to housing	⇩	Construction of Plot 18 development can proceed

23. The rationale for the appropriations is summarised as follows:
- to mitigate against the construction of new homes and community facilities at Plot 18 being frustrated or delayed by injunctions;
 - to mitigate against consequential delays to the delivery of new homes and community facilities at Plot 18;
 - to de-risk the construction of the Plot 18 scheme so as to encourage the maximum number of bidders and achieve a lower construction cost;
 - to avoid any potential adverse accounting implications through the appropriation of the land back to housing from planning purposes.

Policy implications

24. The policy considerations were set out in detail in the report to cabinet on 31 October 2017.
25. In April 2018, the council updated its leaseholder offer, in response to feedback received by leaseholders on the estate. The council's revised offer now also provides the opportunity for qualifying resident leaseholders affected by the regeneration to the Aylesbury to purchase replacement homes under shared equity or equity loan terms. The key details of the updated policy are as follows:
- Minimum share under shared equity purchases to be revised from 50% to 25%;
 - Homeowners will no longer have to invest their home loss payment as part of the acquisition of a replacement council property;
 - Homeowners will now be able to choose between two different council shared equity products – shared equity or an equity loan;
 - Inheritance clauses in shared equity and equity loan leases to be amended to allow one inheritance;
 - Pre-emption clauses to be removed from shared equity or equity loan leases;
 - Commitment to cover additional Stamp Duty Land Tax (SDLT) costs to homeowners as a result of homeowners opting for the new equity loan model.

26. The Aylesbury homeowner guide is being updated including to reflect these changes and will be sent out to all leaseholders on the estate shortly.

Community impact statement

Compulsory purchase

27. The community impact considerations were set out in detail in the report to cabinet on 31 October 2017 and remain valid. In addition to the considerations set out within that report, more detailed work has since been undertaken to further assess whether there are any adverse impacts on groups of any protected characteristic as defined under the Equalities Act 2010. An equalities impact assessment (EqIA) focusing specifically on the 4 remaining properties within 57-76 Northchurch which are still owned or tenanted was undertaken. The EqIA on the remaining residents of the Northchurch block built on the EqIA that was conducted in 2009. It considered the potential disproportionate impact upon the remaining residents as a result of the redevelopment of the site, due to their protected characteristics, and examined the range of mitigating measures put in place by the council to mitigate the potential disproportionate impacts.
28. While it noted that there is limited available data on the complete socio-demographic profile of the remaining occupied properties at 57-76 Northchurch, it used all available information on the demographic profile of residents to inform the assessment. The EqIA noted that there is a mix of gender and age living in these properties. However, there has been no indication that any dependants (below 16) live on the site. Four of the residents are over 50 years and so are approaching retirement age. Nearly all the residents have been identified as being from BAME backgrounds. There is incomplete data on disability, however, where residents have provided equality information no resident has declared any medical needs which would impact on re-housing.
29. A summary of the potential impacts on groups of protected characteristics and the associated mitigation measures extracted from the full EqIA is set out below:

Potential impact(s)	Group(s) affected	Mitigation(s)
Potential loss of access to key social infrastructure and services. Relocation can potentially increase distance from places of social connection located on or in close proximity to the Estate, e.g. schools, youth services, health and community centres.	Young people BAME communities	A range of options are available for resident leaseholders who want to stay in or close to the Estate to suit different circumstances. Three rehousing options available to secure tenants
Potential financial impacts	Young people BAME communities Disability Women Older people	A range of options are available for resident leaseholders designed to enable leaseholders to retain the value held within their current property. Policies are in place to ensure that people are not

Potential impact(s)	Group(s) affected	Mitigation(s)
		required to use all available financial resources to secure a new property. Compensatory measures are available for Council tenants based on assessed need, including disturbance and home loss payments. Supporting material and engagement with residents has been undertaken by the Council to help ensure that they are clear about their options.
Housing demolition and subsequent housing displacement can have a negative impact on health.	Older people	The Council has provided residents with a range of options for relocation which will be based on their specific need.
Potential challenges securing a suitable and accessible home.	BAME communities	The Council has provided a range of rehousing options to residents. As part of their rehousing assessment they ensure that these options are linked to the residents need.
Increased personal security risks resulting from the number of vacant properties, dereliction and dead space.	BAME communities Older people Women	Security cameras are located next to the site offering 24-hour surveillance The Council has increased the frequency of warden patrols on the estate to reduce ASB, particularly around Taplow.

30. As well as analysing the potential for disproportionate adverse impacts, specific to the residents remaining on the site, the EqIA also took into consideration the wider benefits from the redevelopment of the site. Summarising that the redevelopment of the site will provide the following benefits for the wider community:
- improved quality of housing and living conditions (including provision of affordable housing);
 - improved open spaces and public realm;
 - a range of new and expanded community facilities.
31. The EqIA concluded that there remained a compelling case in the public interest for the redevelopment.

Appropriation

32. The appropriation of land allows for the deliver of high quality new homes on part of the Plot 18 site, across a range of tenures providing new homes for market sale, rent, intermediate shared ownership and social rent, as well as a broad range of new community facilities.
33. An independent study has been undertaken into the potential for third party rights to light over the land proposed to be appropriated. This identifies that there are a limited number of nearby properties on and off the estate with potential rights to light that could be affected by the development. In any event, there is also a residual risk that neighbouring land owners could successfully claim for loss of rights and therefore it is proposed to proceed with appropriation in order to mitigate this risk.
34. The council's intention to appropriate has been advertised in the local press for two consecutive weeks. To date, no responses have been received. Any future responses received will be reported back to cabinet.

Resource implications

35. There are no additional resource implications as a result of this report.

Legal implications

Compulsory purchase

36. The legal considerations were set out in detail in the report to cabinet on 31 October 2017 and remain valid.

Appropriation

37. The appropriation of the land is authorised by Section 122(1) Local Government Act 1972 which states that "the Council may appropriate for any purpose for which the council is authorised by statute to acquire land by agreement any land which belongs to it and is no longer required for the purpose for which it is held immediately before the appropriation". As stated earlier in this report, the council currently owns the land identified in Appendix 2, it is currently held for a purpose for which it is no longer required, and it is now being appropriated for the purposes of

implementing a consented development scheme, which the council is authorised by statute to do.

38. Where the land to be appropriated includes open space, the council is required not to appropriate without having first advertised its intent to appropriate for a period of 2 consecutive weeks prior. The land proposed to be appropriated comprises cleared housing land and hard and soft landscaping, including unadopted footpaths. While this does not constitute formally designated open space, as outlined above, the council will nevertheless advertise its intent to appropriate the land as if it were open space, and will consider any responses.

Financial implications

Compulsory purchase

39. The financial considerations were set out in detail in the report to cabinet on 31st October 2017 and remain valid.

Appropriation

40. The costs of undertaking the appropriation are minor and contained within existing budgets. The costs associated with any successful claims for compensation for loss of rights of light are to be passed to the developer under an indemnity agreement pursuant to the Development Partnership Agreement.

Consultation

41. There has been extensive consultation on the overall regeneration programme for the Aylesbury estate, which has been set out in detail within previous reports. This includes extensive consultation on the formation of the AAP, non-statutory and statutory consultation undertaken on the outline masterplan and detailed FDS planning applications, and non-statutory and statutory consultation undertaken on the reserved matters planning application for the Plot 18 development.
42. The council's intention to appropriate land has been advertised for two consecutive weeks in the local press. The details of any representations received will be reported back to cabinet.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

Compulsory purchase

43. The report contains details of the progress which has been made towards achieving vacant possession of the site at Plot 18 and also overall advances with the delivery of the project. In particular, paragraph 13 confirms that revised financial offers have been made within the last two months. Furthermore, paragraphs 25 and 26 refer to the leaseholder offer which has recently been updated and that the Aylesbury homeowner guide will shortly be distributed to homeowners.
44. The public sector equality duty which arises in accordance with section 149, Equality Act 2010 imposes an obligation on public authorities to have due regard to avoid discrimination against persons with certain protected characteristics. To

assist Members in discharging this obligation, a recent Equality Impact Assessment focusing solely on this site has been undertaken in respect of the properties within the Northchurch block of the Aylesbury Estate. A summary of the impacts identified is included at paragraphs 27 to 31 above and Members will take into account the mitigation proposed and also weigh any residual harm against the overall benefits of the estate regeneration.

Appropriation

45. The purposes for which a council can appropriate land must be authorised by statute. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s.237 of the Town & Country Planning Act 1990.
46. Section 203 says:

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

 - (a) interfering with a relevant right or interest...
 - (2) Subsection (1) applies to building or maintenance work where -
 - (a) there is planning consent for the building or maintenance work,
 - (b) the work is carried out on land that has at any time on or after the day on which this section comes into force
 - (i) become vested in or acquired by a specified authority or
 - (ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [i.e. for purposes for which an authority can acquire land under ss226 and 227]
 - (c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and
 - (d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b)."
47. What this means is that where land has been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s.204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss.7 and 10 of the Compulsory Purchase Act 1965.
48. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the land has been appropriated and s.203 triggered, that work will be authorised even where it interferes with third party rights.
49. Section 122 of the 1972 Act provides that where land consists or forms part of an open space then the council may not appropriate the land unless before doing so they cause notice of their intention to do so to be advertised for two consecutive weeks in a newspaper circulating in the area in which the land is situated, and consider any objections to the proposed appropriation which may be made to them.
50. Following the appropriation of the land for planning purposes, it is recommended that the land is appropriated for housing purposes, as the land is to be used for the

provision of new housing. At that point the land will no longer be required for planning purposes and will be appropriated for housing purposes in accordance with section 9 of the Housing Act 1985.

Strategic Director of Finance and Governance (FC18/007)

51. This report is requesting cabinet to note the date of the resolution of CPO all land and rights within the area of land identified within the plan at Appendix 1, content of this update report on progress towards obtaining vacant possession of the site and the overall progress on the delivery of this project. The report also seeks confirmation and approval of the appropriation of the council-owned land as detailed in the report to progress the regeneration of the area. Full details and background is provided within the main body of the report
52. The strategic director of finance and governance notes that costs will be contained within the current approved Aylesbury capital programme and notes that the costs associated with any successful claims for compensation for loss of rights of light are to be passed to the developer under an indemnity agreement pursuant to the Development Partnership Agreement.
53. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Aylesbury Area Action Plan	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link (copy and paste into your browser): http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/area-action-plans?chapter=5		
Gateway 2 - Contract Award Approval Development partner for the regeneration of the Aylesbury Estate (Cabinet, April 2014)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link: http://moderngov.southwark.gov.uk/documents/s44910/Report.pdf		
Aylesbury Regeneration Programme Delivery (Cabinet, 9 May 2017)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AllId=44960		
Aylesbury Regeneration Programme Delivery (Cabinet, 20 September 2016)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787

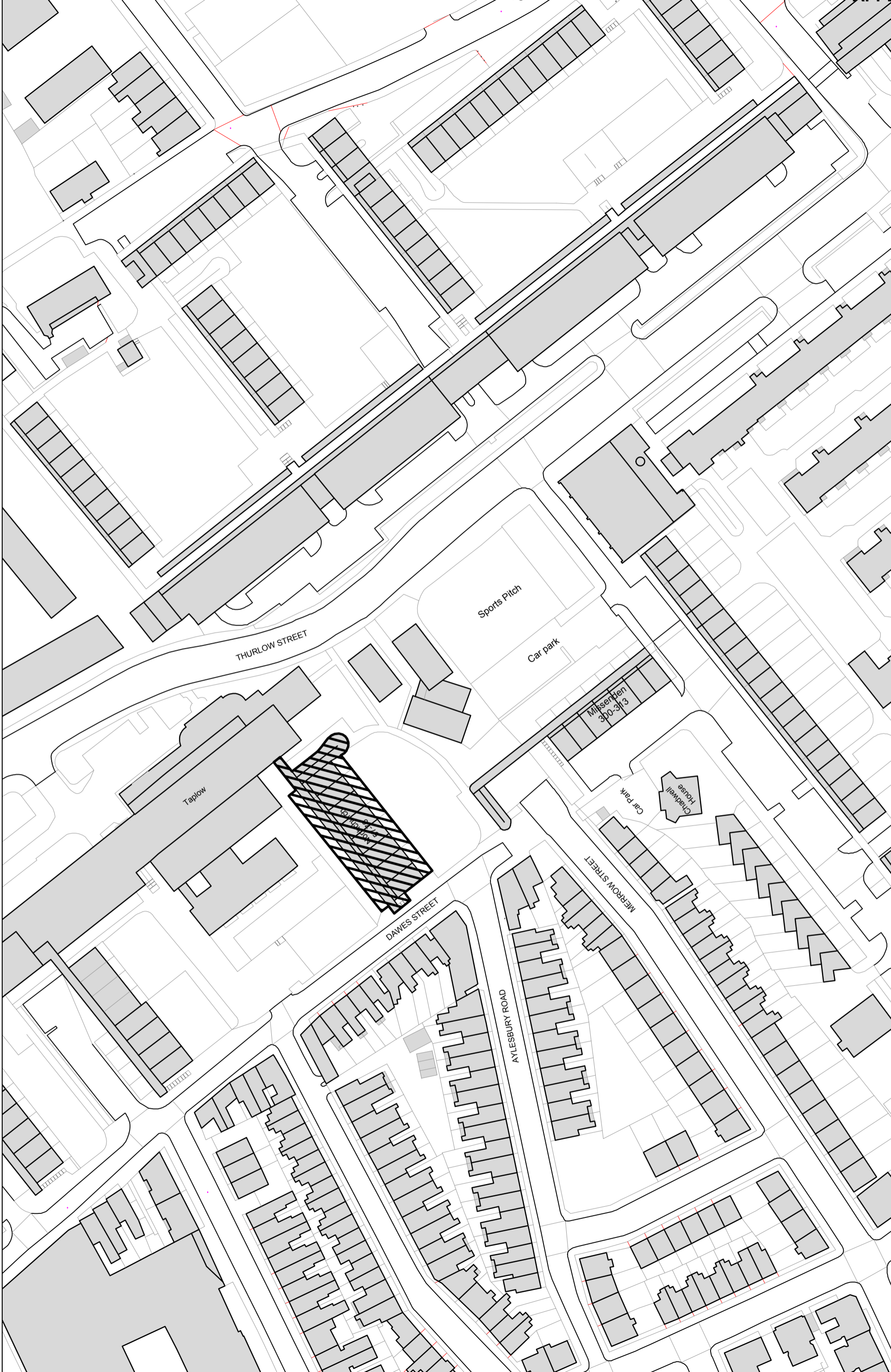
Background Papers	Held At	Contact
Link: http://modern.gov.southwark.gov.uk/ielssueDetails.aspx?Id=50010613&Opt=3		

APPENDICES

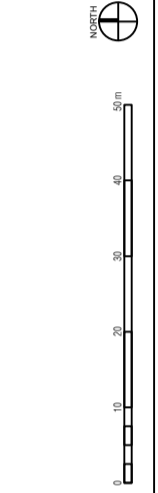
No.	Title
Appendix 1	Plot 18 CPO plan
Appendix 2	Plot 18 appropriation plan
Appendix 3	Background to appropriation

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Growth, Development and Planning	
Lead Officer	Neil Kirby, Head of Regeneration South	
Report Author	Matt Derry, Senior Regeneration Manager	
Version	Final	
Dated	13 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	13 July 2018	



Plot 18 Site CPO Plan ig
 Notting Hill Housing Aylesbury Regeneration 1:1000 scale @ A3
 CPO 02 revision
 NHH-P18 project number
 JC original by



Rev.	Date	Drawn	Description	Issue for Planning
1	10.06.18	SW		

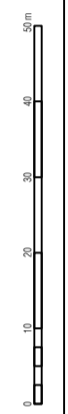
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AYLESBURY REGENERATION
 Notting Hill Housing Group | London Borough of Southwark

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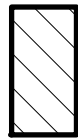
Rev.	Date	Drawn	Description	Issue for Planning
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Legend:



Appropriation Area

Rev	Date	Drawn	Description
A	25.06.18	JC	Revised for comments
-	22.06.18	JC	Initial Issue

drawing title

Appropriation Plan

drawing number

A

revision

Notting Hill Housing Plot 18

NHH-P18

JC

client / project

project number

originated by

status

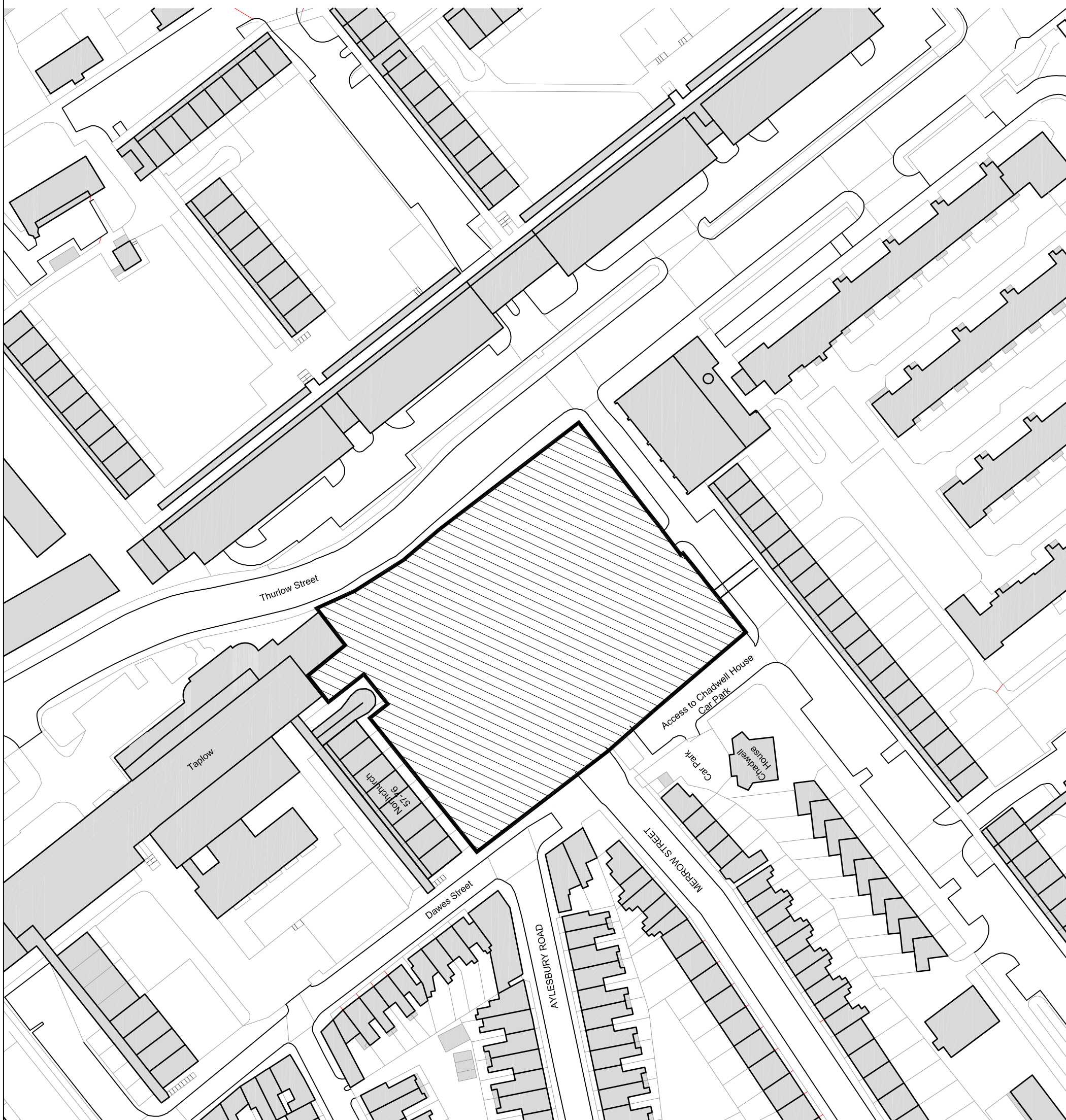
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SCALE@A3



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APPENDIX 3**AYLESBURY ESTATE: COMMUNITY FACILITIES AT PLOT 18 DELIVERY**

Appropriation of the land (shown hatched on the plan) at Appendix 2 for purposes set out in section 226 of the Town and Country Planning Act 1990 and to purposes set out in section 9 of the Housing Act 1985

Background to appropriation

1. Under section 122(1) of the Local Government Act 1972 the council may appropriate land for any purpose for which it is authorised to acquire land when the land is no longer required for the purposes for which it is held.
2. Under section 226(1)(a) and 227 of the Town and Country Planning Act 1990 the council may acquire land if they think the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land. This includes development of the sort contemplated in the regeneration of the subject land at the Plot 18 site. The power in section 226(1)(a) is subject to subsection (1A) of section 226. This provides that the acquiring authority must not exercise the power unless it considers the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of the area for which the acquiring authority has administrative responsibility.
3. There are clear social and environmental benefits resulting from the implementation of the development scheme for the Plot 18 site. This enables the demolition and redevelopment of the Plot 18 site, in line with the consented scheme for that site, which will deliver a significant quantum of new high-quality homes, across a range of tenures as set out in the main report, including homes specifically for the over-55s, in addition to a range of community facilities comprising a new library with stay and play facilities, community trust offices, GPs surgery and medical centre, early years facility and new high quality open space. This will contribute significantly to delivering the council's vision for the regeneration of the wider Aylesbury estate in accordance with the Aylesbury Area Action Plan and thereby contributing to the social, economic and environmental well being of the estate and the wider borough. Accordingly, the council may appropriate for the purposes of the development proposals land that it already owns if that land is no longer required for the purposes for which it is held.
4. The land shown on the plan at Appendix 2 is vacant and is no longer required for its current purpose - housing and ancillary uses - and is not needed in the public interest for those purposes. The land can therefore be appropriated from its current use. As the appropriation to planning purposes will facilitate the scheme of development to deliver the redevelopment of the Plot 18 site in accordance with the existing detailed planning consent, it may be appropriated for planning purposes.
5. Section 122(2)(A) of the Local Government Act 1972 provides before appropriating 'open' land, notice of the intention to do so is to be advertised for two consecutive weeks in a local newspaper. The view has been taken that the subject land may fall within this classification, and the council has accordingly complied with the advertisement requirements and will consider any objections to the appropriation.

6. Where land has been appropriated for planning purposes, Section 203 of the Housing and Planning Act 2016 (power to override easements and other rights) applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. The level of compensation for interference with rights or breach of restrictive covenant is assessed on the basis of the loss in value of the claimant's land as a consequence of the interference or breach of covenant. An important consequence of the operation of Section 203 is that a claimant cannot secure an injunction, to prevent the development from going ahead – as indicated above, their remedy is a claim for compensation.
7. Prior to developing land it is usual practice to make prudent enquiries of what rights might exist over the land, this will involve inspecting the land to see if there are any obvious rights and checking land ownership information. However, some rights may not be apparent from inspection and historic ones may not always be recorded at the Land Registry. The application of the power to override rights contained in s203 therefore mitigates this risk.
8. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land, which in this case is the council.

Rationale for appropriating the subject site to planning purposes

9. The site outlined in Annexe 2 is currently vacant having been cleared in order to bring forward the redevelopment of the site in accordance with the adopted planning framework to address a need for new homes and community facilities, and the site has been identified to be redeveloped for this purpose. Planning consent has been secured for the scheme outlined in paragraph 4 of the main report. As there may be impacts on the rights of light to nearby residents from the consented scheme there is the risk one or more of them may apply to the court for an injunction. If an injunction is granted, the scheme will not be able to proceed. In any event, the risk of an application for an injunction is such that it will deter prospective builders from bidding to construct the new building or result in a substantial risk contingency that undermines the viability of construction. In these circumstances, it is appropriate to utilise the powers of section 203 to overcome this risk and enable the redevelopment of the Plot 18 site enabling much-needed new homes and a broad range of community facilities to be built.
10. As indicated above, the land is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission for the Plot 18 site. When land has been appropriated, for section 203 purposes it will continue to benefit from its over-riding provisions even when the land is no longer held for planning purposes.
11. The land identified at Appendix 1 is no longer required to be held for housing purposes. As indicated above, the land is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission.

12. The appropriation of the land, whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the land, will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

Rationale for appropriating the subject site to back to housing purposes

13. Once the land is appropriated for planning purposes, it should be appropriated back to housing purposes as this will be its ultimate usage and the cleansing effect of section 203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the development.
14. Section 9 (1) (a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that, following the section 203 appropriation, the land is appropriated in accordance with section 122(1) of the Local Government Act 1972 for purposes within section 9 1 1A) (a) of the Housing Act 1985. The site will be developed to provide residential accommodation over a range of tenures, including specialist homes for the over-55s, as well as a broad range of community facilities.

Item No. 11.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Aylesbury Estate: Approved Premises Facility (APF) Delivery	
Ward(s) or groups affected:		Faraday	
Cabinet Member:		Councillor Johnson Situ, Growth, Development and Planning	

FOREWORD – COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR GROWTH, DEVELOPMENT AND PLANNING

The transformation of the Aylesbury estate will create new quality homes in the area, dramatically improve living conditions with new community facilities and increase the amount of genuinely affordable homes in the area.

This report updates Cabinet on the decision it took in October 2017 to begin the compulsory purchase order (CPO) process to enable the delivery of the Approved Premises Facility on the Aylesbury Estate. This new modern facility will enable the Ministry of Justice to move the current facility from the First Development Site of the Aylesbury Estate. This in turn will unlock the delivery of more than 800 new homes including over 300 new social rent, extra care, and learning disability homes on that site.

RECOMMENDATIONS

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

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

BACKGROUND INFORMATION

4. The background to the regeneration of the Aylesbury Estate has been covered extensively in previous reports.
5. In particular, on 31 October 2017 Cabinet considered a report on the delivery of the new Approved Premises Facility (APF) within Plot 4 of Phase 2 of the Aylesbury Estate and resolved to make a compulsory purchase order to enable the timely delivery of those facilities noting that the CPO would be made following an update report on progress towards obtaining vacant possession of the site. The present report provides that update.

KEY ISSUES FOR CONSIDERATION

The scheme

6. The consented scheme for the Site will deliver a new 36-bed residential facility managed by the National Probation Service that provides housing and support for the purposes of rehousing and supervision of former offenders released from prison in order to manage their successful reintegration into society. Planning permission was sought and obtained for the scheme in order to provide alternative premises for the Ministry of Justice facility currently housed at Ellison House within the First Development Site. Full details of the scheme were set out in the report to cabinet on 31 October 2017 and the scheme remains unchanged.

Vacant possession

7. While construction of the APF Scheme can commence on land already within the council's control, full implementation of the scheme will require the council to achieve vacant possession of the block at 1-30 Foxcote and 140 Albany Road to enable these buildings to be demolished and this land to be redeveloped as part of the scheme in line with the existing planning consent. Furthermore, vacant possession of these buildings is also required to enable the future delivery of their redevelopment along with the surrounding land in line with the outline planning permission for the redevelopment of the wider estate.
8. Cabinet was advised of the position in terms of outstanding interests in these buildings in October 2017. At that time, the 30 properties within the block of 1-30 Foxcote comprised three leasehold properties, four properties occupied on secure tenancies, six properties occupied by households in temporary accommodation and 17 void properties. At the present date, there remains two leasehold properties and two properties occupied on a secure tenancy, and there is now one property occupied by a household in temporary accommodation and 25 void properties.
9. Since the last report to Cabinet, two further households on secure tenancies have been rehoused in existing council homes on secure tenancies on the same basis. This takes the total number of households on secure tenancies successfully rehoused to 18 out of the 20 present when rehousing of the block commenced. The

council's Area Housing Office are working closely with the two remaining households on secure tenancies to facilitate their move to new homes on the same basis. One has provisionally accepted a direct offer of a secure tenancy on an existing council home nearby, while a direct offer is shortly to be made to the other household. It is anticipated that both households will have moved within the next two to three months.

10. As reported to cabinet in October, terms had been agreed with the owners of 26 Foxcote and the matter was then in solicitors hands. Acquisition of leasehold interest of 26 Foxcote was completed shortly thereafter on 2 November 2017. Since then, terms have also been agreed for the acquisition of the leasehold interest of 13 Foxcote and solicitors have now been instructed. Subject to successful completion of that acquisition, this will take the number of leasehold properties acquired in the block to ten out of the original eleven.
11. The owner of one remaining leasehold property at 21 Foxcote is a non-resident leaseholder who holds the property as part of a wider property portfolio. The property is currently let to private tenants so there is little incentive for the leaseholder to sell at this point. The Council has made three formal offers to acquire since 2015 as well as various discussions with the leaseholder to acquire, most recently in February 2018. The leaseholder does not agree with valuation of the property. A fourth offer is due to be issued shortly, however the latest view expressed by the leaseholder is that they would prefer to wait until the council has a CPO in place before selling.
12. The freehold property at 140 Albany Rd is a 6 bedroom house converted in the 1990s from a former pub. The property is owned jointly by three brothers, although the council understand there are 13 people living in the property. The Council initially made an offer to purchase the property in May 2017 on the basis of its existing use as a single dwelling. After further discussions, the owners confirmed that they want the value of the freehold to be assessed on development value of the land, which provides a higher valuation than if it were valued as an existing residential property. The Compensation Code (and legal precedent) sets out that where a property is valued as a development site the owner does not get rehousing assistance as a result. The rationale being that to realise the development value of the site the owner would have to voluntarily vacate the property. The council therefore made a second offer for this property in November 2017 on the basis of development value. Since then the owners appointed agents and the council met with agents to discuss valuation of the property in January and February, however since then the Council has been frustrated in taking forward discussions with the agent who has been unable to meet since although the Council have requested to meet a number of times.
13. While officers will continue to engage with the remaining property owners to seek to negotiate the purchase of their properties by agreement in parallel, the council will now need to progress to making the compulsory purchase order in order to ensure that vacant possession of the site is secured within the required timescales.
14. Clearly the council's preference is to reach voluntary agreement with all property owners and in so doing would ensure that any residents renting privately are not at risk of homelessness. Where the council is not able to agree to a purchase by private treaty and instead has to rely upon the exercise of compulsory purchase powers, the council will work with the relevant services to ensure that the

appropriate provision of support and signposting to services takes place to mitigate the risk of those residents renting privately being at risk of becoming homeless as a result of the implementation of a CPO.

Policy implications

15. The policy considerations were set out in detail in the report to cabinet on 31 October 2017.
16. In April 2018, the council updated its leaseholder offer, in response to feedback received by leaseholders on the estate. The council's revised offer now also provides the opportunity for qualifying resident leaseholders affected by the regeneration to the Aylesbury to purchase replacement homes under shared equity or equity loan terms. The key details of the updated policy are as follows:
 - Minimum share under shared equity purchases to be revised from 50% to 25%;
 - Homeowners will no longer have to invest their home loss payment as part of the acquisition of a replacement Council property;
 - Homeowners will now be able to choose between two different council shared equity products – shared equity or an equity loan;
 - Inheritance clauses in shared equity and equity loan leases to be amended to allow one inheritance;
 - Pre-emption clauses to be removed from shared equity or equity loan leases;
 - Commitment to cover additional Stamp Duty Land Tax (SDLT) costs to homeowners as a result of homeowners opting for the new equity loan model.
17. The Aylesbury homeowner guide is being updated including to reflect these changes and will be sent out to all leaseholders on the estate shortly.

Community impact statement

18. The community impact considerations were set out in detail in the report to cabinet on 31 October 2017 and remain valid. In addition to the considerations set out within that report, more detailed work has since been undertaken to further assess whether there are any adverse impacts on groups of any protected characteristic as defined under the Equalities Act 2010. An equalities impact assessment (EqIA) focusing specifically on the five remaining properties within 1-30 Foxcote and 140 Albany Road that are either still owned or tenanted was undertaken. The EqIA on the remaining residents built on the EqIA that was conducted in 2009. It considered the potential disproportionate impact upon the remaining residents as a result of the redevelopment of the site, due to their protected characteristics, and examined the range of mitigating measures put in place by the council to mitigate the potential disproportionate impacts.
19. While it noted that there is limited available data on the complete socio-demographic profile of the remaining occupied properties, it used all available information on the demographic profile of residents to inform the assessment. No equalities information was collected for either of the resident leaseholders, as no response was received. The EqIA noted that there is a mix of gender and age living in these properties. There is one child under 16, one young person aged 18-24, three people ages 35-44, and one person aged over 50 years. Some of

the residents have been identified as coming from a BAME background. There is incomplete data on disability, however, where residents have provided equality information no resident has declared any medical needs which would impact on re-housing.

20. A summary of the potential impacts on groups of protected characteristics and the associated mitigation measures extracted from the full EqIA is set out below:

Potential impact(s)	Group(s) affected	Mitigation(s)
Potential loss of access to key social infrastructure and services. Relocation can potentially increase distance from places of social connection located on or in close proximity to the Estate, e.g. schools, youth services, health and community centres.	Children Young people BAME communities	A range of options are available for resident leaseholders who want to stay in or close to the Estate to suit different circumstances. Three rehousing options for secure tenants
Potential loss of social capital and increase in financial outgoings	Young people BAME communities Disability Women Older people	A range of options are available for resident leaseholders designed to enable leaseholders to retain the value held within their current property. Policies are also in place which ensure that people do not use all their available means and resource to secure a new property. Compensatory measures are available for Council tenants based on assessed need, including disturbance and home loss payments. Supporting material and engagement with residents has been undertaken by the Council to help ensure that they are clear about their options.
Potential challenges securing a suitable and accessible home.	BAME communities Children and young people	The Council has provided a range of rehousing options to residents. As part of their rehousing assessment they ensure that these options are linked to the residents need.
Increased personal security risks resulting from the number of vacant	BAME Older people Women	Security cameras are located next to the site offering 24-hour

Potential impact(s)	Group(s) affected	Mitigation(s)
properties, dereliction and dead space.		surveillance The Council has increased the frequency of warden patrols on the estate to reduce ASB, particularly around Wendover.

21. As well as analysing the potential for disproportionate adverse impacts, specific to the residents remaining on the site, the EqIA also took into consideration the wider benefits from the redevelopment of the site. Summarising that the redevelopment of the site, as part of the redevelopment of the wider estate, will provide the following benefits for the wider community:

- improved quality of housing and living conditions (including provision of affordable housing);
- improved open spaces and public realm;
- a range of new and expanded community facilities.

22. The EqIA concluded that there remained a compelling case in the public interest for the redevelopment.

Resource implications

23. There are no additional resource implications as a result of this report.

Legal implications

24. The legal considerations were set out in detail in the report to cabinet on 31 October 2017.

Financial implications

25. The financial considerations were set out in detail in the report to cabinet on 31 October 2017.

Consultation

26. There has been extensive consultation on the overall regeneration programme for the Aylesbury estate, which has been set out in detail within previous reports. This includes extensive consultation on the formation of the AAP, non-statutory and statutory consultation undertaken on the outline masterplan and detailed FDS planning applications, and non-statutory and statutory consultation undertaken on the detailed planning application for the APF development.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

27. The Cabinet considered the delivery of the Approved Premises Facility on the site fronting Albany Road as shown at Appendix 1 at its meeting on 31 October and resolved to make a compulsory purchase order. Paragraph 3 of that report confirmed that an update would be provided to Cabinet concerning progress towards obtaining vacant possession before the CPO is made. This report

therefore provides details of that progress and asks the Cabinet to note this.

28. The legal implications which arise from making a compulsory purchase order were set out in some detail in the October report. In particular, the attention of Members was drawn to the public sector equality duty ("PSED") which arises from section 149, Equality Act 2010 and the requirement that public authorities have regard to:
- Eliminating unlawful discrimination, harassment and victimisation;
 - Advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - Fostering good relations between different groups
29. The PSED is a continuing obligation and therefore it is appropriate for the background evidence presented to Cabinet to be updated. Therefore, paragraphs 18 to 22 of the report refers to a specific equalities impact assessment (the "EQIA") which has recently been undertaken and a summary of the assessment is contained within the report. It should be emphasised that an EQIA is not legally essential but it does provide evidence of the discharge of the PSED. However, the report does acknowledge that there has been considerable difficulty in obtaining reliable information from some of the residents currently in occupation. The assessment makes a finding that some of the residents come from BAME backgrounds and therefore an impact on persons with a protected characteristic has been identified.
30. Details are provided as to the efforts to secure vacant possession and the progress that has been made with negotiations. Section 3.4 of the EQIA sets out the mitigation measures which are in place and in particular the rehousing options which are available. The EQIA also refers to the wider benefits of the Aylesbury regeneration scheme.
31. Members will need to weigh the impact on residents with a protected characteristic against the mitigation provided and also the overall benefits of the scheme. It is noted that some of the equalities information is less than complete and especially in the case of the freehold property which has identified 13 residents who are all categorised as being from black, Asian and minority ethnic backgrounds but there is no specific detail nor information concerning ages or possible disabilities. The council should continue to try and update its understanding of the background of the individuals affected. However, Members may decide that the importance of providing an alternative Approved Premises Facility to contribute towards the delivery of the overall Aylesbury estate regeneration when taken with the difficulty in obtaining information and progressing negotiations with some of the owners of some of the properties and coupled with the revised rehousing options now available outweigh the acknowledged harm to the occupiers of certain properties.

Strategic Director of Finance and Governance (FC18/008)

32. This report is requesting cabinet to note the date of the resolution of CPO for all land and rights within the area of land identified within the plan at Appendix 1, content of this update report on progress towards obtaining vacant possession of the site and the overall progress on the delivery of this project. Full details and background is provided within the main body of the report.
33. The strategic director of finance and governance notes that costs will be contained

within the current approved Aylesbury capital programme.

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

BACKGROUND DOCUMENTS

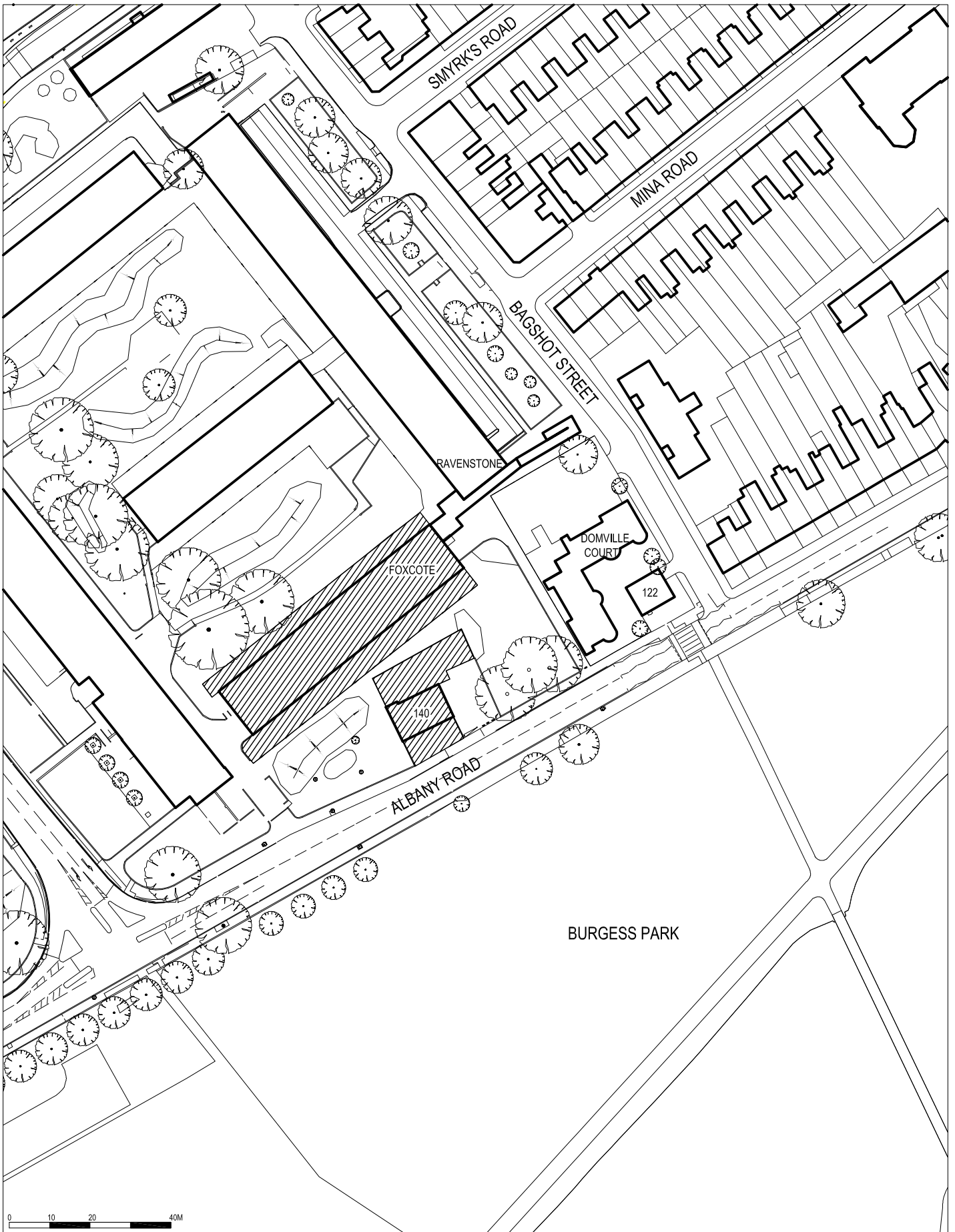
Background Papers	Held At	Contact
Aylesbury Area Action Plan	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link (copy and paste into your browser): http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/area-action-plans?chapter=5		
Gateway 2 - Contract Award Approval Development partner for the regeneration of the Aylesbury Estate (Cabinet, April 2014)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s44910/Report.pdf		
Aylesbury Regeneration Programme Delivery (Cabinet, 9 May 2017)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AllId=44960		
Aylesbury Regeneration Programme Delivery (Cabinet, 20 September 2016)	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link: http://moderngov.southwark.gov.uk/ielssueDetails.aspx?Id=50010613&Opt=3		
Amending the shared equity rehousing policy for qualifying homeowners affected by regeneration	Regeneration South Chief Executives' 160 Tooley Street London SE1 2QH	Matt Derry 020 7525 3787
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?id=6501		

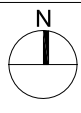
APPENDICES

No.	Title
Appendix 1	APF CPO plan

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Growth, Development and Planning	
Lead Officer	Neil Kirby, Head of Regeneration South	
Report Author	Matt Derry, Senior Regeneration Manager	
Version	Final	
Dated	13 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		13 July 2018



Filename: LOC 000_Location Plan		FOR PLANNING	
Southwark APF APF Site CPO Plan			Cottrell and Vermeulen Architecture 1B Iliffe Street . London SE17 3LJ . 020 7708 2567
Scale 1: 1250 @ A4	Date 17/10/17		
Drawn by: AB	Checked By: RC	0380 LOC	001.01
			02

Item No. 12.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Revenue Monitoring Report and Treasury Management 2017-18 Outturn Report	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

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

As anticipated in our last revenue monitor report the authority ended 2017-18 with a balanced position after movements to/from reserves. I am pleased to say that our budget recovery work in children's and adults has been effective with adults staying within budget and children's services overspend limited to £2m in the face of continuing demand and cost pressures. The approved budget for 2018-19 increases resources for both adults and children's, including further efficiency savings, which will put the department on a sustainable financial footing.

However, there remains other areas of significant budget pressure including No Recourse to Public Funds (where we are still £1.3m over budget) and in temporary accommodation. These budget pressures are reflected in our budget commitments for 2018-19, again seeking to ensure we have sustainable budgets for these services.

As set out in the report the 2017-18 outturn position is indicating significant cost pressures within the Dedicated Schools Grant flowing from the High Needs block and new national funding formula. The DSG as at 31 March 2018 was £4m in deficit with the deficit set to increase further in 2018-19. Whilst we will continue to lobby government for additional funding, the budget will need to be kept under close scrutiny.

There was better news from other departments, which stayed within budgets or underspent together with some one-off savings and income receipts enabling the council to replenish reserves by £10.9m following the draw down of £27.4 from reserves in 2016-17.

The work of the Budget Recovery Board will continue in 2018-19. Further areas are being considered for inclusion, in particular Schools and Education where the DSG reserve has reduced by £14.283m in two years.

RECOMMENDATIONS

1. That the cabinet notes the general fund outturn position for 2017-18 (Table 1).
2. That the cabinet notes the key adverse variations and budget pressures underlying the outturn position:

- The continuing pressures on children's and adults' social care leading to an overall adverse variance of £2.258m (paragraphs 23 to 27)
 - The DSG outturn position of a £4.111m deficit and the significant pressures on the high needs budgets (paragraphs 29 to 30)
 - the budget pressures on temporary accommodation (paragraphs 34 to 38)
 - the budget pressures on No Recourse to Public Funds (paragraph 39).
3. That the cabinet notes the variations helping to relieve the outturn position:
 - The favourable budget variance on Strategic Finance (paragraphs 51 to 53)
 - The largely planned favourable position on Finance and Governance budgets (paragraphs 49 to 50)
 - utilisation of £4m contingency (paragraph 54) to offset adverse variances across the council
 - planned use of earmarked reserves of £3.700m to support the General fund budget.
 4. That cabinet notes the following in respect of ring-fenced budgets:
 - housing revenue account outturn for 2017-18 (table 2, paragraphs 55 to 65)
 - the dedicated schools outturn and utilisation of £5.360m reserves (paragraphs 29 to 30).
 5. That cabinet notes the detailed utilisation of reserves in 2017-18 and closing reserve balances as set out in the report (paragraphs 66 to 71).
 6. That cabinet notes the treasury management activity in 2017-18 (paragraphs 80 to 89).
 7. That cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.
 8. That cabinet note the general fund budget movements that are less than £250k as shown in Appendix A.
 9. That cabinet notes the outturn position implications for the 2018-19 budgets and beyond set out in paragraphs 78 to 80).

BACKGROUND INFORMATION

10. This report sets out the outturn position for the general fund, housing revenue account and dedicated schools grant for the 2017-18 financial year.
11. Council Assembly agreed a balanced general fund budget of £278.0m on 22 February 2017 based on a 4.99% council tax increase (with 3% precept for adult social care), and £3.7m use of reserves, giving a budget of £274.3m. This budget was set in the context of further significant overall cuts in government funding. This was after maximising resources available from both business rate retention and growth in the council tax base.
12. The council also approved budget decisions including reductions of some

£24.0m within the general fund for 2017-18.

13. The cabinet agreed a balanced housing revenue account (HRA) budget on 24 January 2017.

KEY ISSUES FOR CONSIDERATION

General fund overall position

14. The final outturn position for the general fund is balanced after the utilisation of reserves as set out in Table 1 below. This table sets out the departmental budget outturn variances together with the planned and unplanned utilisation of reserves to come to the balanced budget as at the end of 2017-18.
15. The underlying cost pressures within this balanced budget include:
 - a £2.258m adverse variance within Children's' and Adults' Services, largely related to pressures in Children's Services, this is an improvement of £2.801m on the position forecast at month 8;
 - £3.845m reported within Housing and Modernisation largely relating to No Recourse to Public Funds and Temporary Accommodation pressures; and
 - a deficit of £4.111m on dedicated schools grant (DSG) reserve due to pressures within the high needs block and specifically the increase demand and complexity of special educational needs and disability (SEND) services.

These variances are described in more detail in the narrative below.

16. This adverse budget position has been offset through the use of the budgeted £4m contingency and favourable variances within other services.
17. The utilisation of reserves in 2017-18 included the full drawdown of the DSG reserve of £1.250m as well as a further £4.111m borrowed against future years' allocations. Schools forum has been consulted on measures to fund the carried forward deficit in 2018-19.
18. After the utilisation of £5.361m of DSG reserve, the council has been 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 with a nil variance to the overall 2017-18 outturn position.
19. This compares to month 8 cabinet report of a forecast outturn position adverse variance of £0.035m after the estimated use of reserves of £8.834m. This movement from the forecast use of reserves is mainly attributable to increased autumn statement section 31 monies and a review of how Minimum Revenue Provision (MRP) is funded.

Table 1: General fund outturn position for 2017-18

General Fund	Original Budget	Budget Movement	Revised Budget	Spend in Year	Total Net Reserve Movement	Total Use of Resources	Variance after Use of Reserves
	£000	£000	£000	£000	£000	£000	£000
Children's Services	51,544	3,387	54,931	57,125	(152)	56,973	2,042
Adult Social Care	89,414	(2,092)	87,322	83,912	2,833	86,745	(577)
Commissioning	8,121	(640)	7,481	8,021	-	8,021	540
Education	27,223	(1,373)	25,850	27,736	(1,633)	26,103	253
Children's and Adults' Services	176,302	(718)	175,584	176,794	1,048	177,842	2,258
Dedicated Schools Grant	(11)	1,631	1,620	6,280	(549)	5,731	4,111
Environment and Social Regeneration	60,348	4,654	65,002	63,323	1,476	64,799	(203)
Housing and Modernisation	71,860	(2,854)	69,006	74,055	(1,204)	72,851	3,845
Chief Executive	6,552	2,450	9,002	9,934	(987)	8,947	(55)
Finance and Governance	18,945	5,535	24,480	22,512	1,321	23,833	(647)
Strategic Finance	(16,792)	(11,766)	(28,558)	(47,680)	13,924	(33,756)	(5,198)
Support Cost Reallocations	(43,177)	1,068	(42,109)	(42,109)	-	(42,109)	-
Contingency	4,000	-	4,000	-	4,000	4,000	-
Total General Fund Services	278,027	-	278,027	263,109	19,029	282,138	4,111
Use of Reserves to Underwrite Base Budget	(3,700)	-	(3,700)	-	(3,700)	(3,700)	-
Net Revenue Budget	274,327	-	274,327	263,109	15,329	278,438	4,111
DSG Reserve to Balance Budget							(4,111)
Final Outturn after Use of Reserves							-

20. The appendices attached to this report provide more detail on the in year budget movements, the utilisation of reserves by each department and closing reserve balances (Appendices A, B, C and D).
21. The overall impact of these transactions are reported in full within the draft statement of accounts which are to be considered by the Audit, Governance and Standards committee, and were signed by the S151 Officer on 31 May 2017. These are now subject to external audit.
22. The following key areas of activity for the year are outlined below.
- Children's and Adults Services (including DSG) (paragraphs 23 to 30)
 - Environment and Social Regeneration (including Public Health) (paragraphs 31 to 32)
 - Housing and Modernisation (paragraphs 33 to 47)
 - Chief Executives (paragraph 48)

- Finance and Governance (paragraphs 49 to 50)
- Strategic Finance (paragraphs 51 to 53)
- Contingency (paragraph 54)
- Housing Revenue Account (paragraphs 55 to 65)
- Reserves (paragraphs 66 to 71)
- Collection Fund (paragraphs 72 to 76)
- Treasury Management (paragraphs 80 to 89).

Children's and Adults' Services (including DSG)

23. The overall outturn position for Children's and Adults' Services is an adverse variance of £2.258m, an improvement of £2.801m on the position forecast at month 8. The outturn position is also a considerable improvement when compared with prior years and has been achieved whilst making a net contribution of £1.048m to departmental reserves compared with a drawdown of £11.450m in 2016-17.
24. Despite the overall adverse variance, expenditure in both Children's and Adults' services is down across most categories year on year, hence the greatly improved outturn position. Previous reports have indicated that the department has struggled to implement savings and efficiencies at the required rate, so it is encouraging to see that significant momentum has now been achieved. Changes in frontline social work practice have enabled teams to better control spend and protect services, whilst the Budget Recovery Board has provided the necessary support and scrutiny to help realise savings. The commissioning teams have contributed to these efforts by ensuring the council is only funding services for which it has a duty and by right-sizing the council's share of the cost of jointly funded arrangements.
25. Prudent application of Better Care Fund (BCF) monies against strained budgets has allowed the service to offset growing stresses in the system whilst supporting fragile local care markets. This, combined with the council tax precept, has gone some way towards offsetting upward pressure in homecare and residential nursing care costs. Joint working with Southwark NHS CCG through the pooled BCF budget and the Partnership Commissioning Team has continued to benefit both parties, resulting in better outcomes for service users and better value for money for the public purse. Once again, the Southwark Council and CCG BCF Plan was one of the first nationally to gain DH approval and our performance against Delayed Transfers of Care targets (a key metric) is one of the best in the country.
26. Whilst performance in 2017-18 has shown a marked improvement, the department remains exposed to significant risk and uncertainty in 2018-19 and beyond. Increasing inflation, partly driven by the London Living Wage, is pushing up the cost of care and the council must remain alert to the possibility of provider failure. An ageing population combined with an increase in working age referrals with complex needs will also add to the challenge. There remains uncertainty around central government funding and as we move into 2018-19, the BCF accounts for over 20% of the gross adult social care budget. The service may also become subject to backdated liabilities resulting from recent HMRC guidance requiring employers to pay national minimum wage for 'sleep-ins'.
27. The outturn position on Children's Services, a £2.042m adverse variance from budget, was in line with the forecast position as at Month 8. This represents a

considerable improvement in financial performance from the 2016-17 outturn position, which was a £7.193m adverse variance from budget. The improved position flows from a range of measures, most notably; Budget Recovery Board initiatives across a range of areas, the move to an all age disabilities service, the use of available reserves and also additional budget provision for placements. In 2018-19 additional provision has also been made for staffing and placements budgets to the value of £3.2m, with staffing savings of £1m also being set against this. The Budget Recovery Board process will continue for Children's Services in 2018-19 to ensure that there continues to be a continued budget improvement trajectory and this will also include additional cost avoidance measures on semi independent placements and also care leaver placements.

28. For Education there was a small overspend (£0.250m) in 2017-18 as compared to a small underspend in 2016-17. This change between years primarily flowed from pressures on SEND and also on Transport and largely reflects that funding sources are no longer available, most notably the DSG associated reserves. In 2018-19 additional funding of £2.469m has been agreed which includes provision for SEND and SEND transport, in recognition of grant reductions and the transition to a traded school improvement service. Set against this are some £1.340m of savings within Education.
29. The DSG outturn position as at 31 March 2018 was confirmed as being a £4.1m deficit as compared to the £3.5m forecast at Month 8. There is some provision to repay £0.5m of the deficit in 2018-19, however ongoing pressures mean that the deficit as at 31 March 2018 will be significantly higher. The pressures within the DSG flows from the high needs block and specifically the significant increase demand and complexity of SEND, together with challenges associated in the supply of placements. Many local authorities are also facing this same challenge and are also moving into deficit positions and there continues to be a strong lobby from local authorities on the inadequacy of funding with regards to the high needs block, in particular at a time when other changes in funding limit the flexibility of movements from other blocks. Notably there was no additional funding for local authorities when there was an extension of the age range for responsibility for provision to 25 and this has added significantly to financial pressures.
30. Work is presently underway with the Schools Forum in reviewing and analysing this issue in terms of costs, volumes and benchmarking across a range of provision in order to the develop a range of options to reduce the pressures and make savings on the high needs block (currently funded at the level of £43m), although given the scale of the issue, this is likely to be a medium to long term activity. This will also involve reviewing the funding that the Council currently centrally retains for a range of services.

Environment and Social Regeneration (including Public Health)

31. The final outturn for the department was £64.799m against a budget of £65.001m resulting in a favourable variance of £0.202m.
32. There were some costs pressures impacting on departmental budgets in some areas but these were monitored very closely and mitigated mainly by robust management of departmental budgets and favourable variances across other areas resulting in a net departmental underspend of £0.202m. In addition to this, the department has also been able to achieve the 2017-18 total savings target of nearly £7m consisting of £5.2m and £1.5m of efficiency and increased income targets respectively. The 2016/17 revenue outturn report to cabinet on

18 July 2017 noted an adverse variance of £1.9m on the public health grant which was transferred to a negative reserve against future ring-fenced Public Health grant. New contract arrangements within the Public Health service areas together with robust budget management has resulted in a favourable variance of £0.160m for 2017-18 which has been used to reduce the negative reserve.

Housing and Modernisation

33. Following the planned drawdown of earmarked reserves to cover exceptional items, including one-off shared service IT transition costs and specialist professional advice in support of facilities management and the wider modernisation agenda, the outturn shows an adverse variance of £3.845m against budget. While this is higher than earlier forecasts, it is primarily attributable to higher activity/demand pressures in temporary accommodation and NRPF and includes severance and redundancy costs at a departmental rather than a corporate level.

Temporary accommodation/Housing solutions

34. Notwithstanding Southwark's success in homelessness prevention, this area remains particularly challenging and the council continues to face increasing budgetary pressure through a combination of rising demand, restricted housing supply, the impact of Universal Credit on arrears and legislative and policy obligations, which give rise to a budget pressure of £2.6m in 2017-18.
35. The council's commitment to ensure no family with children is placed in unsuitable nightly paid accommodation meant families have been moved to self-contained accommodation. These properties are predominantly more expensive and invariably require the payment of upfront incentives costing £0.8m in 2017-18. Furthermore, the impact of rehousing Ledbury tenants and limited opportunity to make direct offers to TA clients, and policy constraints in relation to the council discharging its duty in to the private sector and out of borough have all contributed to the increase in costs during 2017-18.
36. Government introduced changes to the funding regime for 2017-18 with the replacement of the TA management fee (TAMF) chargeable by authorities and payable through the benefits system, with Flexible Homelessness Support Grant (FHSG). The purpose of this change was to focus activity on prevention rather than meeting demand and reduce the burden on the welfare benefit bill. The loss of TAMF funding to the council amounts to £1.7m in 2017-18 and has been mitigated through the use of FHSG, and will continue to be so in the short-term. At this juncture, FHSG funding is only confirmed up to and including the 2019-20 financial year.
37. The transition to Universal Credit is accelerating with a current caseload of approximately 5,600 across all council tenures. Long lead-in times and direct payment has seen deterioration in collection performance compared with non-UC cases, requiring a higher level of bad debt provision to be made at £0.8m. This situation is concerning and represents another drain on already over-stretched resources, over which the council has limited control. However, government has recognised difficulties exist and introduced changes from 11 April 2018 that take new TA cases and change of circumstance cases out of UC and revert to the HB regime, which should assuage the arrears position to some extent.

38. During the last quarter of 2017-18, Southwark were requested to create a Training Academy by the Ministry of Housing, Communities and Local Government's (MHCLG) to train other London boroughs in homelessness prevention best practice. The Academy will be fully operational in early 2018-19 and the funding utilised during the year.

No Recourse to Public Funds (NRPF)

39. As with temporary accommodation, this service is demand driven, subject to volatility and presents a significant and persistent pressure on council resources. Whilst progress has been made in clearing long-term caseload resulting in reduced costs compared to previous years, the budget remains overspent by £1.3m. As reported previously, the council's ability to discharge its duty relies on the Home Office determining a client's status and whilst case management is proactively managed and escalated, the process remains protracted and not within the council's direct control. For 2018-19 it is critical that the downward trajectory in net caseload continues to enable costs to be brought back within the approved budget.

Information technology and digital services (ITDS)

40. In November 2017, the council entered in to a shared service arrangement with the boroughs of Brent and Lewisham for the provision of IT services. A stable and resilient IT platform is critical to delivering modern, reliable and cost effective services and underpins the council's modernising agenda. However, this could not be achieved without greater investment which cabinet recognised by re-basing the revenue budget for 2018-19, along with an uplift to the capital programme for long-term sustainable improvement.
41. Transitioning to the new service during 2017-18 went smoothly and the cost was lower than originally forecast as staffing structures took longer to fill and contingency sums were not utilised, requiring a net £1m drawdown from general fund reserves. It is envisaged that by working closely with our partners to develop and align processes/systems that operational improvements and cost savings can be delivered over the medium-term.

Corporate Facilities Management (CFM)

42. The council has an extensive operational estate to which facilities management services must be provided to ensure buildings are compliant with health and safety regulations and fit for purpose for both staff and service users. To address former service deficiencies, contract standards are more comprehensive and rigorous and inevitably more expensive than what went before, leading to budget pressure within CFM and in departments, particularly where services are commissioned over and above the baseline provision.
43. Unavoidable one-off and base budget pressures include the impact of lease rental reviews for the Queens Road complex and professional and technical support required to cover capacity shortfalls in the delivery of specific projects, including contract procurement and management and development of the council-wide accommodation strategy. Fee income generated from the provision of professional support for capital projects is below the budget target due to programme slippage, but better than previously forecast. Going forward it is important that a stable and sustainable capital programme is developed to minimise future budget variation.

44. Also reflected within the CFM outturn are specific departmental and corporate savings identified in previous budget rounds that are either currently in abeyance pending operational review or no longer deliverable as circumstances have changed. For 2018-19 this has largely been addressed through the budget process to re-align and stabilise the position going forward.

Human Resources (HR) and Organisation Transformation (OT)

45. HR administers and manages the corporate contract for the provision of temporary staff across the council. Usage/costs can be variable and subject to changing circumstances and whilst it is on a downward trajectory, it remains higher than target. In line with this, the contract fee income is also higher which has helped to mitigate the cost of severance and redundancy across the department following restructuring. Measures to reduce agency usage through the refocusing of workforce planning and recruitment to long-standing roles continues.
46. OT administers corporate training and development programmes and related budgets on behalf of Children's and Adults services (CAS) and has worked in partnership to oversee spending on the L&D programme. Earmarked reserves held for this purpose have been transferred directly under C&A management going forward. Additional activity to support member development has also taken place during the year and will be funded from specific earmarked reserves. Other ad-hoc costs such as the staff survey and learning management system have been contained within budget.

Customer Services

47. One of the key areas of responsibility within Customer Services is the administration of concessionary travel. The budget for 2017-18 was set at a broadly similar level to the previous year, whereas the actual cost of provision by TFL was lower thereby generating a windfall underspend of £0.4m. Budget variations across other divisional service areas are broadly neutral overall.

Chief Executive's department

48. The Chief Executive Department's outturn was £4,646k against a revised net budget of £5,423k resulting in a favourable variance of £783k. This variance is mainly due to higher than budgeted planning fee income for the year. The department has implemented the proposed savings for the year.

Finance and Governance

49. The Finance and Governance Department is reporting a favourable variance of £1.968m, prior to the application of reserve movements for the financial year 2017-18. This has allowed for the net transfer of £1.3m to specific reserves to support the continued pressures upon the department, including welfare reform and the implementation of universal credit.
50. The favourable variance is largely attributable to staffing underspends, with a number of posts held vacant as part of planning for savings required for 2018-19 financial year, as well as better than expected rates of collection for historic debt and recoveries in accordance with the Proceeds of Crime Act.

Strategic Finance

51. Strategic Finance is reporting a favourable variance of £5.198m, after the application of reserve movements.
52. The variance is largely attributable to revenue savings arising from a review of how the council funds debt repayments, i.e. minimum revenue provision (MRP), and additional Section 31 grants received from the government in respect of NNDR business rate, largely due to the sustained growth in the borough.
53. The favourable variation has been used to both support in year pressures on departmental budgets and enable the council to increase reserve balances.

Contingency

54. The £4m contingency budget was fully utilised to offset overspends in Children's and Adults' services, No Recourse to Public Funds and Temporary Accommodation budget pressures as described above.

Housing Revenue Account (HRA) Outturn 2017-18

55. The HRA has been subject to a number of service/budget demands during the year, most notably the impact of emergency measures necessary at the Ledbury Estate, a reduction in rechargeable capital works to homeowners as the Warm, Dry, Safe (WDS) programme winds down and generally greater pressure on services across the board, particularly repairs and maintenance. Notwithstanding, the position has been managed within the overall resources available, earmarked reserves have risen to a more sustainable level and the outturn is broadly consistent with expectations. The key headlines/issues are outlined below.

Table 2: HRA outturn position for 2017-18

HRA Outturn 2017-18	Full Year Budget 2017-18	Outturn 2017-18	Variance 2017-18	Month 8 Forecast 2017-18	Movement
	£000	£000	£000	£000	£000
Asset Management	49,031	51,312	2,281	1,707	574
Communities	8,733	8,047	(686)	(36)	(650)
Resident Services	38,281	37,934	(347)	(191)	(156)
Customer Services	3,313	3,471	158	271	(113)
Central Services	38,638	32,971	(5,667)	(10,731)	5,064
Debt Financing	33,319	22,518	(10,801)	-	(10,801)
Depreciation	53,000	53,000	-	-	-
Tenant Rents & Service Charges	(221,278)	(222,076)	(798)	(431)	(367)
Exchequer Services	(27,839)	(17,478)	10,361	9,411	950
Revenue Contribution to Capital	23,745	24,697	952	-	952
Appropriations to/from Reserves	1,057	5,604	4,547	-	4,547
	-	-	-	-	-

56. The need to spend on landlord responsibilities to repair, maintain and improve the housing stock is relentless and consumes the greatest proportion of HRA

resources (£49m). Robust management and monitoring of high volume, high value contracts are critical to delivering greater value for money, and remain a high priority. However, it has not been possible to contain costs within budget in this area during the year with a £2.3m variation, including the Southwark Building Services (SBS) trading deficit which falls to the HRA as client. In general, other operational areas have come in close to their budgets or within an acceptable margin despite mounting service demands/expectations.

57. The introduction of self-financing in 2012 meant all government financial support for local authority housing provision ceased and the HRA became entirely reliant on its primary rental stream, along with service charge, garage, commercial and other miscellaneous income streams to sustain its business plan over a 30 year planning horizon. However, since then there has been a succession of changes in government policy, all detrimental to the rental stream, culminating in the imposition of the four-year rent reduction policy (2016-17 to 2019-20). To illustrate the impact, for 2017-18 there was a 3% differential in the rental base, between what would otherwise have been an increase of 2% (CPI+1%), as opposed to the 1% reduction, equating to an in-year loss of resources of c. £5.7m (on a like for like stock basis). Over the four year period, the compounded rental loss is c. £62.5m compared to previous business plan assumptions.
58. The rent debit raised, void loss and collection rates are all key indicators of performance and are closely monitored throughout the year. Overall, the cumulative residential debit raised was £0.8m higher at £222.1m, a variance of just 0.36% against budget, which demonstrates sound budget planning/forecasting.
59. Rent collection for the year was 98.91% overall, which is lower than budget but represents respectable performance given the challenges presented by welfare benefits changes, particularly the transition to Universal Credit and direct payment, which have impacted arrears levels. Revised operational arrangements and use of arrears management software help to mitigate the position and restructuring of the council's income collection function during 2018-19 should further improve performance. Increasing arrears presents a moderate risk going forward, but the HRA maintains a prudent level of bad debt provisions to meet potential losses of this nature.
60. Homeowner service charges represent the costs relating to council stock sold under the Right to Buy (RTB), that are fully recoverable under the terms of the lease in order to prevent cross-subsidy from tenants. The value of rechargeable capital works is intrinsically linked to the investment programme and nature of capital works being undertaken. The unprecedented level of investment over recent years has been reflected in higher billing to homeowners. However, present and future works programmes are not of the same magnitude and are more focused on internal works which are not pertinent to homeowners. Net billing during 2017-18 including prior-year account actualisations was significantly lower than budget (£4.4m vs £15m). This has been largely mitigated by the deferment of the planned debt repayment and limiting the level of revenue support to ensure a balanced position. On a positive note, actual collection performance was £32.2m against a target of £30.8m, which is consistent with prior year's over-achievement. Going forward, this risk has been partially addressed through the 2018-19 budget setting process, with the

income target being reduced to reflect the anticipated lower recoverable baseline.

61. Capital investment in the housing stock during 2017-18 was higher than the previous year at £167.5m, comprising £88.4m spent on existing stock and £79.1m on new council homes. The mainstream maintenance/renewal programme has been funded predominantly from revenue and specific earmarked reserves (£69.8m) and non-RTB receipts (£18.6m). Funding for the new build programme comprised RTB receipts and S106 developer contributions (£42.4m), which are subject to strict criteria/restrictions and borrowing of £36.7m for the purchase of developments at Sylvan Grove and Churchyard Row as part of the council's 11,000 new homes target.
62. Since Lakanal in 2009, the council has made considerable investment in fire safety in its housing stock and efforts have been renewed following the tragic events at Grenfell Tower. Given the size of the council's stock and the number of high-rise blocks, it has the potential for significantly greater cost, exacerbating the pressure on already stretched capital resources and requiring programme priorities to be reassessed. At 31 March 2018 the council's borrowing headroom stood at £147.6m, which at best will be exhausted within three to four years at current investment levels (save for the retained contingency to meet exceptional events).
63. However, on a positive note, Government have announced a £1 billion additional borrowing approval from 2019-20 for authorities in 'high affordability areas'. The GLA have also confirmed £4.82 billion 'Building Council Homes for Londoners' funding, relaxation of current grant restrictions and the further protection of RTB receipts in order to accelerate housing delivery. Whilst the devil will be in the detail, these measures are to be cautiously welcomed and the council is currently working towards a bid submission in summer 2018. Any decision to seek additional borrowing approval will need to be fully cognisant of the revenue financing implications arising and ensure they can be supported by the HRA over the long-term.
64. Central services comprise key budgets pertaining to departmental and corporate overheads, debt financing, CERA, depreciation, arrears provisions and major projects. The most notable variations arose as a result of Ledbury, which presented an immediate and unavoidable call on both revenue and capital resources during the year and the need to off-set the shortfall in rechargeable capital works income (explained in more detail above). Conversely, there were a number of positive variations through lower use of provisions and contingency sums, higher rent income and interest on balances and generally orderly budgetary management throughout.
65. The ring-fenced nature of the HRA requires that surpluses/deficits are carried forward between years. In the same way as the council's general fund operates, the HRA holds reserves for specific purposes and as contingency against unforeseen events and to mitigate future risks in line with the council's medium-term resource strategy (MTRS). At 31 March 2018 reserves stood at £19.9m (against £14.4m in 2016-17), of which around 65% is committed. Given the size and complexity of the council's HRA and HIP, this upward movement is positive, but still remains below the optimal level considered prudent and represents a moderate degree of risk. This will be managed over the medium-term with a view to building a more sustainable level of balances going forward.

Reserves

66. 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.

67. 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.

68. The budget approved by council for 2017-18 included a planned release of reserve of £3.700m. This call on reserves provided cushioning of the general fund budget during a period of significant funding reductions and service pressures. This call on reserves was made in full.

69. In 2017-18, the council was able to set aside an additional £10.799m in reserves, resulting in revenue reserves closing balances of £66.541m for 2017-18:

	£m
Contributions to reserves (see Table 1)	15.329
Deficit on DSG reserve	-4.111
NNDR income adjustment (Valuation Office error)	-0.419
Net reserve movement	10.799

70. The total net movements in earmarked reserves for the key designations are set out below and further detail included in Appendix D.

71. Reserves are:

- **Corporate projects and priorities** reserves are held to fund those future activities that will enable the council to operate more efficiently and effectively. They include resources held to meet the cost of ongoing reorganisation and restructuring that the council must undertake to modernise and improve service levels and operational efficiency of the council's activities.
- **Service reviews and improvements** represent resources held that can be directly linked to services provided.
- **Capital programme and other capital investment** reserves are held to fund one off expenditure that may be incurred over more than one year and by its nature is not appropriate to be included within annual revenue budgets, to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, land acquisitions and other significant one-off costs associated with these projects.
- **Strategic financing, technical liabilities and future financial risks**

reserves are in the main held to mitigate future financial risks that may arise. Such risks include taxation risks, legislative and funding changes including actions involving the Greater London Authority and other government bodies, risks as a result of unavoidable changes in accounting practice, and circumstances inasmuch as they represent uninsured risks. They also include balances that are held for technical accounting reasons.

Collection fund

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

	Council Tax	Business Rates
Southwark Council	77.1%	30.0%
Greater London Authority	22.9%	20.0%
DCLG		50.0%

74. Whilst the Collection Fund is a single entity, for reporting purposes it is split between Council Tax and Business Rates. In-year performance is set out below (all figures are Southwark's share only).
75. **Council Tax.** The surplus carried forward for the council tax element of the collection fund is £1.6m, this is planned to be factored into the tax setting for 2019-20. This surplus is attributed to an increase of around 3,000 dwellings in the tax base due to new homes being built, collection levels have been maintained and the number of council tax support claimants continues to reduce.
76. **Business Rates.** The surplus carried forward for the Business Rates element of the collection fund is 1.2m, this is also planned to be factored into the tax setting for 2019-20. This surplus is attributed to substantial growth in the borough which has increased total Rateable Value and so in turn the collectable debit. Collection of both current and previous years balances has also improved.

Implications for 2018-19 budget

77. The 2017-18 identified outturn pressures in Children's and Adults' and Housing and Modernisation were recognised as part of the 2018-19 budget agreed. The budget set out a net increase in the Children's and Adults' budget of £17.5m and £1m growth for No Recourse to Public Funds and Temporary Accommodation. Further, budget pressures arising in 2018-19 for No Recourse to Public Funds and Temporary Accommodation, over and above the commitment proposed, will be mitigated by the use of the £4m contingency set aside within the council approved policy and resources strategy for 2018-19.

The 2018-19 budget assumed the implementation of £18.2m of savings across the council and the delivery of these savings will continue to be monitored.

78. The Policy and Resources Strategy for 2018-19 assumes that reserves will no longer be used to underwrite the budget. 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.
79. Further, as set out in this report, the full use of the DSG reserve as well as a further £4.111m borrowed against future years allocations means that going forward; the budget will need to be under closer scrutiny. Given the on-going structural pressures on the high needs block which continue into 2018-19 and beyond, together with new stricter regulations on movement between blocks and pressures associated with the new national funding formula, a deficit position on the DSG is likely to persist for a number of years.

Treasury management

80. 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. In determining the suitability of potential investment decisions, the council prioritises the preservation of capital and liquidity of investments before the consideration of the yield on investments. In the year to 31 March 2018, the average investment balance was £127m (£188m for 2016-17) and the value at 31 March 2018 stood at £126m (£159m 31 March 2017).
81. The overall rate of return on investments during 2017-18 was 0.34% (0.71% 2016-17). In November 2017 the Bank of England's Monetary Policy Committee increased the bank base rate by 0.25% to 0.50%, with markets pricing further increases during 2018. The negative impact on asset price valuations from an increase in market yields dampened investment performance for the year.
82. The debt management strategy for the council as part of the treasury management strategy for 2017-18 and since 2011-12 has been to pursue a policy of internal borrowing, which is the use of existing reserves and balances to fund capital expenditure rather than the use of external borrowing.
83. The use of internal borrowing allows the council to minimise unnecessary external borrowing costs by only borrowing when needed for liquidity, or to benefit from advantageous borrowing rates. Borrowing in advance of need creates a 'cost of carry' which is the difference between the short term investment income earned through holding cash balances compared against longer term external debt financing costs.
84. During the period from 2011-12 to 2017-18 the rate of return on short term investments was consistently much lower compared to longer term borrowing. The savings for the council from deferring external borrowing for the period to 2017-18 equate to circa £20m.
85. Efficient use of existing council resources to fund capital expenditure through internal borrowing also reduces the council's counterparty risk inherent in the investment of cash balances.
86. However, during 2017-18, it became necessary to undertake new borrowing in order to fund the capital programme and to maintain target cash balances.

During the course of the financial year 2017-18 the council borrowed £110m in short term loans from other local authorities.

87. Officers regularly monitor current and forecast interest rates to determine the appropriateness of the internal borrowing strategy, so that the reduction in current borrowing costs from use of internal balances, is not offset by higher borrowing costs in the future.
88. In light of the borrowing requirements as expected from the current capital programme, the current extent of internal borrowing and the scheduled debt repayment of longer term borrowing, it is expected that the council will look to borrow on a longer term basis over the course of the 2018-19 financial year.
89. The average rate of interest for the council's debt portfolio is 4.6% as at 31 March 2018. This reflects the largely historical nature of the debt, the majority of which was drawn prior to 2008 at rates reflecting the prevailing economic conditions at the time. All long term external debt is from the Public Works Loans Board, part of HM Treasury, at fixed rates. During 2017-18, £5m of debt principal matured and was repaid to PWLB. The remaining debt principal outstanding at 31 March 2018 was £563m (£458m as at 31 March 2017).

Community impact statement

90. This report monitors expenditure on council services, compared to the planned general fund budget agreed in February 2017, and HRA budget agreed in January 2017. 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 2017-18 to 2019-20: Cabinet 07/02/2017	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link: (copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s66524/Report%20Policy%20and%20Resources%20Strategy%202017-18%20-%202019-20.pdf		
Policy and Resources Strategy 2018-19 to 2020-21: Cabinet 06/02/2018	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link: (copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s73878/Report%20Policy%20and%20Resources%20Strategy%202018-19.pdf		

Background Papers	Held At	Contact
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: (copy and past into browser) http://moderngov.southwark.gov.uk/documents/s66095/Report%20Housing%20Revenue%20Account%20-%20Final%20Rent-Setting%20and%20Budget%20Report%202017-18.pdf		

APPENDICES

No.	Title
Appendix A	Interdepartmental movements to be approved for month 9 onwards
Appendix B	Analysis of reserve movements by category
Appendix C	Analysis of reserve movements – withdrawals and additions
Appendix D	Total movement in earmarked reserves in 2017-18

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	
Version	Final	
Dated	12 July 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to constitutional team		12 July 2018

Interdepartmental movements to be approved for month 9 onwards

	Department From	Amount £	Department to	Amount £	Description of the budget movement
Approve	Strategic Finance Appropriations	(17,561) (1,559,439)	Children's and Adults' Services	1,557,000	Reverse earlier reserve budget transfers following the retrospective adoption of a new reserve procedure
Approve	Environment and Social Regeneration	(3,305,673)	Strategic Finance	3,305,673	Transfer of Waste PFI budget
Approve	Children's and Adults' Services	(414,484)	CERA	414,484	Schools CERA
Approve	Strategic Finance	(2,045,695)	Children's and Adults' Services	2,045,695	School balance movements 2017-18

	Department From	Amount £	Department to	Amount £	Description of the budget movement
Note	Strategic Finance	(17,561)	Children's and Adults' Services	17,561	Reverse earlier reserve budget transfers following the retrospective adoption of a new reserve procedure
Note	Strategic Finance	(153,253)	Children's and Adults' Services	153,253	Universal Infant Free School Meals

Analysis of Reserve Movement by Category

		Analysis of Appropriations by Category									
From	To	Amount £	Buildings/ Regeneration/ Capital £	Social Care/ BCF £	Revenue Cost of Redundancies £	Welfare/ Hardship/ SESS £	Contingency £	Direct Revenue Funding of Capital £	Corporate and Modernisation £	DSG £	Total £
Children's and Adults'	Appropriations	1,047,974	-	3,141,786	(630,537)	-	-	(180,000)	(1,283,275)	-	1,047,974
Appropriations	Dedicated Schools Grant	4,660,359	-	-	-	-	-	-	-	(4,660,359)	(4,660,359)
Appropriations	Housing and Modernisation	1,204,451	(443,217)	-	-	-	-	-	(761,234)	-	(1,204,451)
Environment and Social Regeneration/ Public Health	Appropriations	1,475,726	1,100,000	159,726	-	-	-	-	216,000	-	1,475,726
Appropriations	Chief Executive	987,491	(940,000)	-	-	-	-	-	(47,491)	-	(987,491)
Appropriations	Finance and Governance	1,321,342	(161,840)	-	-	529,986	-	-	953,196	-	1,321,342
Corporate	Appropriations	8,000,688	2,152,232	-	-	3,052,333	-	-	2,796,022	-	8,000,687
Insurance	Appropriations	2,223,885	-	-	-	-	-	-	2,223,885	-	2,223,885
Contingency	Appropriations	-	-	-	-	-	4,000,000	-	-	-	4,000,000
Total Appropriations		4,574,630	1,707,175	3,301,512	(630,537)	3,582,319	4,000,000	(180,000)	4,097,103	(4,660,359)	11,217,213

*In addition to the £11.217m of reserves set out in Table 1 of the report and above, a reserve movement related to an NNDR income adjustment of £0.418m was made. This results in the total reserve movement of £10.799m.

Analysis of Reserves Movements - withdrawals and additions

Department	Total Taken from Reserves £000	Total Added to Reserves £000	Net Movement £000
Children's and Adults' Services (Core)	(3,268)	4,316	1,048
DSG funded services	(4,660)	-	(4,660)
Total Children's and Adults' Services	(7,928)	4,316	(3,612)
Environment and Social Regeneration/Public Health	-	1,476	1,476
Housing and Modernisation	(2,342)	1,138	(1,204)
Chief Executive's Department	(1,754)	767	(987)
Finance and Governance (excluding Corporate)	(1,474)	2,795	1,321
Minimum Revenue Provision	-	-	-
Insurance	-	2,224	2,224
Technical Corporate Budgets	-	-	-
Other Corporate Budgets	(66)	11,765	11,699
Contingency	-	4,000	4,000
Total Finance and Governance	(1,540)	20,784	19,244
Total	(13,564)	28,481	14,917
Budgeted use of reserves to support 2016-17 revenue budget	(3,700)	-	(3,700)
Total Reserve Movements at Outturn	(17,264)	28,481	11,217

*In addition to the £11.217m of reserves set out in Table 1 of the report and above, a reserve movement related to an NNDR income adjustment of £0.418m was made. This results in the total reserve movement of £10.799m.

Total Movement in Earmarked Reserves 2017-18

CORPORATE PROJECTS AND PRIORITIES RESERVES			
	Balances as at 31 March 2017 £000	Net movement £000	Balances as at 31 March 2018 £000
Southwark emergency support scheme	1,250	1,233	2,483
Homelessness Prevention	628	75	703
Modernisation, service & operational improvement	749	(99)	650
Southwark scholarship fund	478	(76)	402
Voluntary sector transition fund	391	-	391
Neighbourhood fund	157	49	206
Internal audit & anti fraud	200	-	200
Revenue grants	164	(40)	124
Community engagement & Links development	169	(51)	118
Artefacts replacement & security reserve	117	-	117
Community safety schemes	106	-	106
Business support fund	510	(510)	-
Community restoration fund	30	(30)	-
DWP community budget	6	(6)	-
Total	4,955	545	5,500

CAPITAL PROGRAMME AND OTHER CAPITAL INVESTMENT RESERVES			
	Balances as at 31 March 2017 £000	Net movement £000	Balances as at 31 March 2018 £000
Aylesbury development	6,000	-	6,000
Planned preventative maintenance & building compliance	4,444	(35)	4,409
Regeneration & development	2,639	622	3,261
IT and customer service development	3,171	(976)	2,195
BSF PFI transition	1,632	(9)	1,623
Modernisation, service & operational improvement	1,356	-	1,356
Schools capital programme contribution	1,473	(180)	1,293
Capital contingency	1,287	-	1,287
Public Realm	-	600	600
Legal case management system	300	(36)	264
Canada Water	214	-	214
Total	22,516	(14)	22,502

SERVICE REVIEWS AND IMPROVEMENTS RESERVES			
	Balances as at 31 March 2017 £000	Net movement £000	Balances as at 31 March 2018 £000
New Homes Bonus Funded LEP Programme	2,582	(940)	1,642
Adult Social Care Transformation Fund	-	1,500	1,500
Adult Social Care Homes	-	1,500	1,500
Cycling Safety	1,000	-	1,000
Care Leavers' Innovation Grant	-	964	964

Highways	746	-	746
Local Economy	-	719	719
Local flood risk	628	-	628
Homelessness Training Academy	-	615	615
Highways winter maintenance	576	-	576
Organisational development	1,245	(874)	371
Tree Recovery Works	-	216	216
Blackfriars trust allocation	138	-	138
Member development	182	(67)	115
Temporary Accommodation Strategy	220	(122)	98
HR transformation	94	-	94
Prevention of illegal tobacco distribution	91	-	91
Youth service	70	-	70
LEA Music Service	110	(47)	63
Workforce development (adults services)	222	(202)	20
Street trading account	(521)	521	-
Public Health	(1,907)	160	(1,747)
Total	5,476	3,943	9,419

STRATEGIC FINANCING, TECHNICAL LIABILITIES AND FUTURE FINANCIAL RISKS RESERVES			
	Balances as at 31 March 2017 £000	Net movement £000	Balances as at 31 March 2018 £000
Business rate retention risk	1,958	5,746	7,704
Insurance	5,376	2,224	7,600
Financial risk & future liabilities	2,875	3,494	6,369
Interest and debt equalisation	3,000	500	3,500
Council tax and housing benefits subsidy equalisation	1,648	1,352	3,000
Waste PFI equalisation reserve	2,921	-	2,921
Universal Credit Implementation	-	997	997
Election Reserve	-	888	888
Schools in financial difficulties, schools closures and academies	252	-	252
Queen's Road lease smoothing	(184)	184	-
Planned contribution to support General Fund budget 2017/18	3,700	(3,700)	-
Total	21,546	11,685	33,231

Dedicated schools grant reserve	1,249	(5,360)	(4,111)
Total	55,742	10,799	66,541

Item No. 13.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Outturn Capital Monitoring for 2017-18 and Capital Programme Refresh for 2018-19 to 2026-27	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

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

As ever, the council has continued to deliver major investments and improvements into our borough through the capital programme.

At the end of the financial year the work funded by the Housing Investment Programme meant that a record 97.8% of our council homes hit the decent homes standard. Other significant investments were £70m in school expansions to provide the local school places parents want and £80m in acquiring strategic income generating assets. These acquisitions will secure long-term revenue income to replace revenues foregone from assets released into home building, regeneration and disposal programmes.

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

In order to ensure that the council's capital investment ambitions continue to be deliverable, affordable and to align with local priorities and the council plan, it is necessary to periodically review and refresh the capital programme. In consultation with cabinet, the capital programme will be reviewed during the remainder of 2018, including a bidding round, with proposals to be presented to council assembly for approval in quarter 1 of 2019.

RECOMMENDATIONS

That cabinet:

1. Notes a refresh of the ten-year capital strategy and capital programme will be presented to council assembly in quarter 1 2019, following Cabinet approval.
2. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C.
3. Approve the inclusion in the programme of the capital bids set out in Appendix E.
4. Notes the outturn and resources for 2017-18 and future years for both the

general fund and housing investment programmes as detailed in Appendices A, B and D.

5. Notes the resulting general fund capital programme for the period 2017-18 to 2026-27 as at year-end, as detailed in Appendices A and D.
6. Notes the substantial funding requirement of £264m for future years which needs to be identified for the general fund programme in order for this to be fully delivered, as summarised in Appendix A.
7. Notes the resulting housing investment programme for the period 2017-18 to 2026-27, as detailed in Appendix B.
8. Notes the significant funding requirement of £308m which needs to be identified for the housing investment programme to be fully delivered over the remaining term of the programme, as detailed in Appendix B.

BACKGROUND INFORMATION

9. This report sets out the outturn position for the general fund and housing investment capital programme for 2017-18. On 6 February 2018 the forecast as at month 8 was presented, including growth bids totalling of £30.1m.
10. The total programmed capital expenditure over the ten year period 2017-18 to 2026-27 is £839m for general fund and £1.333m for the housing investment programme.
11. The scale of the capital programme is immense, representing 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.
12. Due to the size and scale of the programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Actual resources may also vary to the plan, due to, for example, a delay in the sale of a property, or an external development with s106 or CIL obligations not being brought forward as quickly as anticipated.
13. Historically the capital programme has been over-programmed in year to compensate for these variations, whilst retaining a balanced programme over the entire ten year life of the programme. However, the council now faces a position where planned spend is considerably in excess of forecast resources, not only in year, but also over the life of the programme.
14. The council's constitution requires council assembly to agree the capital strategy and programme at least once every four years, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders. On 25 March 2015 the council assembly agreed a refreshed 10 year general fund capital programme for the period to 2023-24 and the housing investment programme (HIP) for the period to 2021-22. Since then, cabinet has approved the refresh of the capital programme on a regular basis through quarterly capital monitoring reports to ensure it is fully updated and aligns with the council's key priorities.

15. Following cabinet consideration and approval, a refreshed capital strategy and programme will be presented to council assembly in Quarter 1 of 2019 to ensure it continues to align with the new council plan. Details of bidding process to follow.

KEY ISSUES FOR CONSIDERATION

16. In meeting the council's fairer future promises, in 2017-18 the council made a total capital investment of £398.9m (compared with £252.0m in 2016-17). This comprised £231.4m investment in General Fund and £167.5m in the Housing Investment Programme.
17. Whilst, inevitably, some re-profiling of the capital programme has occurred, in year spend was much closer to profile than in recent years reflecting the fact that more schemes are in construction phase and that acquisitions were completed. Spend was 12.6% lower than forecast at month 8 (£36.6m General Fund, £17.9m Housing Investment Programme).

Capital Expenditure in 2017-18 by Service Department:

Department	Budget £'000	Actual £'000	Re-profiling to future years £'000
Children's and Adults' Services	98,415	77,128	21,287
Southwark Schools for the Future	846	576	270
Environment & Social Regeneration	18,493	16,086	2,407
Housing & Modernisation	19,420	16,070	3,350
Chief Executive	157,445	121,501	35,944
Total General Fund	294,619	231,361	63,258
Housing Investment Programme	190.467	167,523	22.940

Key Capital Achievements 2017-18

18. The 2017-18 capital programme has successfully delivered the fairer future promise, these are listed under the council themes below:
19. **Quality affordable homes** - We will improve housing standards and build more homes of every kind including 11,000 new council homes with 1,500 by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.
- Through our Warm, Dry, Safe (WDS) and Quality Homes Improvement (QHIP) programmes we have invested over £77m in improving our existing housing stock in 2017-18, including the installation of new kitchens and bathrooms
 - Our investments have led to 97.8% of homes being classed as "Decent" at March 2018, in excess of our target of 90%.
 - Acquisitions at Sylvan Grove, Churchyard Row, Salter Road/Fisher Close and Didbin Apartments have delivered 239 social rent properties and 46 intermediate units of accommodation
 - To date, 262 homes have been completed via the Direct Delivery

- Programme, a further 50 are on site and 289 with planning approval
 - Completion of the respite centre at Orient Street; the conversion of Half Moon Lane to supported accommodation for learning disability clients; and refurbishment works to residential care homes.
20. **Best start in life** - We believe in giving all our young people the best start in life. We want them to be in safe, stable and healthy environments where they have the opportunity to develop, make choices and feel in control of their lives and future. We will offer our young people and families, including those who are more vulnerable or have special educational needs, the right support at the right time, from their early years through adolescence and into successful adult life.
- £70m has been spent in 2017-18 on school expansion to ensure the availability of school places. This includes new secondary schools to meet demand, for example the Dulwich Hospital site in East Dulwich, which is currently in temporary accommodation, will move to its new buildings January 2019
 - £3m has been spent on maintaining school buildings to ensure that pupils work in a safe environment to support learning
 - Confirmed investment of £5m in London South Bank University to create the Passmore Centre. LSBU will assist the council in delivering our fairer futures promises around education, employment and training
 - Preliminary work has commenced on the proposed Beormund primary school redevelopment to provide much needed special educational needs places
21. **Strong local economy** - When our economy is strong, then all our residents benefit. It brings more opportunities for people in Southwark to find work, get into training and achieve their aspirations. We want our town centres and high streets to thrive. We want to make Southwark the place to do business in a central London and a global economy, where business owners know this is the borough where their enterprises will grow and prosper.
- In 2017-18 the council delivered 300 apprenticeships, bringing the total to 1,484 since April 2014. These were mainly generated through direct delivery and supply chain partnerships, commissioning and s106 agreements.
 - Investment in Eagle Wharf through the facilities agreement with Mountview includes a package of community benefits when the school is open in September 2018.
22. **Healthy active life** - For people to lead healthy lives, we need to tackle the root causes of ill health and reduce the inequalities that limit the lives of too many in our society. We will work to reduce health inequalities and improve people's lives; for example, by making all council homes warm, dry and safe and by building quality new homes, we are helping people to live healthier lives. We will work with residents and our partners to build resilient communities, extending opportunities to all to maintain and improve their health and wellbeing.
- Expenditure on leisure in 2017-18 amounted to £1.2m with a number of successful projects completed
23. **Cleaner greener safer** - We want people to feel safe in their borough, to walk

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

- Ongoing investment contributed to the significant progress made towards implementing the programme of improvements to open spaces within the Elephant & Castle opportunity area.
- Spend on parks and parks infrastructure totalled £5.0m including £1.0m on playgrounds and sports fields
- The total amount spent on the Cleaner Greener Safer (CGS) amounted to £1.9m which consisted of a number of projects.
- This year an additional three of our parks achieved Green Flag status taking the total to 28, placing Southwark second amongst London local authorities with the most Green Flags and third nationally.

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

- In July 2017 Cabinet considered a further report on the regeneration of Walworth Road Town Hall and agreed a revised project mandate that took in arts and culture uses
- Capital expenditure of £225k was spent on the Southwark Cycle Spine to compliment the increasing numbers of cycling in Southwark.

25. **Fit for the future** - We are a dynamic borough at the heart of London. Ambitious and confident, we want the very best outcomes for our residents. This means leaving no one behind in a fast changing world. We will be a council that is fit for the future with responsive, digitally enabled services that adapt well to change. Through our digital strategy we will make it easier for residents and businesses on the move to access more services via the web and smartphone.

- Capital expenditure of £5.9m was used on improvements in the councils IT infrastructure and networks to support the efficiency of the councils operation
- Commercial property acquisitions in the year totalled £80m. These properties will generate essential income to fund services; in addition, these assets have been selected for their potential to contribute to wider strategic objective to support corporate priorities.

Programme outturn position 2017-18

General Fund

26. The total-spend for 2017-18 for general fund is £231.4m against a plan of £294.6m (80% of the total forecast spend). The variance between spend and available resources was £127m which was funded from borrowing.
27. A summary of the general fund programme position is attached at Appendix A. The summary position and the programme by department are reflected in the narrative below and in Appendices A (overview) and D (project detail).

28. Appendix C shows the budget virements and variations for approval by cabinet.
29. 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.

Housing Investment Programme

30. The total expenditure for 2017-18 is £167.5m, against a budget of £190.5m (88% of the total budget). Appendix B provides a summary of the housing investment programme outturn position for 2017-18; with further detail provided below.
31. The total forecast spend for the programme to 2026-27 is £1.333m, against total resources of £1.024m. This variance will need to be monitored and reviewed over the course of the programme.

Financing 2017-18 capital spending

32. Capital expenditure is financed through a variety of sources, typically receipts from the sale of capital assets, capital grants, external contributions such as S106 or Community Infrastructure Levy (CIL), from reserves or from revenue budget contributions. Any capital expenditure that is not financed by available capital resources must be financed by borrowing.
33. The strategy for financing the capital programme is to utilise grants, before using council receipts and reserves, thereby minimising any requirements for borrowing which will impact on the council's revenue budget.
34. The council can temporarily utilise other resources in lieu of using external borrowing to fund capital expenditure. This is referred to as internal borrowing. Whilst internal borrowing is a useful treasury management facility to minimise debt financing costs, it merely defers the timing of external borrowing rather than obviates the need.
35. Financing of 2017-18 capital expenditure is set out below:

	General Fund £'000	HIP £'000	Total £'000
Total Spend	231,361	167,523	398,884
Financed by:			
Capital Receipts	19,961	49,521	69,482
Capital Grants and contributions	36,574	4	38,380
Section 106 Funds	47,433	9,159	56,592
Major Repairs Reserve	-	51,000	51,000
Revenue contributions and reserves	415	21,164	21,579
Borrowing	127,139	36,675	163,814
Total financing	231,361	167,523	398,884

36. The shortfall in available capital resources were financed from borrowing and will be funded from revenue contributions to support the debt costs over the life of the debt repayment.
37. The treasury management strategy has been to defer external borrowing, borrowing only when needed for liquidity purposes. Whilst this strategy has worked well for the council, saving over £20m since 2011, the increase in capital spending not financed from capital resources can no longer be funded entirely from internal borrowing. Accordingly during 2017-18 the council has needed to borrow externally, on a temporary short-term basis. As set out in the treasury management strategy, it will be necessary during 2018-19 to replace this short-term borrowing with long-term PWLB debt.

Resourcing the 2018-19 programme onwards

38. 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 and funded from savings and/or returns on investments.
39. In the current ten year programme included within this report, there is a shortfall of available funds of £264.5m to meet the planned general fund capital commitments and £308.5m to fund the ambitious housing investment programme.
40. In addition, 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.
41. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources. Beyond 2017-18, there are likely to be future demands for borrowing and these will be assessed as necessary at the time as part of our Treasury Management Strategy. In accordance with the approved strategy, £150m will be borrowed externally in 2018-19 with further external borrowing expected in 2019-20. The timing of any decision to borrow will be mindful of cash flows and risk/probability of future interest rate increases.
42. Following cabinet consideration and approval, a refreshed capital strategy and programme will be presented to council assembly in Quarter 1 of 2019 to ensure it continues to align with the new council plan. Details of bidding process to follow.

Departmental Updates

43. The sections below provide commentary on the budget outturn position by department for 2017-18.

GENERAL FUND (APPENDIX A)

Chief Executive's Department

44. The total value of the capital programme for the department over the period 2017-18 to 2026-27 is £370.9m. Project managers have reviewed the progress of the various schemes and budgets have been re-profiled in line with anticipated spend. Total expenditure incurred to end of March 2018 amounted to £121.5m.
45. The main focus of Chief Executive's department is to lead the corporate agenda of transforming the borough, making it a better place to live, work, study and visit. This is achieved through the implementation and delivery of various physical and social regeneration programmes.
46. The department is on course to deliver various projects aimed at improving road safety, encourage greener and sustainable modes of transportation as well as supporting the commercial viability of local shopping areas through environmental improvements, trader empowerment and continued business support. This is additional to the major regeneration projects at Aylesbury, Elephant & Castle, Camberwell and other parts of the borough.
47. 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 £300.9m with a final outturn expenditure of £107.6m in 2017-18 and the remaining spend profiled across future years.

Walworth Road Town Hall

48. 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 with a direct mail out to an extensive list of potentially interested parties from the leader of the council. In the new year, formal marketing in the Estates Gazette and other developer based mail outs widened the marketing reach. A series of site visits around the building complex and an information day for interested bidders achieved a solid response and we had over 100 parties register their interest on the www.walworthtownhall.com website. At the conclusion of the process, 18 expressions of interest (EoI) were received outlining a wide range of proposals. The EoI's are currently being reviewed. Cabinet also instructed officers to identify alternative locations in the area for a new Newington Library and these investigations are ongoing.
49. The extent to which an arts/culture use of the buildings may require council funding from the allocated budget will be assessed through the marketing process and reported to cabinet in a future report. The former Newington Library

has been let in the meantime to bring some activity and public access back to the buildings. Since moving into the building in September, the Art Academy has provided a number of free exhibitions alongside its education role and local charity CoolTan arts have also occupied space within building.

Elephant & Castle Open Spaces

50. Consultation on Dickens Square Park is continuing with a third consultation event in June 2018. Geraldine Mary Harmsworth masterplan implementation of phase 2: playground works to commence in summer 2018.

Canada Water Leisure Centre

51. 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.
52. 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. BL have been undertaking work on the design of the facility which forms part of the detailed phase 1 planning application. The next phase of the scheme is to develop this scheme to RIBA stage 3 at which point the costs for the project will be rebased. This phase of the project is expected to be completed by the end of the current financial year. A budget of £35m for the project is therefore required to give effect to the March 2018 Cabinet decision. This capital budget variation of £35m is reflected in Appendix C for cabinet approval.

Revitalise Peckham Rye

53. Works on the playground have progressed well following the remediation of asbestos at phase 2. The new playground is scheduled for completion by summer 2018. Unfortunately following the discovery of further asbestos contamination, the work to return the site of the old changing rooms and play room to common land has been delayed. The total area of affected land is to be confirmed, so a final timetable for these works to complete is not yet known, but is not likely to continue beyond summer 2018. The new play room and changing rooms have now been completed and are now in use.

Top Quality Playground- Mint Street

54. Works are progressing well on site and scheduled for completion by April 2018. The new play equipment has now been installed and the team are working to ensure it meets the required standards ahead of handover to the parks and leisure team.

Mountview

55. Construction works to deliver the new home for Mountview Academy of Theatre

Arts on the Eagle Wharf site in Peckham town centre, commenced last year and are now well advanced. Practical completion is anticipated at the end of summer allowing the new flagship building to be opened during the 2018-19 academic year. Mountview capital repayments will commence in 2019.

Aylesbury Plot 18

56. The redevelopment of Plot 18 of the Aylesbury Estate will deliver flagship new community facilities including a new council library, community trust offices, health centre and GP surgery and a early years facility. An initial package of enabling works comprising demolition and utilities diversions commenced last year and the council will accelerate the delivery of the new community facilities by further de-risking the site through an additional £2m package of enabling works. Following reapportionment of costs to date, this takes pre-construction expenditure to £3.3m with a further £3.3m of underwritten works.
57. A tender process will be undertaken later this year to secure a principal contractor to deliver the scheme with development works anticipated to commence in 2019.

Old Kent Road

58. The acquisition of the gasworks land at 709 Old Kent Road was approved by cabinet in May 2017. Together with SGN, we will shortly be carrying out a feasibility study to look at the development potential of the site in greater detail.
59. In short term this investment will provide a valuable contribution to the revenue income for the council and in the longer term it has the potential to provide new homes and jobs which contribute to the revitalisation of the Old Kent Road.
60. The council is looking to secure additional strategic land and property assets in the Old Kent Road Area.

London Bridge portfolio

61. The council has embarked on a series of investment grade property acquisitions and completed purchase of 22 Shand Street, 14-20 Shand Street and 7- 9 Holyrood Street (called the "London Bridge portfolio") and 709 Old Kent Road. These are 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.

132 Queens Road

62. Cabinet approved the purchase of 132 Queens Road in March 2018 to consolidate its strategic office estate in this part of the borough. The purchase was completed on 3 April 2018. A capital budget of £17.025m inclusive of all related costs is required in respect of the purchase. This capital budget variation is reflected in Appendix C for cabinet approval.

Office accommodation strategy – budget virement

63. The capital budgets of £1.985m for Office Accommodation Strategy is now being managed within the Housing and Modernisation department and this budget virement between the departments is reflected in Appendix C for cabinet approval.

Planning and Transport Division

64. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £21.1m with £6.7m spent up to March 2018.
65. The transport planning budget of £12.6m is largely funded by Transport for London (TfL) to deliver transport improvement programme as contained within the borough's transport plan. Planning Projects budget of £8.5m is funded mainly by s106 to deliver various projects to mitigate the impacts of new developments, improve public realm, parks and open spaces as well as supporting the commercial viability of local shopping areas.

Planning works

66. A number of projects totalling nearly £1.3m are currently on site or being developed which promote the council's programme for supporting high streets. Nearing completion are the environmental and shop front improvements on Queens Road which compliment the works previously carried out in the vicinity of the station including the cleaning and lighting of the bridge. The schemes for East Street (the "What Walworth Wants" programme); Walworth Road; Harper Road, Lower Road and Tower Bridge Road are currently on site or well advanced in the design phase. The current phase of Marlborough Street Playground has been completed by the Bankside Open Space Trust. In addition the first phase of the Peckham Townscape Initiative will be commencing on site in early 2018-19.

TfL Funded works

67. Actual spend for 2017-18 was £5.3m. Schemes delivered included Crystal Palace Parade as well as elements of Camberwell pocket places. Scheme development and design on Camberwell Town Centre, Walworth Road and Southwark Spine cycle infrastructure were also undertaken.
68. The capital programme also includes the remaining s106/CIL contribution of £50.9m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.

Central School of Ballet

69. 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. The £3m loan agreement will 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.

CHILDREN'S AND ADULTS' SERVICES

70. The total value of the departmental capital programme for the period 2017-18 to 2026-27 is £225m. The final departmental capital outturn for 2017-18 was £77m.

Adult Social Care

71. The capital programme budget for the period 2017-18 to 2027-28 was £19.3m. The outturn for 2017-18 was £3.8m. Key areas of spend included completion of the respite centre at Orient Street, the conversion of Half Moon Lane to supported accommodation for learning disability clients and refurbishment works to residential care homes. Expenditure was also incurred in the design phase of the new Mental Health office accommodation at Castlemead and on the implementation of the Mosaic software system.
72. Preparatory work is also under way on the Cator Street 2 site, where the new Hub for Older People is to be sited. This new facility will be adjacent to the existing Extra Care housing at the Cator Street 1 site and this second phase of the build will incorporate a further 50 Extra Care flats.
73. The Adult Social Care division is seeking additional capital funds of £7.9m in respect of an essential lifecycle capital maintenance programme for the residential care homes operated by Anchor Trust. The operator leases these properties from the council and the proposed programme of works will keep these homes operational at least until the expiry of the lease in 2025. The works are wide-ranging but the key cost drivers are the replacement of windows, lifts and distribution pipework.

Children's Services

74. The capital programme budget for 2017-18 to 2026-27 is £206m. This consists mainly of the £135m schools expansion programme to ensure the availability of school places and the £39m Primary Schools Refurbishment programme to ensure that pupils can study in a safe environment to support learning. Other major projects including the extension for London South Bank University (LSBU) and Beormund primary school redevelopment totals £22m.
75. The primary expansion programme comprises Bessemer Grange, Dulwich Wood, Lyndhurst, Ivydale, Keyworth, Crawford, Phoenix, Bellenden, Grange, Charles Dickens, Robert Browning, The Belham, Albion, Cherry Garden (SEN) and Rotherhithe schools. The new buildings have been handed over and are in use at thirteen out of fifteen schools. The two remaining are Cherry Garden School, which is due to complete in July 2018, and Rotherhithe School, which is currently at the design stage and targeted for completion by August 2020. Five of the completed school expansion projects have been short listed for the 2018 RIBA Awards. Several schools in the Canada Water area have been identified, most recently in a March 2018 Cabinet Report, for possible expansion to meet demand arising from the Canada Water regeneration. Further schools are being identified for possible expansion to meet the potential demand for pupil places

arising from the Old Kent Road regeneration. These may be the subject of a future capital bid.

76. Excellent progress is also being made with the secondary expansion programme. Works underway at St Michael's Catholic College to provide one additional form of entry are due to complete in Summer 2018-19. Works are also underway on the Dulwich Hospital site to provide the permanent home for The Charter School – East Dulwich, which opened in temporary accommodation in September 2017. The new buildings will open in January 2019.
77. The Schools Refurbishment programme for 2017-18 has been successfully delivered in budget and preparations for delivering the 2018-19 programme are already at an advanced stage, with works to be undertaken mainly over the Summer holiday period in order to minimise disruption to school operations.
78. The council is pleased to have invested £5m in a partnership with London South Bank University. This has been for the creation of the Passmore Centre as the hub of a new Institute for Professional and Technical Education (IPTE). In return, LSBU will assist in delivering commitments made in the Council Plan and our Fairer Future promises around education, employment and training.
79. The council has secured additional specific grant funding of £0.2m in respect of Healthy Pupils capital fund (HPCF) and £1.649m for Special Educational Needs (SEN) and disabilities grant.
80. The SILS 3 (Pupil Referral Unit) (£2,500k) - is an existing high needs related project. The additional funding will provide further capacity. The new bid for works at Ilderton School (£350k) is related to environmental improvement. The £200k bid for St Thomas the Apostle College (STAC) is for alternative provision accommodation to build further capacity.

Southwark Schools for the Future (SSF)

81. The capital programme budget for the period 2017-18 to 2026-27 is £10.2m.
82. The main residual item from the Southwark Schools for the Future (SSF) programme is the provision of new accommodation for SILS3. Planning consent for the new SILS3 has been granted and tender documentation has been prepared for the works contract, which is scheduled to start on site in Summer 2018-19.

ENVIRONMENT AND SOCIAL REGENERATION

83. The total value of the departmental capital programme for the period 2017-18 to 2026-27 is £100m. The final departmental capital outturn for 2017-18 was £16.1m against the budget of £18.5m giving a favourable variance of £2.4m, which will be re-profiled into 2018-19 and future years.

Highways

84. The Highway Asset Investment Programme (non-principal and principal roads) continues to deliver improvements to the roads in the borough and this is reflected in our improving statistics in terms of both road pavement condition and also public survey feedback. Total spend for 2017-18 was £5.1m, with some

slippage and prioritising spending of external grants for Principal Roads. The devolved highway fund did not spend significantly due to recasting and relaunching the programme but expenditure is expected to increase in 2018-19 to compensate. The decisions in Jan 2018 cover 2017-18 and 2018-19 budget period so this backlog should be cleared in next financial year.

85. Cleaner Greener Safer Programme expenditure was £1.9m which was approximately 5% above budget but 5% below forecast, and delivered 310 individual projects (15% above forecast).
86. Good progress has been made on delivering the borough's cycle infrastructure programme and the council has been very successful in attracting additional grant funding from TfL towards the development of its cycle network. The expenditure on the cycle infrastructure fund was minimal due to the prioritisation of spending from external funding on the Southwark Spine route. Approvals are now in place for construction to start in 2018-19 and completion in 2019-20. Delays, in part due to general election purdah, meant that public consultation had to be reprogrammed for the 20mph programme schemes. Implementation of the first schemes are programmed for 2018-19 and completing the project in 2019-20.
87. St Saviours Dock footbridge and Flood Prevention Programme budgets have incurred significant expenditure during 2018-19 and are close to programme. Implementation of both projects will complete in mid 2018-19.

Parks and Leisure

88. Cemetery strategy: The implementation of the cemetery strategy continues in order to create further burial spaces and make associated infrastructure improvements. Construction works have commenced on site at Area D1 and Area B.
89. Southwark Athletics Centre: The contractor has been appointed on a design and build basis to develop the design for a new build option.
90. Major Parks: Burgess Park West has commenced on site. Construction has also started on site to deliver the new café building in Southwark Park.
91. Top quality play: Southwark Park play area has been completed and the construction to deliver the new play area at Leyton Square has started on site.

Libraries and Heritage

92. Heritage Online project – Phase 2 upgrade completed in December 2017. The web site was launched in 2016 but with new features as part of the phase 2 upgrade. These include improvements including sound and video, increased range of 3D images, better functionality and search facilities, and options for users to collect and share material and make their own mini galleries. The upgraded online site will be promoted and marketed during 2018 as part of the library digital strategy.
93. Public IT Network Remediation: Capital project to upgrade Public IT network in libraries to ensure a safe and secure network and improved performance of IT and internet access for customers. Benefits include improved customer

experience, upgraded software and PC security and improved resilience of systems. The project was completed in January 2018.

94. Grove Vale Library: Construction of new Grove Vale library is in progress and the library is due to open in late summer 2018. Once the building is handed over from the developers the fit out will take place to include heating, lighting, and construction of a meeting room, library office, toilets, library furnishings and IT facilities. Libraries are also scoping a suitable operator to run a coffee provision facility at the new library.
95. Kingswood House: Planned refurbishment works to the interior of the building (toilet refurbishment & decoration of function rooms) were delayed due to the discovery of problems with the façade of the building requiring urgent works to make the outside of the building safe. Intermediate works on the facade (phase1) were completed in 2017. Initial interior refurbishment works (phase 2) took place between January and March 2018. The final phase is scheduled to take place in the autumn to include refurbishment of the existing accessible toilets, damp proofing and improvements to the kitchen area.
96. Library Management System (LMS) and IT projects - The Library Service is developing a digital strategy to encompass options for a new LMS, refresh of self service provision and improved access to library services through digital technology. There will also be a refresh of public network PCs. This will be rolled out later in 2018 as part of the IT shared service agreement.

School air quality improvements Phase I (£0.3m)

97. To support the Council Plan Commitment to close roads around schools to improve local air quality and encourage healthier transport options. To enhance the physical environment and provide screening that improves local air quality.

Cemetery walls (£0.5m)

98. £650k was allocated in February 18 to the rebuild of this listed wall running along the Limesford Road perimeter of Nunhead Cemetery. The wall has been made safe and it is being monitored but works are required as soon as possible as it is structurally in a poor condition. At the current time the exact costs of this work are not known but are likely to be considerable and early estimates at the feasibility stage are that the costs could be in the region of £1.5m so further capital will be required.

Cycle storage and moped security (£0.15m)

99. To support the Council Plan commitments to increase provision of cycle hangars and to improve secure parking facilities for mopeds across the borough.

Sports pitches (£4m)

100. In 2017 the council developed its playing pitch strategy in conjunction with Sport England and the main national governing bodies for outdoor pitch sports which was adopted in March 2018. The role of the playing pitch strategy is a strategic assessment that provides an up to date analysis of supply and demand for playing pitches across the borough.

HOUSING AND MODERNISATION

101. Overall, the total value of the Housing and Modernisation general fund capital programme up to 2026-27 (10 years) is £99.9m. Programme spend for 2017-18 was £16.1m, some £3.3m lower than budget, due to slippage in the housing renewal programme following restructuring and consolidation of functions to deliver revenue savings, and in the corporate accommodation programme which was subject to a strategic review of the council's long-term accommodation needs. Both of these programmes are expected to return to plan during 2018-19.

Traveller Sites

102. After protracted negotiations agreement was finally reached with Network Rail and residents to make safe the railway embankment at the Ilderton Road site, the cost of which is to be shared equally between Network Rail and the council (c.£150k). To enable works to commence it has been necessary to construct a temporary site at Devonshire Grove and decant the residents in the immediate vicinity, at an estimated cost of c.£1m. Reconfiguration and improvement works to address health and safety and compliance issues are planned prior to residents returning later in the year. This and proposals for related works to the council's other traveller sites form part of the capital refresh programme in this report. Subject to further discussion, it is anticipated that a contribution of up to 50% of the cost will come from the Greater London Authority.

Modernisation

103. One of the key challenges for the department during 2017-18 has been the transition from an external managed IT service provider to a shared service with the London Boroughs of Brent and Lewisham from 1 November 2017. A stable and resilient IT platform is critical to delivering modern, reliable and cost effective services and underpins the council's modernising agenda. This has required a significant up-front capital investment of £5.9m in year and a sustained programme of investment going forward.
104. As mentioned above the facilities management capital programme has slowed to enable review of the long-term accommodation requirements, which are critical to supporting the council's workplace strategy. The service has also begun to focus on the delivery model for 2020 for facilities management when the current contractual arrangements co-terminate, which is an integral part of the strategic plan. FM also provides professional and technical support to departmental capital programmes which can fluctuate and was towards the lower end of expectations in 2017-18.
105. Moving in to 2018-19, as part of the capital refresh, a programme allocation in respect of corporate accommodation strategy has been relocated from Chief Executives and redesignated 'Modern Ways of Working' along with other programme descriptions to reflect changes in organisational responsibilities and better distinguish investment work streams between "Compliance" and "Life Cycle" and "Workplace Modernisation".

Housing Renewal

106. 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 £1.9m, of which £1.4m is Disabled Facility Grant (DFG), received via the Better Care Fund. 2017-18 saw a number of changes to the service following restructuring and consolidation of functions which impacted programme delivery to some extent with spend of £0.9m. The service is now fully operational and expected to have a fully committed grants programme this year.

Housing Investment Programme (HIP)

107. Overall, the Housing Investment Programme spent £167.6m in 2017-18, comprising £73.5m on existing stock, £79.1m on new council homes including the acquisition of Sylvan Grove and Churchyard Row, and £14.9m on wider regeneration schemes, which also delivers affordable housing. Financing the capital programme is heavily reliant on the use of right-to-buy receipts and S106 funds for new housing provision, together with the generation of capital receipts and revenue support from the HRA to meet other programme commitments. The possible need for borrowing was highlighted in previous monitoring reports, and in the event, borrowing of £36.7m was required to help fund the new build acquisitions.
108. Looking beyond the current year, there are a number of potentially significant financial risks that are not currently in the programme that would put a severe strain on the council's resources and have a detrimental bearing on the existing planned programme. It is critical that the emphasis is on a resource-led approach rather than spend-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 long-term.

Existing housing stock

Warm, Dry, Safe (WDS)

109. 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 by 2018-19.

Fire safety

110. Notwithstanding the substantial investment in fire safety that has already been made since 2009, the council has re-doubled its efforts in the aftermath of the Grenfell Tower tragedy and has undertaken intrusive type 4 fire risk assessments of all 174 high rise blocks and investigated cladding panels on all blocks that were potentially at risk. LD2 smoke alarms have been installed in all the highest priority blocks and the majority of street properties (including ex-right to buy), and continue to be delivered along with the five-year electrical testing programme.

Quality Homes Improvement Programme (QHIP)

111. 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. Spend for 2017-18 at £29.4m is lower than that previously forecast due to the residual impact of WDS. Given the competing capital commitments the programme is subject to review and re-profiling in line with resource availability.

Other major works

112. The programme covers those estates identified as high need/high cost requiring extensive repair and refurbishment. Spend for 2017-18 is £12.6m. Lakanal and Four Squares refurbishments are complete and Lakanal new build on the site of the old shops will follow. In addition, Portland is on site and due to complete in 2018-19. Whilst enabling works are underway at Tustin, the planned works to those blocks and also Maydew and Chilton Grove are being re-assessed following Grenfell to ensure they will meet the most rigorous of fire safety standards and address any emerging regulatory requirements. The works will be reprogrammed once this review is complete and specifications drawn up.

Ledbury Estate

113. Following a review of fire safety measures in tower blocks and in response to tenants' concerns a structural issue affecting the upper floors of the four towers on the Ledbury Estate was identified. The council appointed Arup to carry out an urgent investigation which identified the need for remedial strengthening works to the blocks. In the interim, the council has undertaken emergency safety works, including the disconnection of the gas supply as a precautionary measure and are in the process of rehousing residents. Independent consultants were appointed to undertake an options appraisal of the estate to inform matters going forward. Spend for 2017-18 is £3.3m HRA and £5.3m HIP.

New Council Homes

Direct delivery

114. To date, 262 homes have been completed via the direct delivery programme. There are a further 50 on site and 289 with planning approval. In addition, a number of properties are being developed specifically for private sale in order to help finance the wider new homes programme. Spend for 2017-18 is £21.6m.

Hidden Homes

115. The programme seeks to create new homes from vacant or underused spaces in existing housing blocks. So far it has delivered 34 new homes as well as others for sale to help finance the programme. Spend for 2017-18 is £0.7m.

Acquisitions

116. During March 2018, the council successfully completed the purchase of two new build blocks at Sylvan Grove and Churchyard Row, delivering 159 social rented units and 36 intermediate units of accommodation. The purchase of properties at Salter Road/Fisher Close was completed last year and the purchase of Didbin Apartments (Blackfriars Road) completed in early 2017-18. These units provided 24 and 56 social rented units respectively as well as 10 intermediate units at Salter Road. As a result of a successful court action by the council and subsequent settlement, provision has been made in the programme to acquire a

further ten properties at the Signal Building. Spend on acquisitions for 2017-18 is £56.1m.

Regeneration schemes

Southwark Regeneration in Partnership Programme (SRPP)

117. The council has a large scale regeneration programme underway of which a number of projects impact on the housing investment programme and specifically the delivery of new council homes as part of wider regeneration activity. Following the unsuccessful initial tender through the GLA's London Developers Panel, Lot A has been repackaged with a shift of focus to SME developers as well as large developers and on maximising capital receipts whilst delivering a minimum of 35% affordable homes across all eight sites. During 2017-18 £0.6m has been spent, the bulk of which is associated with the repackaging and retendering of Lot A.
118. A Development Agreement has been signed with Clarion Housing Group for Lot B to deliver 606 new homes, of which over 280 of the new homes will be retained by the council, a community centre, a school hall and commercial space across ten council owned sites (mainly held in the General Fund). The total cost to the Council is £19.3m (including feasibility and vacant possession costs), of which £11.4m is expected to be funded from GLA grant and £7.9m from S106 receipts.

Aylesbury Estate

119. Regeneration of the Aylesbury Estate is planned in four phases, demolition at the first development site is underway and expected to complete during 2018-19. Spend in relation to phase in 2017-18 was £5.8m, with a further £0.3m on associated construction works of the approved premises facility, which is due for completion during 2019-20. Unavoidable delays arising from the rejection of the council's original CPO application have slowed the leaseholder acquisition programme for phases 1 and 2, with spend of £6.6m in 2017-18. Given the continued uncertainty further revisions to the programme timeline are inevitable.

Elmington Estate Phase 3

120. Sites C, D and E are currently under construction and site G is being demolished. There remain a small number of leasehold acquisitions to be resolved, but completion is expected during 2018-19 with a maximum total anticipated cost of around £1.5m.

East Dulwich Estate

121. Cabinet approved the sale of 50 voids to assist with funding the estate regeneration programme. To date, 46 have been sold, with the remaining four going to market over the next few months. The conversion of 18 drying rooms in phases 1 and 2 is complete with all units sold, a further six in phase three completed in November 2017. Health and safety works are complete but the environmental improvements have slipped with drainage works now part of phase three, which is anticipated to start on site during autumn 2018.

Wooddene and Acorn Estates Energy Centre

122. The construction of the energy centre shell and fit out of the Acorn plant room are now complete. Demolition of the existing energy centre is expected to commence shortly. Additional costs will be incurred as a result of contract delays, but are expected to be contained within the approved budget allocation.

Regeneration North

123. This programme is now close to completion with costs remaining for outstanding acquisitions that are the subject of a Lands Tribunal decision and the relocation of six electricity sub stations.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

124. 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.
125. The capital programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangements 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
Month 8 Capital Monitoring for 2017-18 and Capital Programme Refresh for 2017-18 to 2026-27	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Rob Woollatt, Interim Departmental Finance Manager, Finance and Governance
Link: (copy and paste link into browser) http://modern.gov.southwark.gov.uk/documents/s73745/Report%20Policy%20and%20Resources%20Strategy%20Capital%20Monitoring%20report%20including%20Capital%20Programme%20Update.pdf		

APPENDICES

No.	Title
Appendix A	General fund outturn position 2017-18 and refresh for 2018-19 to 2026-27
Appendix B	Housing investment programme summary outturn 2017-18 and refresh for 2018-19 to 2026-27
Appendix C	Budget virements and variations at month 12 2017-18
Appendix D	General fund programme detail at month 12 2017-18 and refresh for 2018-19 to 2026-27
Appendix E	New bids for approval at month 12 2017-18

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	12 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Law and Democracy	Yes
	Strategic Director for Finance and Governance.	N/a
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	12 July 2018

General Fund Month 12 Summary Monitoring Position

Department	2017/18			2018/19			2019/20+			Total Programme 2017/18 - 26/27		
	Revised Budget	Outturn	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults' Services	98,415	77,128	(21,287)	50,898	71,970	21,072	75,719	75,934	215	225,032	225,032	-
Southwark Schools for the Future	847	576	(271)	8,795	9,065	270	564	565	1	10,206	10,206	-
Environment and Social Regeneration	18,493	16,086	(2,407)	29,787	25,166	(4,621)	51,665	58,693	7,027	99,945	99,945	-
Housing General Fund	19,420	16,070	(3,349)	14,211	15,051	841	66,259	68,768	2,509	99,890	99,890	-
Chief Executive	157,445	121,501	(35,944)	143,679	162,860	19,181	102,851	119,613	16,763	403,974	403,974	-
TOTAL EXPENDITURE	294,619	231,361	(63,258)	247,370	284,113	36,743	297,058	323,573	26,515	839,047	839,047	-
FINANCED BY:												
Corporate Resource Pool	19,961	19,961	-	47,000	47,000	-	174,039	174,039	-	241,000	241,000	-
Reserves	210	-	(210)	499	262	(237)	2,965	3,412	447	3,674	3,674	-
Capital Grants	45,382	36,574	(8,808)	16,986	23,655	6,669	37,282	39,421	2,139	99,650	99,650	-
Section 106 Funds	40,511	47,433	6,922	10,513	15,738	5,225	42,113	29,966	(12,147)	93,137	93,137	-
External Contributions	410	253	(157)	9,535	9,522	(13)	-	170	170	9,945	9,945	-
Borrowing	-	127,140	127,140	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	106,474	231,361	(2,253)	84,533	96,177	11,644	256,399	247,008	(9,391)	447,406	447,406	-
Financing to be agreed		-		187,936			76,565			264,501		

GENERAL FUND CAPITAL PROGRAMME- 2017/18 MONTH 12 REPORT

Capital Programme 2017/18 - 2027/28 Description of Programme / Project	2017/18			2018/19			2019/20+			Total Programme 2017/18 - 26/27		
	Revised Budget	Outturn	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment and Social Regeneration												
Leisure	1,612	1,158	(454)	1,153	1,364	211	2,232	2,475	243	4,997	4,997	-
South Dock Marina	155	205	51	210	159	(51)	637	637	-	1,001	1,001	-
Parks	6,128	5,964	(165)	9,436	7,087	(2,348)	13,291	15,804	2,513	28,855	28,855	-
Culture	649	204	(445)	458	903	445	600	600	-	1,706	1,706	-
Street Metal Works	475	435	(40)	500	540	40	2,500	2,500	-	3,475	3,475	-
Environmental Services	-	-	-	1,125	1,125	-	1,450	1,450	-	2,575	2,575	-
Streetcare	6,960	5,770	(1,189)	10,893	9,000	(1,893)	17,886	20,969	3,083	35,739	35,739	-
Other PR Projects	708	436	(272)	3,801	2,885	(916)	1,475	2,663	1,188	5,984	5,984	-
Cleaner Greener Safer	1,807	1,914	107	2,211	2,104	(107)	11,596	11,596	-	15,614	15,614	-
Environment and Social Regeneration Total	18,493	16,086	(2,407)	29,787	25,166	(4,621)	51,665	58,693	7,027	99,945	99,945	-
Finance and Governance	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Governance Total	-	-	-	-	-	-	-	-	-	-	-	-
Chief Executive												
Planning	6,389	1,311	(5,078)	1,042	5,985	4,943	1,050	1,185	135	8,481	8,481	-
Transport policy & planning	8,627	5,416	(3,212)	3,937	7,135	3,198	-	13	13	12,565	12,565	-
Regeneration north	4,056	2,611	(1,445)	25,867	10,698	(15,169)	33,777	50,391	16,614	63,701	63,701	-
Regeneration south	26,588	19,482	(7,106)	51,498	58,604	7,106	4,558	4,558	-	82,644	82,644	-
Regeneration capital	5,501	5,012	(489)	8,679	9,169	489	13,847	13,847	-	28,028	28,028	-
Property services	98,981	80,467	(18,514)	47,971	66,485	18,514	10,600	10,600	(0)	157,553	157,553	-
Regen and Planning	7,302	7,202	(100)	4,684	4,784	100	39,018	39,018	-	51,004	51,004	-
Chief Executive Total	157,445	121,501	(35,944)	143,679	162,860	19,181	102,851	119,613	16,763	403,974	403,974	-
Children and Adult Services												
2017/18 Warm, Dry, Safe	1,575	1,310	(265)	194	459	265	-	-	-	1,769	1,769	-
2018/19 Warm, Dry, Safe	7	7	-	-	-	-	-	-	-	7	7	-
3 Primaries	530	-	(530)	-	530	530	-	-	-	530	530	-
Autism Spectrum Disorder bases in existing secondaries	-	-	-	600	600	-	1,200	1,200	-	1,800	1,800	-
Beornund Primary School Redevelopment	4,100	354	(3,746)	7,650	11,396	3,746	250	250	-	12,000	12,000	-
Carbon Reduction in Schools	245	-	(245)	-	245	245	-	-	-	245	245	-
Dulwich Wood (Langbourne)	447	170	(277)	-	277	277	-	-	-	447	447	-
Free School Meals	340	-	(340)	-	340	340	-	-	-	340	340	-
LSBU Passmore	5,000	-	(5,000)	-	5,000	5,000	-	-	-	5,000	5,000	-
Lyndhurst major expansion & refurb 1.5 to 2 fe	377	-	(377)	-	377	377	-	-	-	377	377	-
Maintenance Programme for Schools	3,042	1,938	(1,104)	37	1,141	1,104	-	-	-	3,079	3,079	-
Other Grant Allocations	222	-	(222)	200	422	222	-	-	-	422	422	-
Permanent Expansion	70,729	69,354	(1,375)	21,164	22,539	1,375	26,038	26,038	-	117,931	117,931	-
Rotherhithe Primary School Expansion	3,181	42	(3,139)	5,485	8,624	3,139	8,925	8,925	-	17,591	17,591	-
Southwark Inclusive Learning Service KS4	938	-	(938)	2,000	2,938	938	62	62	-	3,000	3,000	-
Thomas Carlton ICT	96	1	(95)	-	95	95	-	-	-	96	96	-
Troubled Families	179	179	-	250	250	-	-	-	-	429	429	-
Warm, Dry, Safe	3,419	-	(3,419)	3,499	6,918	3,419	24,500	24,500	-	31,418	31,418	-
Adult PSS Capital Allocations	-	-	-	213	213	-	1,941	1,941	-	2,154	2,154	-
Kimmins Court	11	4	(7)	7	7	-	(11)	(4)	7	7	7	-
Orient Street	1,467	1,572	105	48	48	-	(1,467)	(1,572)	(105)	48	48	-
Half Moon Lane	917	614	(303)	327	327	-	(917)	(614)	303	327	327	-
Fred Francis	13	1	(12)	12	12	-	(13)	(1)	12	12	12	-
100 Grosvenor Terrace	-	11	11	-	-	-	-	(11)	(11)	-	-	-
49 Mount Adon Park	-	1	1	618	618	-	-	(1)	(1)	618	618	-
26 Therapia road	-	-	-	422	422	-	-	-	-	422	422	-
41 Wood Vale, Dover Lodge	-	-	-	768	768	-	-	-	-	768	768	-
Centre of Excellence	60	-	(60)	260	260	-	4,839	4,899	60	5,159	5,159	-
Telecare expansion	-	7	7	143	143	-	-	(7)	(7)	143	143	-
Anchor Blue Grove	78	30	(48)	593	593	-	(54)	(6)	48	617	617	-
Anchor Greenhiv	103	271	168	954	954	-	97	(71)	(168)	1,154	1,154	-
Anchor Rose court	78	40	(38)	689	689	-	(64)	(26)	38	703	703	-
Anchor Waterside	78	75	(3)	175	175	-	(62)	(59)	3	191	191	-
Southwark Resource Centre	-	66	66	193	193	-	-	(66)	(66)	193	193	-
Castlemead, 232 Camberwell road	200	209	9	1,791	1,791	-	(200)	(209)	(9)	1,791	1,791	-
52-60 Grosvenor terrace	-	-	-	1,120	1,120	-	-	-	-	1,120	1,120	-
41 New Cross Road	-	23	23	-	-	-	-	(23)	(23)	-	-	-
ICT	983	849	(134)	334	334	-	(983)	(849)	134	334	334	-
Anchor Lifecycle Programme	-	-	-	-	-	-	7,889	7,889	-	7,889	7,889	-
SEND and disabilities development	-	-	-	550	550	-	1,100	1,100	-	1,650	1,650	-
Healthy Pupils Programme	-	-	-	201	201	-	-	-	-	201	201	-
SILS 3 (PRU)	-	-	-	336	336	-	2,164	2,164	-	2,500	2,500	-
Ilderton School	-	-	-	35	35	-	315	315	-	350	350	-
Alternative provision accomodation at STAC	-	-	-	30	30	-	170	170	-	200	200	-
Children and Adult Services Total	98,415	77,128	(21,287)	50,898	71,970	21,072	75,719	75,934	215	225,032	225,032	-
Southwark Schools for the Future												
St Michael's PFI	100	33	(67)	-	67	67	-	-	-	100	100	-
SMAA - Ark All Saints	10	-	(10)	474	484	10	-	-	-	484	484	-
St Saviour & St Olaf	6	6	-	-	-	-	-	-	-	6	6	-
KS3 SILS	625	537	(88)	7,000	7,088	88	240	240	-	7,865	7,865	-
ICT	105	-	(105)	400	505	105	-	-	-	505	505	-
Contingency and retention payments	-	-	-	922	922	-	324	324	-	1,246	1,246	-
Southwark Schools for the Future Total	846	576	(270)	8,796	9,066	270	564	564	-	10,206	10,206	-
Housing General Fund												
Springtide Close travellers site	29	-	(29)	-	29	29	-	-	-	29	29	-
Traveller Sites Fire Safety Reconfiguration works	793	615	(178)	1,382	1,560	178	1,272	1,272	-	3,447	3,447	-
Ilderton Rd boundary	-	(4)	(4)	-	-	-	-	-	-	-	(4)	(4)
Brideale Travellers	30	34	4	-	-	-	-	-	-	30	34	4
Information Service	-	-	-	-	-	-	6	6	-	6	6	-
IT Investment Schemes	5,197	5,883	686	7,884	7,198	(686)	14,605	14,605	-	27,686	27,686	-
Compliance	428	479	51	-	500	500	9,822	9,271	(551)	10,250	10,250	-
Operational Buildings Life Cycle Investment	1,285	620	(665)	2,100	2,538	438	24,462	24,689	227	27,847	27,847	-
Modern Ways of Working	-	-	-	-	-	-	1,985	1,985	-	1,985	1,985	-
Housing Renewal	3,251	943	(2,308)	2,845	2,320	(525)	14,108	16,941	2,833	20,204	20,204	-
Brayards Improvement Zone	30	21	(9)	-	9	9	-	-	-	30	30	-
Leathermarket Kipling Garages	8,376	7,479	(897)	-	897	897	-	-	-	8,376	8,376	-
Housing General Fund Total	19,419	16,070	(3,349)	14,211	15,051	840	66,260	68,769	2,509	99,890	99,890	-
Capital Programme 2017/18 - 2026/27												
	2017/18			2018/19			2019/20+			Total Programme 2017/18 - 27/28		
	Revised Budget	Spend to date	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure	294,618	231,361	(63,257)	247,371	284,113	36,743	297,059	323,573	26,514	839,048	839,048	(0)
Total Resources	106,474	231,361	124,887	84,533	96,177	11,644	256,399	247,008	(9,391)	447,406	447,406	-
Forecast variation (under)/over	188,144	0	(188,144)	162,838	187,936	25,099						

Council Theme	Paragraph	Service	Project/Programme Description				Financing	
				2017/18	2018/19+	Total Programme	Funded (S106, Grant etc)	Resources to be identified
	73	Adults' Social Care	Anchor Life Cycle Programme		7,900,000	7,900,000		7,900,000
	69	Chief Executive's	Ballet School		3,000,000	3,000,000		3,000,000
	60	Chief Executive's	Strategic Property Purchase		30,000,000	30,000,000		30,000,000
	51	Chief Executive's	Canada Water Leisure Centre		35,000,000	35,000,000		35,000,000
	62	Chief Executive's	132 Queens Road	1,925,934	15,099,066	17,025,000		17,025,000
	79	Children's Services	SEND and Disabilities Development		1,648,875	1,648,875	1,648,875	
	79	Children's Services	Healthy Pupils Programme		201,138	201,138	201,138	
	80	Children's Services	SILS 3 (PRU)		2,500	2,500		2,500
	80	Children's Services	Ilderton School		350	350	350	
	80	Children's Services	Alternative provision accomodation at STAC		200	200		200
	97	Environmental and Social Regeneration	School Air Quality Improvements		300	300		300
	98	Environmental and Social Regeneration	Cemetary Walls		500	500		500
	99	Environmental and Social Regeneration	Cycle Storage and Moped Security		150	150		150
	100	Environmental and Social Regeneration	Football Pitches		4,000	4,000		4,000
	102	Housing & Modernisation	Ilderton Travellers Site Wall		2,543,907	2,543,907		2,543,907
				1,925,934	95,400,986	97,326,920	1,850,363	95,476,557

Item No. 14.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Southwark Conversation – Additional Analyses and Dissemination	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

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

The Southwark Conversation was the largest consultation exercise ever undertaken in our borough, reaching 3,000 people across all parts of the borough, covering over 100 events, and capturing the voices of people from a wider range of ages, incomes and backgrounds than ever before. The purpose of the exercise was to gauge how people felt about change in the borough, and to hear how the benefits of new development is felt and experienced by our residents.

The appendices to this cabinet report make for essential reading. They set out in rich detail what many of us hear in everyday conversations – a broadly positive sense of living in Southwark and pride in their community, but concern at the affordability of housing; anxieties about a sense of attachment and belonging to our changing neighbourhoods; a growing desire for well designed and connected places to play, learn and come together; and the importance of ensuring that the infrastructure needs of a growing population is matched by expansion in GP capacity and good transport access, as well as access to good quality education and training opportunities.

A striking theme to have emerged out of the Southwark Conversation was in how relatively commonplace the concerns expressed were across different neighbourhoods and by people on different incomes across the borough – some residents felt displaced or excluded from the benefits of new development, while others who may have gained financially from investment or rising house prices also regularly expressed a sense of a place and its values under threat. The value of such a major sense-checking exercise is to help guide the future direction of development in the borough rooted in people's lived experience, and to better draw out the tangible benefits of regeneration in our borough.

The findings identified in the Southwark Conversation will now be widely disseminated throughout the council, informing the future of policy development and our decision making in all parts of the council, as well as to help further develop the Social Regeneration framework. We will also share the findings with our partners: the NHS, CCG, major developers and the VCS to make sure that we all work together as one to make regeneration work for all. Our priority is to ensure that the benefits of new wealth and income in the borough are reaching everyone, and that our diverse communities can gain confidence in their ability to shape, embrace and benefit from change in the borough.

RECOMMENDATIONS

That the cabinet:

1. Consider and agree the key findings from the additional analyses of the Southwark Conversation, as set out in the reports at Appendices 1 and 2.
2. Request that the key findings of the Southwark Conversation be considered in the development of the Social Regeneration Framework.
3. Welcomes the role of the Southwark Conversation in shaping the draft Council Plan, and that officers use its findings to shape the Council Plan's performance schedules and monitor its implementation.
4. Recommend that that the Southwark Conversation findings are disseminated more widely and shared across the council and with partners to help inform further policy developments.

BACKGROUND

5. In September 2017, the cabinet received a report setting out a draft social regeneration policy framework. The framework aims to ensure that the places where people live, now and in the future, will provide new opportunities for all, promote wellbeing and reduce inequalities. As part of this, an engagement exercise, "the Southwark Conversation", took place with residents, partners and stakeholders between 19 October and 24 December 2017. This involved 109 separate engagement events and analyses of 2,923 individual responses.
6. In March 2018, the cabinet received a report considering the initial findings from the Southwark Conversation. In summary, people generally liked the approach of the Southwark Conversation and welcomed it as a way to actively engage with a wide range of individuals, communities and groups across the borough. The headline finding was that 70% of respondents were positive, either in full or part, about change in the borough. Feedback highlighted that "getting out and about", "services and amenities" and "being connected" were the top three things that most people ranked as important to their health and wellbeing. Cabinet requested further analyses by geographical areas and by key themes. These are attached in Appendices 1 and 2.

KEY ISSUES FOR CONSIDERATION

Southwark Conversation – additional analyses

7. Southwark's emerging social regeneration framework puts people at the heart of everything the council does, engaging with them in an ongoing process to identify priorities and co-design solutions. In developing the framework, the council wanted to gain a deeper understanding of what people think about social regeneration and wellbeing in the borough.
8. The further analyses are presented in Appendix 1 by themes. The top themes are: community, public realm, education, housing and transport.

- 58% of people mention community in response to good neighbourhoods. Community cohesion and population stability are valued, as well as diversity, vibrancy and different cultures.
- 42% mention public realm in response to making a place a good neighbourhood to live in, although feelings about safety and cleanliness vary.
- 35% of people mention education as the most important theme for supporting young people to succeed in life. The cost of higher education and training and support into employment were also raised.
- 28% of people mention housing in response to change with affordability identified as a primary concern. There is a geographical and ethnic dimension, with more people living in the north of the borough and more minority ethnic communities raising housing as an issue.
- 27% mention transport, air quality and cycling.

9. Further analyses are presented in Appendix 2 by community council areas

- There are some demographic differences across respondents from the five community council areas (CCAs) with more women, those over 65 and more affluent responders in Dulwich, a higher proportion of respondents living in local authority or other social rental housing in Borough, Bankside and Walworth and a higher proportion of people from black ethnic groups in Peckham and Nunhead, with proportionately fewer in Bermondsey and Rotherhithe.
- Irrespective of demographic differences across CCAs, very similar themes arose across questions and areas: housing, open/green spaces and services were the themes that received the largest number of comments overall. Where differences in the top three themes arose across CCAs, it was typically only by a small number of percentage points. Certain CCAs expressed particular concern about a specific theme:
 - When asked what the council can do to improve the experience of living in Southwark, all CCAs identified urban realm, housing and transport as the top themes, but 30% of Dulwich respondents mentioned transport compared to 18% across the whole Southwark Conversation. Transport also came out as a big issue for Dulwich when asked what would help the respondent and their family to lead a healthier life.
 - When asked to think of the support that young people and future generations will need to succeed in life, education was seen as the single most important thing across all CCAs, alongside a combination of employment and training, housing or services. Housing was considered relatively more important in Dulwich where 31% of people mentioned it, compared to only 22% across the Southwark Conversation.
 - Respondents from all areas overwhelmingly responded (58%) that community was most important when asked what makes a place a "good neighbourhood" to live in and this came out particularly in Camberwell (69%).
 - When asked how local people could become more actively involved in the changes that are happening in their communities, a larger proportion of Peckham and Nunhead respondents mentioned communication (34%) than the rest of the Southwark Conversation (27%).

Policy implications

10. Appendices 1 and 2 explore local issues and potential solutions as suggested by local people. This information is being used in conjunction with other information from other engagement, research, data analysis and understanding of the borough.
11. Although 70% of respondents were positive, either in full or part, about change in the borough, the Southwark Conversation also identified some important issues raised by local people. In the paragraphs below, some of the key issues are summarised and alongside, how these issues are being addressed in the Council Plan:
 - *Issue raised - Maintenance and quality of the physical environment in neighbourhoods and estates:* actions that will be a new Great Estates programme, guaranteeing a new set of standards to make every estate clean, safe and cared for; giving residents the tools to garden and improve their estate; bringing the repairs service in-house so more jobs are done right first time; delivering a Gold Standard for private rental properties; zero tolerance on fly tipping and doubling the number of people caught and enforced against; making walking safe and accessible by developing a green walking network; reducing the use of commercial bins and stop rubbish sitting out longer than it needs to be; develop a Local List of valued sites and structures to help protect and celebrate Southwark's rich built heritage, and better reveal the origins and stories behind the borough's built environment
 - *Issue raised – Education, training and support into good employment:* actions that will be taken include making sure all schools are Good or Outstanding; drive up standards so that every school exceeds London averages at every stage; guarantee education, employment or training for every care leaver; help 5,000 more people into work and create 2,500 new apprenticeships; double the number of employers who pay the London Living Wage and make Old Kent Road and Canada Water London Living Wage Zones; introducing a Southwark Good Work Standard and only work with companies that will recognise trade unions, pay the London Living Wage and do not use harmful zero hours contracts; making sure that 500 young people from low income backgrounds get paid internships with London's best employers.
 - *Issued raised- Community safety:* actions that will be taken include working with communities to find local solutions that help young people stay away from knives; tackling problems like moped crime and increasing moped anchors to secure bike safety; changing the rules on estate improvements like security doors so that residents have the biggest say; delivering new safe pedestrian crossings; zero tolerance of hate crime; working with housing associations and private landlords to get them to publish fire risk assessments online.
 - *Issue raised - Affordable housing especially at social rent:* actions that will be taken include guaranteeing developments on council housing land have at least 50% council rented homes and ensuring a right to return for council tenants and resident leaseholders; where estates need to be redeveloped, increasing the number of council homes and building to the highest

standards; introducing a consultation charter to ensure local residents can hold private sector developers to account; building at least 1,000 more council homes and 1,000 new homes at London Living Rent by 2022, identifying new provisions to mitigate the impact of Right to Buy on the borough's social housing stock.

- *Issue raised – Wellbeing and supporting communities:* actions that will be taken include ensuring that every new development has enough GPs, school places and parks to support residents; building a new library and GP health centre on the Aylesbury Estate; re-opening the Blue Youth Club and Community Centre in Bermondsey; opening a new modern leisure centre at Canada Water; deliver a loneliness strategy; make free swimming and gym more flexible with more choice about when you go; continue to invest in early intervention and keep children and families centres open; investing in and keeping our libraries open; promoting Southwark's diversity and cultural richness; securing the future of Dulwich Hamlet FC.
 - *Issue raised - Poor air quality and cycling:* actions that will be taken include varying parking charges in areas with poor air standards to encourage cleaner vehicles; continue the work we began to halve council emissions by 2022; adapt lamp posts to charge electric cars; increasing access to cycle hire; making cycling accessible for all; doubling the proportion of journeys in Southwark done by bike; increasing cycle hangers where people want them.
12. The Southwark Conversation findings are being considered across the council: at the Director's Forum, the Managers Network and at departmental and team meetings. To date, it is already being used to shape the development of the Movement Plan which will integrate the Transportation Local Implementation Plan (LIP), which aims to shift the emphasis further away from cars to how people move . This responds to concerns about air quality and making active travel easier and safer. The findings will continue to be used to inform further development of all major council strategies and action and performance plans.
13. The Southwark Conversation is also being shared more widely through the community and voluntary sector and with regeneration partners. The Canada Water Charter is shaped by the findings from the Conversation, particularly addressing some of the issues raised which relate to public realm for example: ensuring the natural and built environment supports health and wellbeing and caters for a diversity of needs; ensuring the streets are well connected and designed to encourage active travel; creating lifelong learning opportunities as well as apprenticeships and wider employment opportunities; and building in social opportunities to support community cohesion. The findings are also informing the development of the (draft) Health Plan for the Old Kent Road. The Health Plan highlights actions for creating healthier environments and strong communities. Actions include supporting active travel and tackling poor air quality; creating healthier food environments including hot food restrictions; and providing more opportunities for communities to meet and community facilities.
14. The development of indicators for social regeneration is being informed by the Southwark Conversation findings. Common social regeneration indicators will underpin the Council Performance Plan, regeneration and planning policy and the authority monitoring report.

Community impact statement

15. The public sector equality duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities
16. The Southwark Conversation was a conversation with communities about wellbeing and the future of the borough. The engagement plan was designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide all residents with the opportunity to engage. Groups and individuals that may not always be heard as often as others were a key focus and where particular groups were underrepresented activities were targeted to prioritise such groups, ensuring as wide a sample of representation as possible in the Conversation.

Resource implications

17. There is no specific resource implication attached to reporting on the findings from the Southwark Conversation per se. Where the findings inform policy development and their implementation, their financial implications will be considered at the time these are brought forward.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

18. This report asks cabinet to consider the findings from the further analyses of the Southwark Conversation initiative; agree the key findings from the further analyses of the Southwark Conversation initiative and request that they continue to shape the development of the Council Plan and the associated action plans. Cabinet are also asked to recommend that the findings are disseminated more widely and shared across the council and with partners to help inform further policy developments.
19. As the subject-matter of the report falls within more than one cabinet portfolio area, it is appropriate for the report to be brought to the full meeting of cabinet for consideration, in accordance with Part 3D of the council's constitution.
20. Local authorities in England were until 2015 subject to a requirement to produce a "sustainable community strategy" for promoting and improving the economic, social and environmental well-being of its area and contributing to the achievement of sustainable development. This accompanied a general power to do anything the council considered likely to achieve these objectives, which in 2012 was itself revoked, in relation to local authorities in England, and replaced by the "general power of competence" giving councils the power to do any thing that individuals generally may do. Councils also retain their subsidiary power under section 111 Local Government Act 1972 to do anything calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

21. In 2012 local authorities in England were made subject to a duty to take such steps as they considered appropriate to for improving the health of people in their areas (section 2A National Health Service Act 2006, as amended).
22. Paragraph 12 of the report refers to the public sector equality duty in section 149 Equality Act 2010. This requires the council, in the exercise of all its functions, to have due regard to the need to
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
23. The duty will apply throughout the development of the social regeneration policy framework.
24. Cabinet is reminded that a decision maker must conscientiously take into account responses to response to a consultation before finalising any proposal is a fundamental principle of fairness and sound consultation, as enshrined by the Supreme Court decision in *R (Moseley) v Haringey London Borough Council* (2014).

Strategic Director of Finance and Governance (ESR18/008)

25. The strategic director of finance and governance notes the recommendation to Cabinet to consider and agree the key findings from the further analyses of the Southwark Conversation, as set out in the reports at Appendices 1 and 2, and also that the Southwark Conversation findings are shared across the council and with partners to help inform further policy developments.
26. The strategic director of finance and governance notes that there are no additional financial implications arising from this report at this stage.
27. All staffing and other related costs to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Social Regeneration – Emerging Framework and Next Steps	Public Health 160 Tooley Street London SE1 2QH	Jin Lim Jin.lim@southwark.gov.uk
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=6270		
Feedback from Southwark Conversation	Public Health 160 Tooley Street London SE1 2QH	Jin Lim Jin.lim@southwark.gov.uk
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5756&Ver=4		

APPENDICES

No.	Title
Appendix 1	Thematic Report – further analyses (circulated separately)
Appendix 2	Community councils (circulated separately)

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Kevin Fenton, Director of Health and Wellbeing	
Report Author	Jin Lim, Consultant in Public Health	
Version	Final	
Dated	12 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Law and Democracy	Yes
	Strategic Director of Finance and Governance	Yes
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	12 July 2018

Item No. 15.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Gateway 0 - Strategic Options Assessment for 2019 + Highways Services Delivery 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 ensure its highway network is maintained to a safe standard.

Since 2013 the maintenance, repairs and improvements of the highways under the responsibility of the council have been carried out by Conway Aecom Limited, under our highways and professional services contract. This contract expires in March 2019, although the cabinet can extend the contract beyond this date for any period up to two years.

It is therefore timely for cabinet to consider what its arrangements for delivering this work should be beyond March 2019, and so this report explores the options available to us.

The report below concludes that the best approach is to bring back 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 plant and equipment, and where risks of inefficient working due to workload fluctuations on reactive repair works are reduced.

Therefore, I am pleased to support the recommendations to bring the safety inspections and gully cleaning works in-house. The recommendations also propose to enhance in-house design services and explore the optimum procurement strategy for the remaining works and services through the Gateway 1 process.

RECOMMENDATIONS

1. Notes that the current highways and professional services (HAPS) contract ends between March 2019 and March 2021 providing the council with an opportunity to review the way in which those services are delivered.
2. Approves the recommended strategic delivery option (paragraphs 24 and 25) to bring essential services such as highway safety inspections and the routine and reactive gully emptying service under the direct control of the council and to enhance the in-house design and project management team within the highway division.

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 and 2012 Southwark Council carried out a competitive tender process under the EU Restricted route to procure services for their highways maintenance and professional services responsibilities. The provision of the services was divided into Lots as detailed below:
 - Lot A – Highways Maintenance
 - Lot B – Project Delivery (Works)
 - Lot C – Professional Services
5. Following evaluation, including a secondary evaluation against Transport for London's (TfL) London Highways Alliance Contract (LoHAC), all three Lots were awarded to Conway Aecom Ltd.
6. The Lots commenced on 1 April 2013 for a duration of 6 years taking the contract through to an expiry date of 31 March 2019. The contract allowed for an option for Southwark Council to extend the contract for any duration of up to two years by informing Conway Aecom in writing with a minimum of three-months' notice. Following due process the Southwark Council Cabinet meeting on 13 March 2018 approved an extension of this contract for up to 2 years. The decision on the actual duration of the extension has been delegated to the Strategic Director for Environment and Social Regeneration. Southwark Council needs to inform Conway Aecom of the contract extension decision by 31 December 2018. Conway Aecom Ltd has met or exceeded most of the Key Performance Indicators (KPIs). In earlier years, as might be expected in a contract of this size and complexity, they struggled to meet certain KPIs. However, improvement plans have been put in place and performance has improved to a good level in the 2017-18 financial year.
7. The 2017 National Highways and Transport Network report provided some very positive news for Southwark Council. This annual report is based on a number of questions via MORI to the public relating to their satisfaction of a range of highway and transport services. Out of 26 Key Benchmark Indicators, Southwark Council achieved "Best in Country" in 9 categories and "Best Improved" in 7 categories.
8. The average revenue budget for highways maintenance over the past 3 years (2015-16 to 2017-18) was £2.1m. The average capital budget, including external funding, over the past 3 years (2015-16 to 2017-18) was £8.4m.

KEY ISSUES FOR CONSIDERATION

Future service requirements and outcomes

9. Under the Highways Act 1980 Southwark Council, as Highway Authority for most of the public roads and pavements within the borough of Southwark, have a responsibility to ensure those public highways are maintained to a safe standard. This will cover everything from a standard "pothole" repair to gritting the roads and pavements deemed necessary during freezing conditions and snowfall. In addition to these statutory duties the Council also has a responsibility to endeavour to improve the highway network where feasible. This is carried out by Capital Funding

which can be from Southwark's own budgets or from external partners such as TfL or through developers S106 / CIL funds. Any future contract arrangements will require flexibility to accommodate uncertainty over future budget levels, particularly where these funds are from external sources.

10. Under the Council's Fairer Future Promises there are a number of commitments which improvements to the highways network will help the Council achieve. Improvements to the footways and cycleways will encourage residents and visitors to adopt a more sustainable mode of transport than a motor vehicle, to help provide a greener borough and encourage more active and healthy lifestyles. A number of highway improvement schemes are implemented alongside other initiatives to help revitalise neighbourhoods and communities. The existing service delivery option was rigorously tested to ensure value for money and all changes recommended will undertake similar market testing. All highway works, and in particular the highway improvement works, will be reviewed by highway officers to ensure they are as inclusive as feasible.
11. The services in scope can be summarised as follows:
 - Highway safety inspections
 - Emergency or urgent reactive repairs
 - Planned maintenance and repairs
 - Drain clearing and maintenance
 - Carriageway gritting / winter service
 - Carriageway resurfacing
 - Footway renewal
 - Capital project delivery
 - Design and associated professional services.

Benchmarking

12. As highway maintenance is a statutory requirement, and highway improvements are essential for the ever increasing population and to drive regeneration and improve safety every highway authority ensures this function is delivered. All authorities in London rely on outsourced provision for at least some of these services. A small number deliver some of these elements in-house. The highways maintenance, highways improvements and highways professional services market is very competitive throughout the UK. This is even more so in London due to the close proximity of 34 different highway authorities (32 London boroughs + City of London + Transport for London) and a number of major development sites that require roads, pavements, cycleways, open spaces etc. There are at least 8 contractors and 8 consultants who provide similar services within the London Boroughs. The works provision across the London Boroughs can be summarised as:
 - 4 x Mixture of in house and out source delivery
 - 1 x PFI
 - 5 x TfL LoHAC framework (all services)
 - 23 x Complete out source.

Strategic service delivery options and assessment

13. During the first few months of 2018 a Project Board was developed to consider the most appropriate method of delivering the highways services once the current HAPS contract expires. A number of meetings and discussions have been held

with Southwark Officers, suppliers and other highway authorities, which have allowed Southwark to review the success of the current contract and consider different options including possible joint working with neighbouring boroughs.

14. A workshop was held with the Project Board and other strategic heads of service within the environment department to consider the various tasks required of the highway service and review the most effective methods to deliver them. This review considered in-house delivery and external provision for the full range of tasks and functions. The items below are the considerations made during this assessment.

In-Source

15. The advantages and disadvantages of bringing works and services back under the direct control of the council were previously considered in the Highways and Professional Services – Extension of existing contract Gateway 3 report. This concluded that the advantages included:

- Direct access to the DLO who will deliver repairs by council employees
- Possible division / department resource sharing where skill set allows
- Single point of contact within Highways Management Team with direct responsibility for operatives.

And the disadvantages included:

- TUPE cost implications for council
 - This would result in a strategic change of policy and direction for which there is no direct management experience
 - Agreements with material suppliers needed. Limited purchase power is likely to result in higher costs.
 - Agreements with plant suppliers needed. Limited purchase power is likely to result in higher costs.
 - Agreements with specialist sub-contractors needed. Limited purchase power is likely to result in higher costs.
 - Southwark Council take on all liabilities
 - Specialist design services would still need to be procured
 - Need to consider how peaks and troughs in work loads for both works and design would be taken care of
16. To deliver a comprehensive highways maintenance and scheme delivery service of the type required by the council is a major undertaking which requires resources other than staff such as specialist items of plant, numerous and various vehicles, depots, stockpiles of materials, specialist IT software and systems, etc. As an example a single road planing machine (that removes the old road surface) of the size often used in Southwark would cost around £300k for a second hand one in reasonable condition and around 5 years old. A piece of equipment like this would be necessary to carry out the works but would not be in use all the time. In addition a cost comparison exercise determined the most economically advantageous delivery method for carriageway gritting is to retain this as an out-sourced service. The buying power for materials and plant of a relatively small customer such as Southwark Council would be weaker than an established contractor who has numerous similar contracts. All the risks and liabilities would also lie directly with the council. A summary table detailing the areas of work considered for insourcing is shown below:

Table: In-house capability analysis

Criteria / Task	Inspections	Reactive maintenance (2 / 24 hr)	Planned maintenance (7 / 28 day)	Gully emptying	Carriageway gritting	Major maintenance (NPR & PR)	Scheme delivery	Design
Space	Y	N	N	Y	N	N	N	Y
Knowledge	Y	Y	Y	Y	Y	Y	Y	Y
Supply Chain	Y	N	N	Y	Y	N	N	Y
Equipment	Y	N	N	N	N	N	N	Y
Cost	Y	N	N	Y	N	N	N	Y
Decision to insource	Y	N	N	Y	N	N	N	Y

A summary of the task descriptions and delivery recommendation in each case is shown below:

- **Inspections** – a team of highway inspectors checking the safety of the highway by visual inspections on predetermined routes. They analyse any defects found for risk and urgency and order the necessary repair works. Bring in house.
- **Reactive maintenance (2 / 24hr)** – a number of teams with the necessary skills, plant and materials that carry out emergency or urgent repair work. At least one team is on call 24 hours a day, 7 days a week, 52 weeks of the year. Remain outsourced
- **Planned maintenance (7 / 28 day)** - a number of teams with the necessary skills, plant and materials that carry out essential repair works that have been identified by the Highway Inspectors or called in by members of the public. Remain outsourced.
- **Gully emptying** – two gully suckers emptying road gullies on predetermined routes. They also react to any defects identified by the Highway Inspectors or called in by members of the public. Bring in house.
- **Carriageway gritting** – a service provided each winter to spread salt / grit during freezing conditions and clear any snowfall from predetermined routes. A purely reactive service with resources on call at all times between October and April only. Remain outsourced.
- **Major maintenance (NPR & PR)** – planned resurfacing of large lengths of roads or pavements following condition surveys and asset management assessments. Requires large and often specialised equipment and a skilled workforce. Remain outsourced.
- **Scheme Delivery** – the physical works of major schemes such as town centre renewals, junction improvements or cycle quietway installation. Requires

extensive planning and large and often specialised equipment and a skilled workforce. Remain outsourced.

- **Design** – the design and project management of proposed schemes including project inception, consultation, outline and detailed design and overseeing the works during construction. Bring in house, retain out source option.
17. From the review and discussions it is recognised that there are a few similar services within Southwark Council that are being delivered directly by members of Council staff. This includes vital front line services which are currently being out-sourced and upon review it was deemed beneficial to bring these services under the direct control of the council. These services include:
- Routine highway safety inspections
 - Routine and re-active gully emptying services
 - An enhanced design and project management team.
18. These services have been selected for insourcing based on an assessment of best fit with existing Council services, risk profile and cost.

External Procurement

19. 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:

Private Finance Initiative

- Normally this type of contract is for those authorities whose networks are in a very poor condition at the start of the contract and needed a dramatic initial investment. Compared to current national road conditions the highways within Southwark are in a relatively good condition.

Frameworks

- LoHAC was created by TfL to cover the highways maintenance and project delivery service throughout the TfL Road Network. The contracts have the ability for London Boroughs to enter into a call off agreement with the supplier in their area to provide the full service or any part of it.
- Ealing Framework (for Professional Services) – Southwark Council has an Access Agreement with Ealing Council and is a member of the London Contracts and Supplies Group for Lot 3 – General Engineering which includes design and professional services for highway schemes.
- Lewisham Framework (for Professional Services) – Lewisham Council awarded a framework design contract to Waterman Infrastructure and Environment Ltd in April 2018. Lewisham Council have advised this will also be open to London Boroughs and Southwark Council would be welcome to join.
- The council's Housing and Modernisation department is currently tendering for a new professional services framework. Some elements of the highways design service may be within the scope of this framework.

Tender

- 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 and the NEC4 Term Service Contract is the most appropriate. The number, size and services within each Lot should be carefully reviewed.

Shared Service Delivery

- Joint Borough procurement – there are now a few different consortia of London Boroughs who have joined together to tender for services such as highways maintenance and project delivery. It is probably too early within these contracts periods to carry out a detailed analysis to determine the impacts and efficiencies of service delivery in this manner. However, it is expected that procurement costs would be reduced and rates are likely to be competitive if the workload is greater and savings can be made by any suppliers by reducing total resources across more than one borough. Initial discussions have been held with officers from both Lewisham Council and Lambeth Council and in principle all parties are keen for further discussions. There are numerous synergies between the three Boroughs and this option would give any supplier various opportunities for efficiency savings.

Voluntary sector/not for profit

- There are no known voluntary sector or not for profit organisations that provide the required service.

20. The advantages and disadvantages of each option will be considered further in the Gateway 1.

Market considerations

21. The current HAPS contract was tendered at a time when, according to the Office for National Statistics, the UK was slowly recovering from an economic recession and construction output figures were in steady decline. However, the recent construction output figures from the Office for National Statistics indicate little recovery and some sectors, including public, are still in decline.
22. Therefore, it could be expected that any tenders carried out soon would be as competitive as those carried out some years ago. However, the impact the exchange rate of sterling and the changes to the free movement of labour due to the UK's imminent withdrawal from the EU would need to be considered. It is uncertain how suppliers will view these risks in their pricing strategy or how long it will be until the risks are resolved. It is quite feasible this will be beyond the latest possible tender period of summer 2020.
23. There are a high number of contractors capable of delivering highways maintenance and improvements projects for Southwark Council ranging from fairly small family run businesses to multi-national and multi-disciplined conglomerates. Similarly for the professional services delivery there are a range of professional consultants who operate within the London area who are all capable of delivering

the services required. Both FM Conway and Aecom Ltd (the parent companies of Conway Aecom) have a number of contracts within London and the surrounding area.

Recommended strategic delivery option

24. 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 highway safety inspections, carriageway gully cleaning and enhancing the design team. This report is intended to act as approval for the procurement strategy in respect of the proposed insourcing of these services.
25. Other services that require investment in specialist plant 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 in the areas of reactive repairs, planned repairs, carriageway gritting, major maintenance and scheme delivery.
26. This is the recommended service delivery model for the highways services on the expiry of the current HAPS contract with Conway Aecom.
27. A SWOT analysis of the proposed service delivery model is set out below:

STRENGTHS

The critical role of highway safety inspections will be directly managed by the Southwark Council Highways Team providing greater control and more efficient processes.

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

Core reactive works such as paving slab replacement and pothole repairs that must be done within tight timescales will still be outsourced.

Major project delivery works that require significant resources, including specialist plant, will still be outsourced.

Carriageway gully emptying will be brought in-house as efficiencies can be made in conjunction with the current in-house cleansing services.

WEAKNESSES

Some Professional Services consultants may be deterred from bidding if the out-sourced service is reduced.

Providers prefer an all-in service provision to provide better economies of scale; reducing the outsourced services may lead to higher prices.

OPPORTUNITIES

As the Professional Services element will be smaller in size this may encourage a wider range of organisations including SMEs and local businesses in bidding.

Potential for an increase in Apprenticeships / Graduate Training within the Highways Division with an increase in workload.

Asset management information may be better recorded.

THREATS

Southwark Council will be liable for any failings in undertaking highway safety inspections in line with requirements and for any design errors undertaken in house.

Southwark will need to ensure the design service is adequately resourced. There is a known scarcity of highways professional design staff which will be an issue for both in-

house and out-sourced employers.

Decommissioning services

28. There is a clear “exit strategy” within the current HAPS contract for both Conway Aecom and Southwark Council to follow.

Policy implications

29. Having an effective highways service is an important component of delivering the Councils plan and fairer future promises. In particular promise 1 – value for money, promise 6 – Greener Borough, promise 7 – safer communities and promise 9 revitalised neighbourhoods will benefit from this service.

Identified risks for the service and recommended strategic option

30. The identified risks are listed below:

No	Risk	Description and Mitigation	Risk rating
1	Unable to indemnify the Council if safety inspections are not carried out leading to claims.	Southwark may be liable for insurance claims where it can be proven that inspections were not carried out correctly. A good system and rigorous processes will need to be adopted and adequate training provided	M
2	Liability for failing to undertake gully cleaning operations rests with the Council	Provide sufficient resources and ensure there is a comprehensive contingency plan	L
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 design function	An ‘out-sourced’ design option will continue to exist and this can be expanded to mitigate the risk	L
5	Liability of poor design by in-house team rests with council	If inadequate designs are undertaken in house, liability for any failure eg from contractor claims or public liability lies with the council. This will be mitigated as far as possible by ensuring adequate quality control and management processes are put in place	M

No	Risk	Description and Mitigation	Risk rating
6	The Capital budget reduces leaving Southwark with resources in the design team being under utilised	Provide sufficient resource based on known budgets from the March 2014 Cabinet meeting. Surplus work to be undertaken by the Professional Services Consultant.	L
7	Some companies may be deterred from bidding for out sourced works due to decreased workload	Liaison with relevant companies ongoing. This may also be mitigated by increased interest from SMEs	

Key/Non Key decisions

31. This is a key decision.

Next steps

32. The Highways Team, in conjunction with Lewisham and Lambeth, have procured a consultant to update the current highways technical specification to ensure the latest industry standards are followed.
33. Upon approval of this report, a Gateway 1 will be processed for the procurement strategy for the out-sourced work. Discussions with Lambeth and Lewisham will be held to determine if further collaborative working is feasible. Tender and Contract documents will be prepared.

Service delivery project plan (key decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	22/03/2018
DCRB Review Gateway 0	20/06/2018
CCRB Review Gateway 0	28/06/2018
Cabinet	24/07/2018
Indicative Gateway 1 approval	30/11/2018
Current contract end date (earliest)	31/03/2019
Indicative Gateway 2 approval	31/12/2019
Current contract end date (latest)	31/03/2021

Community impact statement

34. People in all areas of the borough are affected by the quality of the public highway and its assets.
35. The very young and the elderly would benefit the most by having a footway network which is well maintained and safe to use.

36. 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.
37. All service elements contained in the contracts are a borough-wide service. The updated technical specification addresses planning and delivery of planned and responsive works and seeks to improve quality of the service and product and customer satisfaction.
38. 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 well maintained infrastructure which makes an important contribution to the safety of all. Continued emphasis on maintenance will especially benefit the most vulnerable members of the community i.e. the elderly, the disabled and young children.

Social value considerations

39. 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

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

Social considerations

41. The new contracts will require training opportunities to Southwark residents based on the level of spend by the council and will require commitment to the Councils policy on London Living Wage and apprentice employment.
42. The new contracts will contain a clause for the suppliers to comply with the requirements of the Employment Relations Act 1999 (Blacklists) Regulations 2010 ("the Blacklists Regulations").

Environmental/Sustainability considerations

43. The new contracts and service provision will adhere to industry best practice on sustainability and arisings from highways maintenance will be recycled and re-used in the borough whenever possible.
44. The contract specifications will set out the need for the completion of specific project / works related environmental assessments including impact on fauna, flora, soil and water and installation of required control measures where necessary.
45. 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.

46. The use of dust suppression techniques for all construction activities will be a contractual requirement. Road planers will be fitted with systems using computer controls to manage suppression whilst minimising water consumption.

Plans for the monitoring and management of project

47. The highway works and services will be monitored through the use of pre-determined Key Performance Indicators managed by the Highways Division.

Resource implications

48. Additional resources will be required to undertake the highway safety inspections and gully cleaning service in house. The existing design team will also need to be enhanced to reflect a greater in house provision. These will be resourced from expected lower contract costs as a result of no longer outsourcing these services.

TUPE/Pensions implications

49. 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.
50. Due diligence needs to be undertaken with the current provider to obtain a clearer picture of the TUPE 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 at the earliest opportunity.

Financial implications

51. There will be no impact on current anticipated budgets.

Investment implications

52. There will be no investment implications.

Legal implications

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

Consultation

54. 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

55. None.

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

56. This report seeks the approval of the strategic options assessment for the delivery of highways maintenance and associated professional services in Southwark.
57. 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 under the council constitution but may be referred to cabinet for approval at his / her request.
58. The recommended strategic delivery option involves a combination of in-house and outsourced service provision. The details of the outsourced service provision will be confirmed in the Gateway 1 report together with the proposed procurement strategy.

Strategic Director of Finance and Governance

59. The strategic director of finance and governance notes the recommendation to cabinet to approve the recommended strategic delivery option (items 24 and 25) to bring essential services such as highway safety inspections and the routine and reactive gully emptying service under the direct control of the Council and to enhance the in-house design and project management team within the highway division on the expiry of the current HAPS contract with Conway Aecom.
60. The strategic director of finance and governance notes that there are no additional financial implications arising from this report.
61. All staffing and other related costs to be contained within existing departmental revenue budgets.

Head of Procurement

62. No further comments received.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Highways Service Delivery tasks	Highways Division, 160 Tooley St London SE1 2QH	Jason White 020 7525 4032
Link: http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6125&Ver=4		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Environment, Transport Management and Air Quality		
Lead Officer	Ian Smith, Director of Environment		
Report Author	Jason White, Highways Consultant		
Version	Final		
Dated	12 July 2018		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Finance and Governance	Yes	Yes	
Head of Procurement	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Contract Review Boards			
Departmental Contract Review Board	Yes	Yes	
Corporate Contract Review Board	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			12 July 2018

Item No. 16.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Proposal to Establish Specialist SEND Education Provision for Children and Young People with Learning Disabilities, aged 16-25 at Bishops House	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Jasmine Ali, Children, Schools and Adult Care	

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

The following proposal is for a new education provision for young people with special educational needs in Southwark. The facility will be based at Bishops House and will help young people transition from child to adult status and equip them with the learning and skills to make that transition as successful as possible.

There is a duty on the council that can be found in section 27 of the Children and Families Act 2014 to keep under review the educational, training and social care provision made in its area for children and young people with special needs or a disability. There is also a strong commitment in our forward plan to ensure equity of services and that no one is left behind. Developing this service will help move us in the right direction.

We know that our further education offer in the borough needs to be better developed. The new provision in our area will help the council provide truly local services. The new provision will build on our existing expansion of special educational needs local schools and help the council to improve our post-sixteen offer.

The DfE has committed £215 million of capital funding to help local authorities improve their local offer for young people requiring specialist services. The allocation for Southwark is £549,625 for each of the years from 2018 to 2021 a total of £1,648,875. This will enable the council to make the necessary maintenance work to keep this large listed building open to provide this much needed service.

The service will be run by Spa school who already run good services for children with special needs. I recommend that cabinet agree the recommendations in the paper which will enable us to open the facility in September 2018 and build up a number of students until we make further provision in the next few years for a larger service.

RECOMMENDATIONS

Cabinet to:

1. Further to priority 5 of the special educational needs and disabilities (SEND) capital strategy, to begin preparatory work to facilitate in-borough 16+ provision for pupils with complex SEND.

2. Note that Spa School to establish a specialist SEND education provision for children and young people with learning disabilities aged 16-25 at Bishops House.
3. Make a first tranche of the SEND capital fund allocation available to Spa school to make premises secure and fit for purpose for students to start in 2018-19.

BACKGROUND INFORMATION

4. There is a duty on the local authority in section 27 Children and Families Act 2014 to keep under review the educational, training and social care provision made in its area for children and young people with special educational needs or a disability, and it further must consider the extent to which the provision is sufficient to meet their educational, training and social care needs.
5. The government has committed £215 million of capital funding to help local authorities create new school places and improve existing facilities for children and young people with SEND in consultation with parents and providers. This funding can be invested in mainstream schools and academies, special units, special schools, early years settings and further education colleges, or to make other provision for children and young people aged from 0 to 25. The allocation for Southwark is £549,625 for each of the years 2018-19, 2019-20 and 2020-21, a total of £1,648,875.
6. The government requires local authorities to complete and publish a short plan that sets out how they intend to invest their allocation, which is visible to parents, carers and other local groups. The council have consulted upon and finalised the SEND Provision Strategy (Appendix 1) which identifies priorities for developing SEND educational provision for young people in Southwark to keep pace with demand, share best practice and expand the opportunities to access high quality provision so that it is locally available to Southwark young people and families who need it.
7. The change from statements of SEND in to education, health and care plans (EHCPs) in September 2014 extended Local Authority statutory responsibilities to assess and provide for SEND for children and young people from age 5-16 to age 0-25. Furthermore the Local Authority now directly funds all additional provision and placements for students with EHCP's until age 25 from the high needs block.
8. To fulfil the council's statutory duties and provide better value for money the council will facilitate Spa school to open a specialist college for young adults with learning difficulties aged 16 to 25 at Bishops House. The aim of the college would be to prepare the students for employment by offering work experience placements tailored to individual needs. The focus of these placements will be the structured teaching of vocational skills. Students will also gain accreditation in other areas.
9. Currently there is insufficient educational provision for people with learning difficulties aged 16 to 25 in Southwark. A post-16 specialist education provision within Southwark will keep some of most vulnerable young people close and provide better outcomes for students. It will also provide better value for money for Southwark. The fees will be lower than the fees charged by other specialist colleges used by Southwark young people and therefore reduce pressure on our

high needs block funding.

10. Spa is an outstanding special school for students with autism and learning difficulties aged 11-19 and has been running a successful work experience café for over five years. It has trained dozens of young people in a range of employment skills. Spa also offer a wide range of accredited qualifications to its sixth form pupils and has been successful in increasing the breadth of offer every year while maintaining an almost 100% pass rate. It has also developed close links with CareTrade, a local post-19 training provider for people with autism, and would utilise their knowledge when setting up programmes.

KEY ISSUES FOR CONSIDERATION

11. In Southwark and nationally the overall number of pupils with a statement or EHC plan has been increasing year on year. The number of children and young people with EHCPs in need of additional, different or specialised provision has increased by 27% over three years between 2014-2017 with a 10% increase between 2016-17. If this year on year trend continues, by 2021-2022 there could be as many as 2,900 children and young people with EHCPs with a need for additional places and high needs provision in Southwark's mainstream and special schools.
12. This has put a pressure on the number of commissioned places available in maintained provision and has meant an increase in the number of children and young people needing to access specialist, high-cost provision out of the borough.
13. Local further education (FE) provision has been judged by inspectors to be less than good since 2012 and despite recent improvements in opportunities for students in receipt of high needs funding, existing FE provision offers no progression or consistency for complex SEND students. Consequently they do not sustain engagement.
14. There is insufficient vocational training for SEND students and employment outcomes need to be improved. Students with high level/complex needs require long-term, individually supported work place programs as a key component of 16 - 25 provision if they are to develop the vocational and life skills to attain and sustain independent living – these opportunities are not currently offered locally.
15. The specialist provision would be a hub for adult disability in Southwark. In time associated services in addition to the college (with its enterprises) may be offered such as; outreach, training, family support and bespoke tuition services. Hosting CareTrade which would provide opportunities for shared resources, training and other professional development. The hub would play a key role in the All Age Disabilities Pathway for young people and adults with autism.
16. Spa is an outstanding provider and has a successful track record of setting and meeting ambitious goals for young people in collaboration with partners. It is essential therefore that the quality, growth and success of this specialist provision be kept under regular review to enable advance planning for alternative or additional sites as the college expands.
17. Governance: The specialist provision would be a not-for profit organisation. Spa School's Headteacher and Deputy Head would be Trustees and advisors, and

would liaise with the Local Authority to determine the constitution of the board. The board would reflect expertise in adult education, autism and learning disabilities, safeguarding, finance and HR.

18. The specialist provision would work closely with Southwark Adult Services and would prioritise young people from within the borough.
19. Students aged 16-25 placed in Independent Specialist Provisions (ISPs) and Children in Care and Care Leavers usually have a combination of education, care and health needs. Cohort size has ranged from 24 to 32 students over the past four years. This is a relatively stable cohort although numbers may rise with population growth. These students have their SEND identified earlier in their education if not before, so needs in the 16 to 25 age group are relatively easy to predict and plan for. ISP placements incur education, social care, health and transport costs.

Students in ISPs 2014-17

	Number of students	Education	Social Care	Health	Transport	Total cost
2016-17	32	£1,467,436.03	£487,674.63	£50,539.48	£459,705.00	£2,465,355.14
2015-16	24	£1,159,224.75	£375,773.90	£25,881.70	Not available*	
2014-15	24	£1,057,359.96	£504,991.38	£34,460.71	Not available*	
2013-14	29	£1,346,149.47	£289,309.88	£51910.98	Not available*	

20. The establishment of specialist SEND education provision for children and young people with leaning disabilities, aged 16-25 presents opportunities for significant immediate and ongoing savings in SEND (education) and Social Care placement costs. Southwark currently places 32 students in independent special colleges at an average education cost of £45,000 per annum per placement.. There is also an average additional cost of £31,000 per placement from social care, health and to cover transport. The projected place cost for local SEND college provision when established and registered is £30,000 - a saving of 33% per student with the expectation of reduced costs against other budgets particularly transport.

21. Savings / Reduced expenditure over time.

YEAR	NEW PROVISION	ADDITIONAL PLACES	PROJECTED SAVING (TOP UP FUNDING) £
2018-19	Southwark specialist SEND education provision (Post-16)	8	120,000.00
2019-20	Southwark SEN College(Post-19)	20	300,000.00
2020-21	Southwark SEN College	32	480,000.00

22. To make local provision available and begin reducing excess expenditure from the high needs block as soon as possible the LA proposes to move forward on commissioning local 16+ complex SEND places. The authority would make available £150,000 from the SEND capital fund allocation to Spa school, so that

preparatory works can begin immediately to ensure an initial cohort can attend the provision in September 2018 (appendix 2).

Policy implications

23. There is a duty on the local authority in section 27 Children and Families Act 2014. The local authority is required to keep under review the educational, training and social care provision made in its area for children and young people with special educational needs or a disability, and further must consider the extent to which the provision is sufficient to meet their educational, training and social care needs.
24. This proposal is in line with the council's vision for a fairer future, and the Council Plan priorities for 2018-19 – 2021-22 of a great start in life, and a full employment borough. This will ensure that our young people with SEND have as much opportunity to receive outstanding education and access to training, apprenticeships and employment.

Community impact statement

25. The Public Sector Equality Duty, at section 149 of the Equality Act, requires public bodies to have due regard when carrying out their activities to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between people with protected characteristics and those with none. The council's Approach to Equality ("the approach") commits the council to ensuring that equality is an integral part of our day to day business.
26. "Protected characteristics" are the grounds upon which discrimination is unlawful - the characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In this case, the characteristics covering gender reassignment, marriage and civil partnership, pregnancy and maternity, and sexual orientation are unlikely to be issues for consideration in the expansion of the schools in question.
27. An equalities and health analysis demonstrate that the establishment of post-16 provision shows no potential for discrimination, but rather advances equality of opportunity and fosters good relations between people with protected characteristics. Enabling the expansion of post-16 provision to meet demand has the potential to advance equality of opportunity, and foster good relations between people with protected characteristics and those with none.
28. There are no specific equality implications as regards age, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender and sexual orientation. For disability, the strategy and the enabling of a post-19 facility presents considerable opportunities to advance equalities for service users with learning disabilities, including autistic spectrum disorder (ASD).

Resource implications

29. As stated in the "Key issues for consideration" section, establishing a specialist SEND provision post-16 has positive financial implications in the access to grant monies and on existing and planned expenditure from the high needs block and other areas of Children and Adults Services. The average cost of out of borough placements of all kinds for young people of statutory school age is £37,146 per pupil. We also drew attention to the fact that, on addition to providing for increasing

demand and offering Southwark families choice, the additional in-borough special places will offer considerable savings with many less expensive out-of-borough placements being made. This is also the case regarding the expanded secondary (ASD) resource base offer.

Legal implications

30. See advice from director of law and democracy.

Financial implications

31. The cost of placements for SEND pupil is met from the High Needs block of the Dedicated Schools Grant. The number of pupils with SEND is expected to grow while the funding from central government is not expected to increase in line with this. This strategy is built to control the cost of provision. There is a risk that that demand for places outstrips the provision.
32. Further financial and policy strategies are being worked on alongside this report to ensure that the high needs expenditure remains with the resources available. The Schools Forum setup a sub-group on the 22 March 2018 to work with the Local Authority to ensure that the High Needs block will be in balance in the future. There is no immediate impact on the Core Funding.
33. The proposal to provide for in-borough 16+ provision will be met fully from a capital grant. The revenue funding will need to be met from the High Needs block but will be at a lower cost than out of borough provision.
34. If the venture fails the council may be liable for any redundancy payments made to staff employed or the cost of termination clauses in contracts.
35. The precise terms of reference of the capital grant have not be received but it is believed that if the venture fails there will be no clawback of the grant, but there is a risk that this may happen.
36. In order to set up the provision, costs will need to be incurred before it is open. Such costs include management and teaching costs to ensure it can open and be fully operational on the first day of the academic year. It is estimated that these costs will be £160k (this is being reviewed with Finance) but this will be subject to negotiations on property costs. The costs will fall on the DSG High Needs block.
37. Updated financial business case will need to be brought together to ensure the unit is financial viable in the long term if there are time delays.
38. The provision will be about future cost avoidance initially, moving into savings and there is a risk that if the unit is not full it will increase the unit costs. This will be especially true in the early years as the unit establishes itself.

Consultation

39. Consultation with parents and community as to SEND priorities was undertaken in March 2018, as part of the requirement for funding from the DfE for the SEND capital strategy. The responses overwhelming identified 16+ opportunities for young people with SEND as a gap.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

40. The report seeks the cabinet approval to the commencement of preparatory works to facilitate the provision of places for young people aged 16-25 and to make funds available to Spa school to secure the site at Bishops House for this purpose.
41. The report advises that the government has made available new capital funding to enable local authorities to invest in provision for children and young people with SEND aged 0-25, to improve the quality and range of provision available. The government has published guidance (*Special Provision Capital Fund Guidance*, August 2017) setting out criteria for how the funding is to be applied.
42. The report refers to the duty on the local authority in section 27 Children and Families Act 2014. The local authority is required to keep under review the educational, training and social care provision made in its area for children and young people with special educational needs or a disability, and further must consider the extent to which the provision is sufficient to meet their educational, training and social care needs. Further, in relation to education and training of young people over compulsory school age, the local authority must secure that enough suitable education and training is provided to meet the reasonable needs of this group (section 15ZA Education Act 1996). It can therefore be said that the recommendations in this report are directed at the provision of education for children and young people with SEND, and giving approval to preparatory works to facilitate provision described in the report is consistent with the council's duties outlined here.
43. With reference to the consultation referred to in the report, the council must adhere to the principles enshrined in *R (Moseley) v Haringey London Borough Council* (2014), namely that consultation must always (i) take place at a formative stage; (ii) give sufficient reasons to permit intelligent consideration and response; and (iii) give adequate time for a response. Further, the response to a consultation must be conscientiously taken into account by a decision-maker before finalising any proposal.
44. As regards the community impact statement of the report, section 149 Equality Act 2010 requires the council, in the exercise of all its functions, to have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The duty is an ongoing one.

Strategic Director of Finance and Governance

45. The capital costs of the scheme are to be funded from the SEND specific capital grant. The revenue costs will be a call on the DSG high needs block which is currently in a deficit position of £4.1m as at 31 March 2018. The financial justification for investment from the DSG is that this will lead to future cost avoidance with the placements costs being less than out of borough/ independent provision. This will also ensure that transport costs which are a charge on the local authority budget can be contained.
46. The Schools Forum were consulted on this scheme at their 5 July meeting and the impact upon the DSG and have given approval to this. They are aware that this forms part of a financial recovery plan which is being developed with Schools Forum and is being overseen by the council's budget recovery board.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	SEND Capital Strategy (circulated separately)
Appendix 2	Timeline for Establishing Provision (circulated separately)

AUDIT TRAIL

Cabinet Member	Councillor Jasmine Ali, Children, Schools and Adult Care	
Lead Officer	Nina Dohel, Director of Education	
Report Author	Ian Morris, Senior Advisor SEN/Inclusion (0-19 Standards)	
Version	Final	
Dated	12 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Law and Democracy	Yes
	Strategic Director of Finance and Governance	Yes
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	12 July 2018

Item No. 17.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Local Community Offer (VCS Hubs)	
Wards or groups affected:		All Wards	
Cabinet Member:		Councillor Jasmine Ali, Children, Schools and Adult Care	

FOREWORD – COUNCILLOR JASMINE ALI, CHILDREN, SCHOOLS AND ADULT CARE

This report sets out the proposed procurement strategy for the delivery of an older people’s hub and a disability hub within the borough. It recommends that contracts are awarded to two lead providers, one for each project. Each of the hubs will be required to have a network of providers working with them.

This hub model will equip the council to manage its “front door” by assisting individuals living within the Borough to access information, advice, navigation and facilitation support that will link them with community opportunities and services across Southwark to support their independence and wellbeing. Crucially, it will bring to life our positive policy of ‘no wrong door’ so that the people needing our services only have to tell their story once to access them.

This collaborative model will see the co-location of some Southwark Council operational staff, alongside workers from key Voluntary and Community Sector organisations, which are already delivering various information, advice, navigation and signposting services through grant arrangements. The proposal uses a collaborative model across social care and the third sector to bring together these key parts of the system, so that a clearer, more cohesive response to people seeking advice and support in the borough is available.

This approach has already been tested with our existing adult mental health hub which has had positive results. It is envisaged that the two proposed hubs for people with disabilities and older people will be connected with all three providing support for carers.

This will increase the impact of preventive services making it easier to detect any health-related problems early while there is a better chance of recovery.

The current budget aligned to the hubs’ development is £1,529,344. This will be split across both of the hubs with approximately £1.1m allocated for the Older People’s Hub and £400k for the Disability Hub: a significant investment in the voluntary sector.

I recommend that Cabinet approves the procurement strategy which enables the Council to design and develop a local service offer which can meet local needs and which is delivered by providers who have knowledge, experience and expertise to deliver good quality services and value for money.

RECOMMENDATION

1. That Cabinet approves the procurement strategy outlined in this report to undertake a competitive tender for the provision of a local community offer (VCS - Voluntary Community Sector Hubs) with an estimated annual value of £1,500,000, for a period of 3 years from 2 December 2019, with the option to extend for a further two years, making an estimated cost of £7,500,000 over the total life of the contract inclusive of extensions.

BACKGROUND INFORMATION

2. Southwark Council has been planning for some time the development of two Hubs, one designed for older people and one designed for people with disabilities. The Hub model will support how the council manages its “front door” by assisting individuals to access information, advice, navigation and support that will link residents with community opportunities and services across Southwark to support independence and wellbeing.

Vision

3. For some time the council has been working with the local voluntary sector to create a model of delivering information, advice and guidance to residents that enables older people or people with disabilities to tell their story once, get the right advice or support, from the most appropriate organisation/professional whilst minimising referrals between organisations with different expertise.
4. The vision for this model of delivery is that it will support people, whether they have eligible care needs or not, to explore how they can manage the issues that they are experiencing. This can range from finding out what information or services are locally available, through to receiving an assessment under the Care Act to receive social care support. The proposed co-location of the local voluntary and community sector (VCS) with council staff makes this range of response for the local community possible. Moreover, it provides opportunities for professionals from different organisations and disciplines to develop their knowledge of the full community offer in terms of the local landscape and not just their own organisation.
5. It is envisaged that a person who is seeking advice about loneliness or help with continuing to live independently, e.g. being able to continue to doing their shopping, would contact the hub either by phone or visiting the main Hub or outreach hubs. A recent workshop explored scenarios of typical enquiries to the current provision and how the proposed model could improve the experience and outcome for residents. The workshop participants identified additional opportunities, such as that the hub model supports a holistic approach, integration of local knowledge and improved use of community assets, all of which can deliver better outcomes for people.
6. The development of the Hubs is in accordance with the joint (Council and CCG) voluntary and community sector strategy entitled ‘Common Purpose, Common Cause’. It is taking a collaborative approach to commissioning by ensuring that the model that is produced is as a result of co-production between the key stakeholders – local VCS, council officers, health partners and those likely to use services. The model is intended to deliver better outcomes for residents in accordance with Southwark’s Common Outcomes Framework, agreed by Cabinet, particularly with respect to the broad themes of Engaged, Healthier and Vibrant communities.
7. The delivery model for the hubs is the ‘Lead Provider model’ which is described in Southwark’s VCS strategy. By establishing a Lead Provider for each Hub, it is envisaged that the Lead Provider will lead a network of local VCS providers – a coalition of committed and capable community-based organisations – who will use their local knowledge to support residents to understand their options and possible opportunities to continue being as independent as possible in the borough. This model seeks to create efficiencies in delivery for residents and the council in managing services rather than financial savings. It is envisaged that by creating a network of local providers, this will create resilience amongst, and within, those providers, the capacity for continuous improvement and opportunities to support the career development within the VCS by investing efficiencies into creating apprenticeships and continuous professional development.

8. In a practical sense the location of the main hubs provides an important opportunity to showcase, and demystify, the range of services available such as day services or extra care.
9. This report seeks to identify a fair and transparent process that will support the council in identifying a lead provider capable of leading of a network of local providers with knowledge of the local community offer for local people. In selecting the process, we have carefully considered how it will ensure that the evaluation process allows for involvement of services users and dialogue to ensure a full understanding of the capabilities of the bidders.

The current context

10. At present, the council has a number of older person's and disability providers, as detailed in the table below, who are already delivering various information, advice, navigation, befriending and social interaction services through grant arrangements in Southwark. Redesigning these services to work from two distinct Hubs will ensure that residents have equal access to a range of community services which can prevent, or delay the need for adult social care support. Both hubs will work from public facing locations across the borough, as well as link and coordinate with existing community assets and resources to ensure residents can access relevant and meaningful support.
11. Information on the existing providers number of average service users per quarter and the type of support currently being delivered is shown in the table below:

	Grant funded	Contract	InfoAdvice	Wellbeing	Social Interaction	Carers	All
Age UK	☐		226	213			
Black Friars Settlement	☐			212	260		
Linkage Southwark	☐				497		
Leonard Cheshire	☐		31				
Life Long Family Links	☐			16			
Lambeth and Southwark Mencap	☐			36			
Southwark Disablement Association	☐		156				
Southwark Pensioners Centre	☐			210			
Southwark Carers		☐				675	
Time and Talents	☐				179		
Total			413	687	936	675	2116

12. It is proposed that this procurement brings these provisions together, as a joined-up and holistic approach for disabled and older people in Southwark, in accordance with the above vision. The Hubs will work in collaboration with Southwark Council operational staff, with some staff relocating to the Hub locations, alongside workers from key voluntary and community sector organisations. Colocation of London Borough of Southwark staff with key voluntary and community sector staff will facilitate the sharing of local knowledge and skills, and ensure prospective clients are matched with appropriate resource.
13. The proposed project plan includes two 'test and learn' periods commencing from August and September 2018 respectively with evaluation complete in January 2019. 'The 'test and learns' will provide further opportunity for the council to define the exact requirements for its local community offer. The performance and evaluation measures of the 'test and learns' will be developed and determined by the finance and performance work stream. Further information regarding the work streams roles and responsibilities can be found in paragraph 54. The 'test and learns' are being designed and implemented to inform the development of the service specification. The detail of the structure and approach of the test and learns' will be developed through the commissioning and procurement and

operational management work streams. There will not be a lead provider during the test and learn phase as this will be managed through the children, adults and families commissioning team.

14. Early work on the project had seen the development of two sets of voluntary sector partnerships. For the older peoples hub the COPSINS partnership has emerged (Age UK, Alzheimer's Society, Southwark Pensioners Centre, Blackfriars Settlement, Link Age Southwark & Time and Talents). For the Disability Hub the current providers that are engaged are Leonard Cheshire, Lifelong Family Links, Lambeth Mencap and Southwark Disablement Association. Further engagement is taking place to ensure that there is wider engagement and involvement of disability providers, including learning disability providers as the work progresses
15. This work will have close links with the existing mental health wellbeing hub ensuring that the older people's and disabilities hub work complements the existing wellbeing hub.
16. It is recognised that carers play a critical role in supporting the people they care for to maintain independence and wellbeing, and with this in mind a more accessible carer's offer will be built into the hub model and will also be rolled out across all of the Hubs, including the existing wellbeing hub to ensure consistency of this service and support.
17. In order to ensure continuity of service delivery to people across the Borough, the existing grant and contractual arrangements have been extended to 31 March 2019. Officers will be seeking permission for further extensions in subsequent Gateway 3s to cover the proposed commencement dates of the new arrangements.

Summary of the business case/justification for the procurement

18. Demand for adult social care services is increasing, whilst the budget available is not. This continued increase is creating pressure across the whole health and social care system. With demand expected to continue to rise, it will become increasingly more difficult to resource and manage access effectively.
19. Whilst a wide range of preventative services including information, advice and support services are commissioned to support older people and people with disabilities in the borough, they are fragmented and distributed across Southwark and neighbouring boroughs and don't always work together as an effective system. This can mean that these important community services are not used to best advantage to support the council in managing demand and access.
20. The proposal to create two Hubs using a collaborative model across social care, the third sector and health, aims to bring together these key parts of the system, so that a clearer, more cohesive response to people seeking advice and support in the borough is available. This will ensure that those individuals who are able to manage their health and wellbeing themselves are effectively provided with the tools to be able to do so, thereby delaying or preventing their route into the adult social care or health system. Introduction of older persons and disability hubs in Southwark will ensure adult social care assessments and resources are reserved for clients with the highest needs, and will reduce the demand on council services.
21. Development of an older persons and disability hub in Southwark links with the Fairer Future Procurement Strategy commitments; value for money, and health for all, and the need for an age-friendly Borough.
22. Given that this model relies on a strong local network of providers, with well developed relationships and reaches into grass roots community groups and organisations, the option to undertake a single supplier negotiation has been explored as this was the

original preferred option to secure the provision of services to meet the local need. However, following legal and procurement advice it has not been possible to identify such a route to market that complies with legislative requirements. Therefore, following full consideration and discussion, it is recommended that a Lead Provider model through a competitive procedure with negotiation process is undertaken to secure lead providers for each of the hubs.

Market considerations

23. Market intelligence indicates that there are a sufficient number of potential providers to achieve an appropriate level of response to such a process. The existing providers include a range of small, medium and large organisations who operate both on a national and local level. However, only a small number are likely to be in a position to deliver the 'Lead Provider'; model required in this procurement.
24. Whilst a number of other local authorities have significantly reduced their funding to the community and voluntary sector in response to central government funding cuts and the need to protect statutory services, the sector in Southwark remains vibrant, for example, Blackfriars Settlement and Time and Talents have provided services for older and disabled people in the Borough for approximately 130 years. Several of the providers have invested in fundraising resource to reduce the reliance on local authority funding.
25. With the local market including established specialist organisations, and a national market of wide reaching older and disabled support providers, it is expected that there will be a high level of interest in this proposed procurement.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

26. The nature and value of these services means that they are above the light touch threshold and as such the Public Contract Regulations 2015 and Public Sector Directive 2014/24/EU would apply. The following options have been considered in relation to the procurement of this service:
27. **Option 1 – Continue with existing arrangements:** The current inconsistent options can lead to a poor experience for people who may require support and their carers. The current spread of services across the borough means that clients who could benefit from community services are not always aware of what is available, thus negatively impacting on choice. The option to continue with existing arrangements is not recommended as the demand for Adult Services continues to increase, but the budgets are not increasing in line and the current model does not allow for effective signposting meaning that inappropriate referrals are artificially inflating demand. The current arrangements are fragmented and not equitable for residents
28. **Option 2 – Single Supplier Negotiation:** Officers initially explored this option in line with the Southwark Common Outcomes Framework commitment, working collaboratively with local people and providers. Due to the nature and value of this procurement and the possibility of there being more than one provider that can deliver the service, the public contracts Regulations 2015 (EU procurement) regulations do not allow for a single supplier negotiation approach to be undertaken. Therefore this option is not recommended.
29. **Option 3 – OJEU Procurement:** A common procurement route is to use the restricted procedure however, this procedure is primarily suitable if the council is able to clearly define its required output as only minimal 'clarifications' are allowed. An alternative

procurement route is to follow a competitive procedure with negotiation (option 3c below) which would allow the council:

- to reserve the right to evaluate and award a contract based on initial tenders (as if it was a restricted procedure); or
 - to have some negotiations to clarify aspects of the initial tender with a limited number of bidders.
30. **Option 3a - Single provider through restricted tender:-** Using a single provider is unlikely to achieve the reach and provide the diversity capacity to manage the range and level of demand that is anticipated. The utilisation of the expertise of a range of providers and partners will ensure important reach across the borough and into communities. This option is therefore not recommended.
31. **Option 3b – Multiple separate providers through restricted tender-** This is our current arrangement, which is not achieving the outcomes we want for our residents. This approach, whilst securing knowledge, expertise and reach, would be difficult to manage effectively, is likely to be more costly and will lead to inconsistency and fragmentation and ultimately a poor experience for people who use the services and their carers. As such this option is not recommended.
32. **Option 3c - Lead Provider model through competitive procedure with negotiation:** This is the preferred option and supports the council in working collaboratively with bidders and would provide the necessary breadth of experience, expertise and reach, whilst enabling the council to have a clearly defined contractual relationship. A lead provider model through competitive procedure with negotiation has been used by other councils, including Camden to secure a similar service. A separate contract will be awarded to a single provider for each hub (the Lead Provider) who will then sub-contract the services for each hub. The lead Pprovider will be responsible for managing the front door service, as well as overseeing and co-ordinating the range of preventative services being offered across the borough. The lead provider will also be responsible for the delivery and quality of the subcontracted services and will be accountable to the council. This approach is the preferred and therefore recommended approach.
33. **Option 4 - Framework/Third Party Framework-** There are no existing frameworks and services provided through the hubs need to be specific to local requirements and as such the possibility of joining any existing framework would not be viable, and creating a framework would have the same dis-benefits as 3b.
34. **Option 5 - Joint Procurements** Camden Council is committed to developing a centre for independent living (CIL) in the borough by summer 2018. Partnership working with Camden has not been pursued as timelines are not aligned, and their procurement strategy has not been set up i.e. as a framework, to allow further partners to join. No other local authorities have been identified as suitable options to work in partnership with delivering these services. Given the local nature of the networks that local authorities will seek to establish, there are no obvious benefits for pursuing this option
35. **Option 6 - Provide in-house-** This approach would secure local knowledge and is likely to be well received by some residents who see the council as the trusted access/assessment point. However, this is not recommended as it would be a less financially viable option, and could stifle the innovation and flexibility that not-for-profit organisations can harness outside of a public sector structure. Also, in bringing these services in-house, the council would also run the risk losing the reach that Southwark's local voluntary and community sector has due to being seen as an 'honest broker' or independent body from a state agency

Proposed procurement route

36. The proposed procurement route is the “Competitive Procedure with Negotiation” option 3c. This procurement is above the EU light touch services threshold (£615,278) and subject to the light touch regime set out under the Public Contract Regulations 2015. Once the council’s test and learn period has been completed for this service model it is recommended that the council undertake a competitive tender in order to procure these services.
37. The contract will be awarded in two separate lots, one for each hub. The process will result in securing a lead provider for each of the hubs (older people and disability) who will use a network of subcontracted providers to deliver information, advice, signposting and navigation service as well as a wide range of preventative services and support.
38. The procurement will include a pre-qualification stage via a standard selection questionnaire (SQ), which will shortlist bidders before inviting bidders to submit an initial tender. After the Initial Invitation to tender has been evaluated the contract can be awarded. Alternatively, if it is not possible to award at this stage, the council can include one or more stages of negotiation as to how the service will be delivered prior to seeking final tenders.
39. The negotiation phase will take place after the Invitation to Tender is issued and will provide the opportunity to negotiate how the service will be delivered. As a minimum the following 3 key areas of negotiation focus for the council will be:
- I. Their ability to mobilise across the Borough
 - II. The composition and strength of the partnerships that support and underpin the model
 - III. The robustness of the infrastructure to support effective performance management of all providers that will be part of the delivery of the model.
40. Following the conclusion of the negotiation phase, the final tender will be submitted by bidding providers for consideration by the tender evaluation panel. The evaluation panel will be set up with representatives from across relevant service areas and will include procurement and finance officers.
41. Full details of the procurement process is set out at appendix 1 accompanying this report and officers will be working closely with legal and procurement colleagues to ensure that the process is fully adhered to.

Identified risks for the procurement

42. The following risks have been identified for this procurement:

Risk	Description	Risk Rating	Mitigation
Service pressure and demand management	Operational colleagues in Older Peoples and Disabled Persons services have restructured teams to reflect new ways of working through the hubs, which has not as yet been realised. Increasing demand is	Medium	Early co-location and shared working approaches may reduce the pressure on frontline teams

Risk	Description	Risk Rating	Mitigation
	creating pressure and impacting on their ability to deliver the service		
Poor service design and delivery	The evaluation criteria and service specification do not support the Council to clearly articulate the requirements of the service, nor understand the effectiveness of new arrangements	Low	Working closely with all key stakeholders, through the work streams, will ensure that the evaluation criteria service specifications and performance management frameworks that are developed are robust. Completing the 'test and learn' will test the service design, and minimise risk by incorporating lessons learnt.
Financial	Financial sustainability due to greater proportion of services being funded through the Better Care Fund Possible future reduction in BCF funding could result in the budget reducing following contract award.	Medium	Officers are and will continue to work with CCG colleagues and partners to ensure that the design of the model links with shared outcomes, to build a strong case and rationale for continued funding. Better Care Fund for 2019/2020 is signed off through the appropriate governance including the Health and Well Being Board
Capacity of market	Whilst there are a range of providers in the Southwark area, the option to award a higher value contract to a lead provider is untested.	Medium	A competitive procedure with negotiation will require providers to evidence their ability to deliver the services to the required standard
Timescales not being met	Further delay to the procurement could cause reputational risk to the Council	Medium	Commissioning and Procurement staff resource has been brought in to deliver a Programme Management approach to support the project and will be supported by a comprehensive procurement timetable, which is both realistic and achievable.
Lack of bids	A lack of bids could mean the council is not able to award the contract	Low	Early engagement with the market will ensure that there is a clear understanding of the market in terms of size and strength as well as likely interest in this opportunity

Risk	Description	Risk Rating	Mitigation
			A Prior Information Notice (PIN) will be published and early market engagement will be conducted to generate interest and awareness.
Lack of quality bids	A lack of quality bids could mean the council is not able to award the contract due to quality concerns	Low	A robust procurement process which includes discussions with providers and a comprehensive service specification which will outline the required standards for the delivery of the service.

Key /Non Key decisions

43. This report deals with a key decision

Policy implications

44. The Care Act 2014 references that the council has a statutory responsibility to provide information advice, signposting and navigation support to enable people to remain independent, healthy and well.

45. The Care Act 2014 requires Southwark Council to:

- Promote people's wellbeing and independence
- Prevent, delay or reduce care and support needs
- Provide information and advice on the choice of social care available
- Support people to fully participate in assessing their care and support needs and developing support plans
- Meet eligible care and support needs
- Join up health and social care services where this will help us do the above.

Provision of a Hub for Older and Disabled People in the Borough will help Southwark to meet the Care Act 2014 responsibilities.

46. The Council Plan 2018 sets out the 8 priority themes that demonstrate how the council will achieve the seven vision statements in the plan. Vision 5 states that the council aims for work towards 'A healthy borough where your background doesn't determine your life chances'. The provision of this service will contribute to the delivery of this commitment.

Procurement project plan (Key decisions)

Activity	Complete by:
Enter Gateway 1 Decision on the Forward Plan	14/05/2018
DCRB Review Gateway 1	30/05/2018
CCRB Review Gateway 1	28/06/2018
Brief relevant cabinet member (over £100k)	12/06/2018
Notification of forthcoming decision- Cabinet	01/06/2018

Activity	Complete by:
Approval of Gateway 1: Procurement strategy report	17/07/2018
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	26/07/2018
Publication of PIN in OJEU	10/09/2018
Market Warming Event/s	05/11/2018
Completion of tender documentation	07/01/2019
Publication of OJEU Notice	11/02/2019
Publication of Opportunity on Contracts Finder	13/02/2019
Closing date for receipt of expressions of interest	14/03/2019
Completion of short-listing of applicants	22/03/2019
Issue Initial tender	25/03/2019
Closing date for return of tenders*	24/04/2019
Evaluation of Initial Tender	06/06/2019
Conclusion to negotiation phase and invite final tenders	20/06/2019
Closing date for receipt of final tenders	21/06/2019
Completion of evaluation of tenders	11/07/2019
Forward Plan (if Strategic Procurement) Gateway 2	01/08/2019
DCRB Review Gateway 2:	07/08/2019
CCRB Review Gateway 2	15/08/2019
Notification of forthcoming decision – dispatch of Cabinet agenda papers	17/09/2019
Approval of Gateway 2: Contract Award Report	24/09/2019
End of scrutiny call in period and notification of implementation of Gateway 2 decision	01/10/2019
Debrief Notice and Standstill Period (if applicable)	15/10/2019
Contract award	16/10/2019
Add to Contract Register	17/10/2019
TUPE Consultation period (if applicable)	29/11/2019
Place award notice in Official Journal of European Union (OJEU)	18/10/2019
Place award notice on Contracts Finder	21/10/2019
Contract start	02/12/2019
Initial contract completion date	01/12/2022
Contract completion date – (if extension(s) exercised)	01/12/2024

47. The above timetable is indicative and outlines the competitive procedure with negotiation as outlined in the Public Contract Regulations 2015. This procurement will be conducted under the Light Touch Regime and officers will be working closely with Corporate Procurement colleagues to design the procurement process and in doing so, streamline

the timetable. Therefore the dates and length of time set out above set out above are based on a worst case scenario position.

TUPE/Pensions implications

48. This procurement may have TUPE implications for external service providers where they do not take part, or are unsuccessful in the tendering exercise. The providers and their staff could potentially be affected by the implementation of the new contracts. There will not be any TUPE implications for Southwark Council staff as none currently deliver the services to be procured.
49. Whether TUPE applies at the point of contract award will depend on whether the incumbent providers continue to be the providers with whom Southwark contracts and other prevailing circumstances.
50. Should there be a change in service provider and the service remains substantially the same it is anticipated that TUPE will apply.
51. Due diligence work will need to be carried out and staffing information sought from the current providers. Once this due diligence information is provided the full TUPE (and any pensions implications) can be more closely determined. The due diligence information will, as relevant, also be made available to bidders within the tender documentation pack.
52. The procurement project timetable will need to include sufficient timelines to ensure that the council and any affected providers are able to comply with legal obligations that could potentially arise in respect of TUPE.
53. If TUPE does apply it is anticipated that it will be the responsibility of the providers involved to resolve these issues and the council's role in this process will simply be to facilitate contact between the relevant parties and where considered appropriate factor TUPE costs into the contract price."

Development of the tender documentation

54. The development of the tender documentation will be overseen through the Programme and its respective work streams, which has been established to drive the delivery of this work. This has been in place since January 2018 and has led to a re-scoped and re-defined Programme that is underpinned by 6 work streams, with responsibilities defined below :
 - I. **Finance and Performance** – Financial modelling, demand management, key performance indicators and statutory returns requirements.
 - II. **Workforce** – Operational processes and procedures, staff co-location, training joint working protocols, upskilling etc.
 - III. **Operational Service Management** – Care pathways mapping and service design, role requirements, management of front door work and service structure.
 - IV. **ICT Systems and Infrastructure** – Buildings, telephony, systems access, self assessment tools and workflows.
 - V. **Commissioning and Procurement** – Strategic governance, stakeholder management, market engagement, service specification development and outcome measures, definition of the commissioning and procurement approach. Development of Tender documents including contract Terms and Conditions.
 - VI. **Communications** – Design and delivery a communications Strategy and Plan to ensure co-production, engagement and consultation happens in the right way, at the right time for all key stakeholders including, service users, carers and families, LBS staff and provider staff, and wider Southwark community.

55. The work streams are being overseen by a Project Board, which is chaired by the assistant director for commissioning children, adults & families.
56. Regular Board meetings are in place to provide strategic oversight and ensure delivery. The Board includes representation from commissioning, operational leads, performance, Providers from the VCS and representation from the CCG. Additional support, advice and expertise is provided by HR, Finance, Procurement, Legal and Communications etc. through the work streams
57. Separate meetings with incumbent Providers have been established and are on-going as part of the co-production phase to enable focused discussions and engagement. These meetings are underway and will be ongoing until the point at which the procurement commences. VCS providers are also involved and participating in the work stream meetings to ensure effective co-production is at the heart of the work.
58. Work Stream meetings are established and underway, with each having an associated work plan, which links to the overall Programme Plan. It should be noted that as the work has progressed, it has emerged that the work required for the flexible day care offer within the Disability Hub at Southwark Resource Centre will need to have dedicated focus and it is therefore proposed that an additional work stream is established to manage this piece of work. This will ensure that this element of the work is delivered at pace and by September 2018.
59. It is recognised that there is other work happening across the health and social care system in Southwark that has synergies with this Programme, such as social prescribing, population based segmentation and the Local Care Networks (LCNs). Officers are linking into these areas of work to ensure that opportunities for collaborative working are maximised and to reduce any risk of duplication which may lead to competition for limited funds that may adversely impact on this work and its future sustainability.
60. Officers are also looking to other Local Authorities to identify models, best practice examples and key lessons learned that will inform the development of the model and approach here in Southwark.
61. The adults, children's and families commissioning team will be responsible for developing the tender documentation with assistance from legal and procurement which will be based upon the government's Standard Supplier Questionnaire with some additional sections. The specification for which will be based on the outcome and associated learning of the 'test and learns' whilst also meeting the requirements of the Council. .

Advertising the contract

62. The contract falls within the category of services which are subject to a "light touch" regime under the Public Contracts Regulations 2015. A contract notice will be published in OJEU, Contracts Finder and on Southwark Council's e-procurement portal.

Evaluation

63. The evaluation criteria will be based on a 70:30 quality/price ratio. The proposed evaluation ratios are based on the need to ensure that high quality; experienced providers are selected to deliver these critical services. It is recognised that the providers will be working with vulnerable clients and their carers, and will include working with residents with complex needs. The high quality weighting is proposed to attract a calibre of suitably experienced and qualified providers.
64. The evaluation panel will be set up with representatives from across relevant service areas and will include procurement and finance officers.

65. Given the proposed quality/price ratio, we will use a price cap to ensure the prices that are submitted remain within budget. We will be exploring with Corporate Procurement colleagues approaches to incentivising providers to deliver a competitive price.
66. The proposed process will comprise a number of elements that will be designed to robustly test bidders' capability and suitability to deliver an effective service and will include responses to method statements, presentations to a tender evaluation panel as well as to service users and carers. The evaluation scoring methodology will be clearly set out within the tender documentation and shall be approved by the project board prior to the OJEU contract notice being published.
67. The evaluation process in full is set out at Appendix 2, accompanying this report and officers will be working closely with legal and procurement colleagues to ensure that it is fully complied with.

Community impact statement

68. These services will provide information, advice, navigation and signposting support, to some of the Borough's most vulnerable residents, as well as supporting the Council to more effectively manage its demand.
69. Officers are mindful of the need to have due regard to the public sector equality duty imposed by section 149 of the Equality Act 2010, which requires the council to:
 - Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and those who do not share it.
70. As the work progresses the impacts with regard to individual groups and communities will be identified and assessed. This will include an equality analysis, which will be undertaken as part of this work to ensure that the needs of those having a protected characteristic under the act are fully and properly taken into account.
71. The health and wellbeing of Southwark residents will be at the core of the work for this service.

Sustainability considerations

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

Economic considerations

73. The procurement of a Hub to support Older and Disabled people is a cost effective way of ensuring residents have equal access to preventative services, and will support the council to effectively manage demand so that Adult Social Care support is reserved for residents with the highest level of need. The Hub model will help Southwark Council manage budget pressures and sustainability of services
74. The successful bidders will be expected to demonstrate Social Value by the promotion of apprenticeships for local people and encourage and fully support the engagement of volunteers across the services.

Social considerations

75. The successful Lead Provider will be expected to meet the London Living Wage (LLW) requirements for services provided. Given the need to recruit and retain high quality staff, it is considered that best value will be achieved by including this requirement, as well as ensuring that the Council adheres to the requirements of the “Ethical Charter”. As part of the tender process, bidders will be required to confirm that they will be paying LLW and the benefits that this will provide to the council. As part of the tender process, bidders will also be required to confirm how productivity will be improved by payment of LLW. Following award, these quality improvements and any cost implications will be monitored as part of the contract review process.
76. In accordance with the council’s Fairer Futures Procurement Strategy, the successful Lead Provider will be expected to recognise trade unions.
77. The design of the service will be focused around utilising and developing social capital within the sector with a focus on developing and increasing the number of volunteers, and apprentices. Volunteers and apprentices are able to add significant value to the offer as well as the experience being a positive one for the individuals.

Environmental considerations

78. Operating from two central hubs, as proposed will have a positive environmental impact.

Plans for the monitoring and management of the contract

79. Since January 2018 the council has established a Programme Board The contract will be performance managed by the contract monitoring and performance improvement team in children’s & adults services in conjunction with operational service leads from Social Care. Managing and monitoring of the contract will include:

- Compliance with the specification,
- Performance measurement of the provider
- Service user outcomes,
- Service user satisfaction,
- Stakeholder satisfaction

Staffing/procurement implications

80. The proposed procurement will have staff resource implications through the negotiation phase and evaluation panel. The assistant director for commissioning children, adults & families is responsible for resourcing this procurement process. Southwark staff involvement on the evaluation phases will be key to securing high quality service provision, which complements and supports operational delivery.
81. When the local community offer is implemented, there will be impacts, not only on VCS staff, but also on LBS staff within the operational service, as a result of their co-location and shared processes and protocols. The Workforce work stream will lead this area with representation from all key stakeholders, including staff, operational managers, VCS, HR etc. The unions will also be fully engaged as part of this process.

Financial implications

82. The services within the scope of the Hubs are predominantly funded through BCF schemes. The current budget aligned to the Hubs development is £1,529,344, this will be

split across both of the Hubs with £1.1m for the Older Peoples Hub and around £400K for the Disability Hub. The tables below set out the financial breakdown across the BCF schemes.

BCF BREAKDOWN:

Local Community Offer: £1,082,344

This is built up of the following BCF schemes:

Scheme	BCF Investment	2017-18
Scheme 2.8	Age UK Foot and Nail Care Services	£10,000
Scheme 18	Voluntary sector preventative services: existing commitments used to take an integrated approach to prevention and protect CCG and ASC funded services	£910,000
Scheme 20	Dementia - Enhanced neighbourhood support, navigators and carers support for those with dementia	£162,344
	Total:	£1,082,344

Carers Services: £400,000

This relates to the following BCF scheme:

Scheme 1.3	Voluntary sector carers work– block grants	£400,000
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General fund: £45,000 from Break for carers budget (London Borough of Southwark)

Total: £1,527,344

Legal implications

83. This procurement is governed by the EU light touch rules regime for health, social and education services (PCR Regulations 74-77). The procurement is above the light touch threshold of £615,278 therefore a contract notice advert will be placed in OJEU. It is intended that this procurement is also advertised in Contracts Finder and on Southwark's e-procurement portal.

Consultation

84. Consultation with operational colleagues and VCS Providers has been integral to this work and will be ongoing to ensure that the final specification is fit for purpose and reflects the key requirements for Southwark.

85. Consultation with residents, service users their family and carers is planned to take place and will build on previous work. Consultation, engagement and co-production will be central to this work.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (10TJ201819)

86. The strategic director of finance and governance notes the recommendation to pursue a procurement strategy to facilitate the creation of two Voluntary Community Sector Hubs. Funding for this has been identified, as detailed in the Financial Implications section of the report. The department will need to work closely with CCG colleagues to mitigate risks

and maximise opportunities in relation to the significant Better Care Fund element of the budget.

Head of Procurement

87. This report seeks the Cabinet's approval for the procurement strategy outlined in this report to undertake a competitive tender for the provision of a Local Community Offer (VCS - Voluntary Community Sector Hubs) for a period of 3 years with the option to extend for 2 additional years commencing on 02 December 2019 producing a total estimated value of £7,500,000.
88. The value of these services means that they are above the light touch threshold are therefore subject to the tendering requirements of the Public Contract Regulations 2015 (PCR15) and the council's Contract Standing Orders. The council's proposed strategy of undertaking a competitive procedure with negotiation will allow the council to engage with tenderers and find the most appropriate solution for our requirements.
89. Paragraphs 63-67 in this report detail the proposed evaluation methodology which is a 70:30 quality, price ratio. This high quality weighting is reflective of the need to ensure that high quality, experienced providers are selected to deliver these critical services as they will be working with vulnerable clients and their carers, and residents with complex needs.
90. Southwark Council's procurement officers will be advising on the tender documents to be used to ensure that all relevant statutory questions are included and due diligence to ensure the successful supplier is financially stable.

Director of Law and Democracy

91. This report seeks approval of the procurement strategy in relation to the provision of a Local Community Offer (VCS - Voluntary Community Sector Hubs) as more particularly described from paragraph 36 and in Appendix 1.
92. The report recommends the use of the competitive procedure with negotiation. This is a more flexible procedure which preserves competition between interested providers whilst allowing the council to discuss all aspects of the contract with each candidate. The (EU) Public Contracts Regulations (PCR) 2015 allow contracting authorities to use this procedure in situations where, amongst other things the needs of the authority cannot be met without adaptation of readily available solutions, and where the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them. Cabinet must be satisfied that this more unusual procurement strategy will provide best value for the council.
93. The services which comprise the proposed contracts fall within one of the categories of "light touch" services as defined in the PCR 2015. As such, the Regulations allow some flexibility in the manner in which the procedure is conducted, the details of which are set out in the Appendices to this report.
94. The proposed procurement strategy is also consistent with relevant domestic legislation and with the requirements of the council's Contract Standing Orders (CSOs). As a strategic procurement (as defined in the CSOs) the decision to approve the procurement strategy is one which is reserved to Cabinet.
95. Paragraphs 68 - 71 of this report [which note the community impact statement/and the intention to undertake an equality analysis] demonstrate how the council has had due

regard to the public sector equality duty in this procurement and Cabinet should be satisfied that this duty as been complied with when considering these recommendations.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No	Title
Appendix 1	Proposed Procurement Route Stages
Appendix 2	Evaluation

AUDIT TRAIL

Cabinet Member	Councillor Jasmine Ali, Children, Schools and Adult Care	
Lead Officer	Genette Laws, Director of Commissioning Children, Adults & Families	
Report Authors	Jane Love, Programme Manager; Samantha Edwards, Procurement Specialist; Hannah Moorhouse, Commissioning Officer	
Version	Final	
Dated	12 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		12 July 2018

APPENDIX 1

Proposed Procurement Route Stages

Council plan

1. The council shall publish one OJEU notice for this tender against which bidders will be asked to register their interest in the tender through the council's e-procurement portal, Procontract 3. Following this each bidder will need to complete a Standard Selection Questionnaire (SQ) and confirm the lot they would like to bid for. The SQ will be a standard document; however, for each lot there will be a requirement to respond to some additional lot specific questions in the final section of the document. The council will allow a reasonable timeline for bidders to complete the SQ.
2. The SQ will be evaluated by the council based on agreed criteria and the council will shortlist the bidders. Bidders will then be notified as to whether they have or have not been successful and an Initial Invitation to Tender (ITT) will be issued to each successful bidder for their relevant lot.
3. At the ITT stage the shortlisted bidders will be required to make a full tender submission (including a mark-up of the legal agreements) – following evaluation the council may at that stage decide to select a bidder (if their submission is sufficiently detailed and is acceptable) or opt to de-select bidders and invite the remaining bidders to participate in negotiations.
4. If negotiations are conducted (which is likely) then the selected bidders will be asked to sign and return a meeting protocol prior to the first meeting to manage the behaviour of those bidders and place the council in control of the process. The council can include one or more stages of negotiation as to how the service will be delivered prior to seeking final tenders. The main advantage of which is that the council, if it wishes to, will be able to undertake some negotiations with the bidders to clarify certain aspects of their initial bid and/or address elements which fall short of the council's objectives.
5. Tenderers invited to negotiations shall then be provided with the opportunity to submit a final ITT submission, incorporating all the aspects discussed/raised at the negotiation meetings. The final tender will be submitted by bidding providers for consideration by the tender evaluation panel from which the most economically advantageous tender(s) for each lot will be recommended for award.
6. The contract will be awarded in two separate lots, one for each Hub. The process will result in securing a Lead Provider for each of the Hubs (Older People and Disability) who will use a network of subcontracted providers to deliver information, advice, signposting and navigation service as well as a wide range of preventative services and support.

APPENDIX 2**Evaluation**

1. The council will configure the SQ so that bidders will only be asked to complete Parts 1 and 2 once. Part 3 will include some generic questions for both lots; however the council is likely to also ask a number of additional specific questions for each lot in order to verify the bidders experience in delivering similar services.
2. Parts 1 and 2 of the SQ will be primarily evaluated on a Pass/Fail basis; however the project specific questions in Part 3 will have each question awarded a score out of a maximum of 5 marks.
3. The council intend to shortlist a number of bidders against each lot.
4. The ITT shall be evaluated by two evaluation panels, one reviewing price and the other quality. Both panels will have a minimum of three members.
5. It should be noted that bidders are only able to tender for one lot on the basis of the knowledge and expertise that will be required to deliver the service.
6. As a minimum the following 3 key areas of focus for the council will be:
 - I. Their ability to mobilise across the Borough
 - II. The composition and strength of the partnerships that support and underpin the model
 - III. The robustness of the infrastructure to support effective performance management of all providers that will be part of the delivery of the model

Item No. 18.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Amendment to Strategic Management Arrangements	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

In Southwark a fairer future for all means having the best start in life, quality homes that you and your family need, a great place to live with clean, green and safe communities, a healthy borough where your background doesn't determine your life chances and a full employment borough. In the last four years we have delivered on commitments, whether that's about building more homes of every kind, making 97% of our homes are decent, supporting over 5,000 people into jobs and investing in libraries, leisure centres and parks.

Working together with partners and residents the council is determined to reduce health inequalities, which is why for example we introduced free healthy school meals and fruit for all our primary school children and made swimming and gym free for all our residents. This is also why we want to embed health across all that we do and in particular deliver regeneration and development that works for all underpinned by a strong understanding of what our residents are telling us is important to them.

In 2017 we undertook the biggest community engagement exercise of recent times, the Southwark Conversation, the outcomes of which are shaping plans for place making and improving well-being. And as the borough grows and changes we want to make sure that all our communities have the opportunity to benefit. That's why in May 2018 I announced a new set of cabinet portfolios that link together across council departments and services and take a more thematic approach to delivering the Council's vision of a fairer future. In doing this, it was important that we also look at our senior management arrangements to ensure we deliver at pace the plans to support healthier, more resilient and sustainable communities. The council must also be fit for the future and given the continuing impact of significant budget cuts, find ways of doing more for less.

Taking all that together, this report sets out amendments to strategic management arrangements that will mean senior officers taking on and absorbing more cross-cutting responsibilities whilst working across departmental boundaries to deliver improved outcomes for all our communities.

RECOMMENDATIONS

1. Cabinet agree the creation of a temporary post of Strategic Director Place and Wellbeing for the period 1 September 2018 to 30 September 2020. This post incorporates the council's statutory director of public health role.

2. Subject to agreement of recommendation 1 that Cabinet also recommend to Council Assembly that the allocation of responsibility of the statutory director of public health be designated to the Strategic Director Place and Wellbeing; and that part 21, "statutory officers list", of the council's constitution be amended accordingly.
3. Cabinet note that all chief officer posts are contractually inter-changeable; therefore placement of function and post-holders is otherwise delegated to the head of paid service in accordance with the council's policy and procedures.

BACKGROUND INFORMATION

4. The statutory director of public health post is currently filled, on a secondment basis, by the director of health and wellbeing from Public Health England (PHE) Professor Kevin Fenton. This innovative arrangement and supporting resourcing agreement allows for a much closer working partnership between PHE and local government and was designed to be mutually beneficial to both sectors. Professor Fenton is a member of the chief officer team but is not technically a strategic director in our structures. The secondment arrangement was signed in March 2017 following the retirement of the previous director of public health who headed up a shared public health service between Lambeth and Southwark.
5. At its meeting on 19 September 2017 the Cabinet received a report setting out a draft social regeneration policy framework and agreed a definition of social regeneration as being about "ensuring that the places where people live, now and in the future, create new opportunities, promote wellbeing and reduce inequalities so people have better lives, in stronger communities and achieve their potential".
6. In agreeing this definition the Cabinet sought to more clearly define and demonstrate the council's approach to regeneration that works for all. An approach that primarily seeks to reduce economic and health inequalities and to strengthen communities and harnesses change to reduce inequalities in a borough where people are healthy and resilient, feel connected, and there are opportunities for all.
7. The Southwark social regeneration framework has three objectives: a borough wide approach to improving the wellbeing of current and future generations; a one Council approach to bring about improved well-being for people and places across Southwark; and wellbeing as a primary outcome of all our work. A key priority of the emerging framework was the need to hear from people who live, work or play in Southwark on their impression of change and the impact it has had on their lives.
8. Cabinet therefore also agreed that the draft social regeneration policy framework be further shaped and used as part of the evidence for a wider conversation with residents, partners and stakeholders and that a report be brought back on progress. This was known as "the Southwark Conversation". The Southwark Conversation ran from 19th October up until 24 December 2017. It involved 109 separate events alongside receipt of 2,923 individual responses. Initial findings from the Southwark Conversation were reported to Cabinet on 13 March 2018.

9. Findings from the Southwark Conversation along with existing empirical research make a strong business case for embedding health and wellbeing into the planning and development process. Research indicates the importance to local residents of health and wellbeing being properly considered and addressed through design early in the planning and development process and as part of a wider place-making approach. Evidence shows that the benefits to both the developer and wider society over the long term will generally outweigh costs.
10. Local communities are at the centre of everything we do. Community-centred approaches are fundamental to forge sustainable interconnections between our place, health and economic productivity. Through partnerships, social innovation and community mobilisation, we have a chance to reshape how we bring together people and ideas to promote place-making in a coherent way. This is based on local needs and demographic profiles and informed by an up-to-date local health evidence base. This includes a stronger integrated focus on: movement and access; open spaces, play, and recreation; the food environment; buildings; neighbourhood spaces and infrastructure; and the local economy.
11. This paper therefore proposes amendment to strategic management arrangements that will provide the appropriate focus and professional connection between the key elements of planning, regeneration, and health and community engagement. Details are set out in paragraphs 14 to 18.

KEY ISSUES FOR CONSIDERATION

12. Southwark Council continues to evolve, responding to new challenges and opportunities. Over the past decade, rationalising senior management structures and reporting lines has been a key element of our efficiency programme. In addition, we have an opportunity to make use of a partnership with PHE that effectively provides us with a strategic director level officer at a cost to the council of a director level post.
13. In the major reorganisation in 2012, the chief executive's department absorbed the regeneration and planning departments and has since contributed significant savings towards corporate targets. A key underlying principle of that reorganisation was a commitment to the chief executive having departmental responsibilities alongside the head of paid service role. This continues as economic development, emergency planning, external affairs and scrutiny all remain in the chief executive department. In addition, to fully utilise the remainder of the secondment period agreed with PHE, there will be further consideration given to future structural reorganisation as this period comes to an end. This consideration is also an inevitable part of the continuing impact of government austerity measures on local government.
14. This report proposes that the planning and regeneration divisions of the current chief executive department, and their specific responsibilities, transfer to the new strategic director for place and wellbeing (and in line with the terms of the creation of a temporary post of strategic director place and wellbeing).
15. A further element of consolidation concerns the aim to pilot a single department with a single chief officer dedicated to the delivery of the social regeneration policy framework and asset based community development. Cross-

council teams of officers are already working in an integrated way to support social regeneration policy outcomes. The creation of a single department focusing on place and wellbeing will add value to this process and further strengthen and integrate the councils' planning, regeneration, health and, where most directly relevant, community engagement functions.

16. The resulting changes in detail are:
 - The creation of a new post of strategic director, place and wellbeing incorporating the statutory role of the director of public health for the period 1 September 2018 to 30 September 2020.
 - The transfer of the planning and regeneration divisions from the chief executive's department to a new 'place and wellbeing' department
 - The transfer of the public health division from environment and social regeneration department to the new place and wellbeing department.
 - The transfer of the voluntary and community sector (VCS) commissioning team and the relevant community engagement responsibilities, principally the consultation and involvement team, equalities and inclusion plus communities projects from the strategic director for housing and modernisation to the new place and wellbeing Department.

17. The combining of divisions and teams to create the new place and wellbeing department offers additional benefits including opportunities for joint working and commissioning around social regeneration, asset based community development, improved data, knowledge and intelligence to inform planning decisions and community engagement approaches. Other opportunities include efficiencies of back office functions, sharing of technical support in areas such as needs assessment, workforce planning, equalities and community engagement, with a single point of contact for external agencies interested in place shaping and creating healthy sustainable communities. Once new arrangements are in place, a regular process of review through normal business planning will ensure these arrangements continue to be effective and provide the right safeguards to the discharge of statutory functions.

18. In parallel the creation of a new strategic director led department on place and wellbeing, provides an opportunity to further accelerate the council's commitment to integrated health and wellbeing across all council activities including through a. "health in all policies" approach. In so doing, the place and wellbeing department's strong focus on social regeneration will be complemented by embedded strategic and operational partnerships with housing, education, social services, environment, leisure, modernisation, economy and corporate functions.

19. In creating the new strategic director led department on place and wellbeing, the existing environment and social regeneration department will be subsequently named environment and leisure.

20. Appendix 1 describes the proposed structure chart arising from the proposals set out in this report.

Policy implications

21. Southwark's Constitution (Part 3c 4) includes amongst those matters reserved for Cabinet:

Decisions regarding the strategic management of the council including decisions on major reorganisations and major reallocations of functions between departments or chief officers.

22. This report details the proposed major re-allocations of functions between departments. Any more minor operational or structural decisions as a consequence of these additional functions will be the subject of delegated decision making of either the head of paid service or the relevant strategic director as appropriate.
23. There are no other changes to the designation of the statutory roles within the council as a result of the proposals above with the exception of the designation of the director of public health now being the strategic director place and wellbeing. This change of designation is subject to approval by council assembly.

Community impact statement

24. The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. This change to management structures is designed to improve the visibility, efficiency and effectiveness of our ways of working and simplify how our communities deal with us. Bringing together the planning, regeneration, communities and public health functions strengthens our commitment to urban renewal, asset based community development, and the promotion of place based approaches to improving wellbeing and with it advances equality of opportunity through outcomes achieved.
25. Front line services will remain protected whilst ensuring the necessary business of running the council remains effective and efficient. Proposals are specifically geared to improvements in service delivery through better alignment of functions and encouragement of integration of activity whilst achieving any necessary ongoing savings through efficiency in management and support functions.

Resource implications

26. There are no additional costs associated with the temporary creation of this strategic director role. No additional posts are being created and it is envisaged that the new department will be able to engender further efficiencies through improved ways of working.

Consultation

27. The chief executive has consulted with the Leader and the chief officer team and senior colleagues affected by these proposals and with PHE. Further detailed consultation with staff and Trade Unions is necessary to progress the detail of the changed organisational structure insofar as they affect individuals, in accordance with the council's established reorganisation procedures. It should be noted however that these arrangements are temporary given the nature of the shared secondment with PHE and associated resources; the proposed changes represent a realignment of existing organisational divisional and team structures, with no material impact at this point on staff within those teams.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law & Democracy

28. The approval of the creation of posts at grade 17 and above, which would include the post of strategic director place and wellbeing, is a matter reserved for cabinet under Part 3C of the constitution. Cabinet is also responsible for making any decisions regarding the strategic management of the council including decisions on major reorganisations and major reallocations of functions between departments of chief officers. The recommendations in this report are therefore properly matters for the Cabinet to decide.
29. The Appointments Committee has a role in appointing chief officers. As set out in the recommendations, to the extent that serving chief officers are allocated other chief officer duties, this is a matter for the head of paid service.
30. With regard to Recommendation 2 of the report, Council Assembly has the role of designating the posts within the management structure which carry the functions of the designated statutory officers.
31. The recommendations affect officers whose roles are defined by statute.
32. Cabinet should note that the director of health and wellbeing is on secondment from Public Health England (PHE). PHE's agreement to the changes in the seconded role is required. It is understood that has been sought and that that PHE do not object. Further PHE, on behalf of the Secretary of State for Health, must be satisfied that the job description fits with the statutory responsibilities and mandated responsibilities of the director of public health. Formal confirmation of this will be required.
33. Cabinet should also note paragraph 27 of the report which sets out the consultation which has been undertaken and is proposed to be undertaken in respect of the recommendations of the report.
34. Cabinet are reminded of the PSED general duty under section 149 of the Equality Act 2010 when making a decision, to have due regard to the need to:
- a. Eliminate discrimination, harassment, victimisation or other prohibited conduct;

- b. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
- c. Foster good relations between person who share a relevant protected characteristic and those who do not share it.

Head of Human Resources

35. Consultation has taken place with those directly affected by these proposed changes to their reporting lines. While the management reach of the director of public health is expanded (into the proposed strategic director of place and wellbeing role), there are no other substantial changes to jobs or redundancies. Further consultation will take place with staff and trade unions as part of preparatory arrangements, for example integration within the new department and maintaining strong links with other council services in order to make the transition a success.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Proposed structure

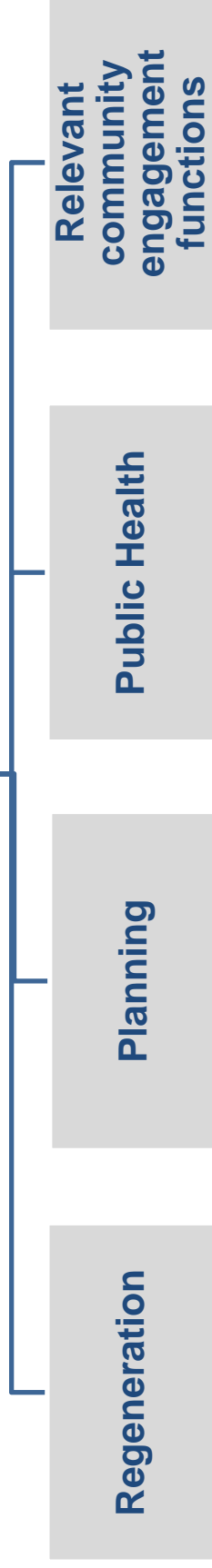
AUDIT TRAIL

Cabinet Member	Cllr Peter John, Leader of the Council	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Eleanor Kelly, Chief Executive	
Version	Final	
Dated	12 July 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		12 July 2018

Proposed Place and Wellbeing management structure

Strategic Director Place and Wellbeing*

(*statutory role of
Director of Public
Health)



Item No. 19.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Appointments to Outside Bodies 2018-19 – Board of Lewisham Southwark College Corporation	
Ward(s) or groups affected:		N/a	
From:		Proper Constitutional Officer	

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Cabinet agreed nominations to outside bodies for 2018-19 at its meeting held on 26 June 2018.
3. As part of the nominations process Councillor Jasmine Ali, cabinet member for children, schools and adult care was agreed as the nomination to the Board of Lewisham Southwark College Corporation. It has since been confirmed that the nomination should have been Councillor Kieron Williams, cabinet member with specific responsibility for apprenticeships, education and training for young people.

KEY ISSUES FOR CONSIDERATION

4. The Board of Lewisham Southwark College Corporation oversee the college which provides short courses, higher education and apprenticeships. The governance of the college is headed by a Corporation Board.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Everton Roberts, Principal Constitutional Officer	
Report Author	Paula Thornton, Constitutional Officer	
Version	Final	
Dated	11 July 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Date final report sent to Constitutional Team		11 July 2018

Item No. 20.	Classification: Open	Date: 24 July 2018	Meeting Name: Cabinet
Report title:		Disposal of Council's Freehold Interest in former car pound, Mandela Way, SE1	
Ward(s) or groups affected:		South Bermondsey	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

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

This report recommends the sale of the council's interest at 25 Mandela Way. The site is currently used for open storage and sale of the land will pave the way for a redevelopment that provides much needed new homes and a range of new jobs.

The new homes will include affordable homes at rent levels which are compliant with the New Southwark Plan. Firmdale, who run hotels across London and who bought the long leasehold interest in the land in 2014, will continue with their plans to develop a commercial laundry on the site providing 100 local jobs. Firmdale is an accredited Living Wage employer. Other retail, office/light industrial use in the new development will generate up to 50 additional local jobs. These uses will also generate business rates that will help the council mitigate the loss of government funding and the capital will contribute to the council's capital programme.

RECOMMENDATIONS

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

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

BACKGROUND INFORMATION

3. The council is the freeholder of land at Mandela Way SE1 over which a long leasehold was granted for a premium at a peppercorn to Firmdale Hotels. There are approximately 247 years left on the lease.
4. Firmdale Hotels is a hotel group established in the 1980s with seven boutique hotels in Central London and one in New York. Firmdale bought the long leasehold interest in the land from the council in 2014 to develop a commercial laundry with ancillary commercial space on the site. Firmdale's existing laundry,

which is located in Fulham, serves around 26 hotels in London, including Firmdale's hotels as well as Claridge's and the Connaught. Firmdale have confirmed that they are an accredited Living Wage employer.

5. Since that time plans have been announced for the extension to the Bakerloo Line down the Old Kent Road and the Old Kent Road Draft Area Action Plan has been published and is being consulted upon.
6. A planning application for a mixed use development including retail, office/light industrial and 231 units of residential accommodation has been made on the site following detailed pre-application discussions that have taken place with the councils planning department. Firmdale's laundry continues to be part of the plan and would be provided alongside other commercial space for SMEs and some retail. In all, it is estimated that the scheme would generate around 150 full time jobs, including 100 jobs in the laundry.
7. The land is currently used as open storage although the existing planning permission for the commercial laundry was implemented earlier this year. It is in a Preferred Industrial Location, however, this area was designated a Housing Zone by the GLA in February 2015.
8. The council has prepared a draft Area Action Plan for the Old Kent Road area which includes this site and allows residential and mixed use proposals.

KEY ISSUES FOR CONSIDERATION

9. Negotiations have taken place between Firmdale Hotels and the council's Property officers and its advisors Montague Evans regarding the sale of the council's freehold interest in the land. The council is advised that it has obtained best consideration with the terms agreed with Firmdale
10. A planning overage has been agreed so that if a higher density is achieved than that currently indicated in pre-planning discussions with the councils planning department then the uplift in value is shared.
11. If Firmdale were to sell on the site for a larger sum than has been agreed then the council would benefit from an overage payment reflecting this.
12. The requirement for the delivery of 35% affordable homes is a requirement of planning policy however developers often make a viability case that this figure is not justifiable. To ensure compliance with council planning policy the council will require the developer in the development agreement to provide 35% affordable housing. The mix of affordable units will be required to be planning policy compliant. As proposed, the scheme will be required to deliver 70% of the affordable units as social rented and 30% as intermediate. The freehold of the site will not be transferred until the policy compliant scheme has been implemented. A covenant will be placed on the site to bind successors in title to the affordable housing requirement.
13. If planning permission for the proposed scheme is not consented then the sale of the freehold does not proceed. However the leaseholder has implemented their consent for the Laundry and mixed commercial scheme so can build that out under the terms of their lease.

Policy implications

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

Community impact statement

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

19. Section 1, Localism Act 2011 provides councils with a general power of competence whereby a local authority has the power to do anything that individuals generally may do. However, this power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 123, Local Government Act 1972 is a pre-commencement statute which imposes restrictions on a council's power to dispose of land.
20. Section 123, provides that a council shall not dispose of land under the section (unless it is by way of a short tenancy) for a consideration which is less than the best that can reasonably be obtained except with the consent with the Secretary of State.
21. Paragraph 10 of the report confirms that the developer will pay a consideration to reflect the value of the council's reversionary interest and that it is confirmed that this will represent best consideration.
22. The report also comments on the importance of ensuring that the scheme is planning policy compliant providing 35% affordable housing. This is complicated by the fact that the site is currently within a Preferred Industrial Location although this will be reconsidered as the draft Old Kent Road Area Action Plan emerges and the area was designated a Housing Zone by the GLA in February 2015. A further complication is development plan policy (London Plan Policy 3.12) supported by the National Planning Policy Framework allows the affordable

housing contribution in a scheme to be reduced where viability appraisals suggest this is justified.

23. Whilst a requirement to this effect will be included in the sale agreement, this will not necessarily be effective against a successor in title of the purchaser. It will be necessary to bind not simply the purchaser but also the land being disposed of for the covenant to be enforceable against future purchasers. The covenant is proposed in recommendation 2 and referenced in paragraph 12.

Strategic Director of Finance and Governance (FC16/010)

24. The report is requesting Cabinet to grant an option to acquire the council's freehold interest in land at Mandela Way SE1 (as shown outlined in black in Appendix 1) to Firmdale hotels for residential development and to authorise the Director of Regeneration to negotiate the terms of the sale agreement and subsequent development agreement with Firmdale. Terms of the agreement and the financial implications are detailed in the closed version of the report.
25. The strategic director of finance and governance notes the director of regeneration considers the proposed transaction as set out in the closed version of the report to represent best consideration in terms of S123 of the Local Government Act 1972.
26. The capital receipts generated from the proposed arrangement will be recycled into the council's capital receipts funds in financing council priorities.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Draft Old Kent Road Area Action Plan	160 Tooley Street, London SE1 2QH	Tim Cutts 020 7525 5380
Link: (copy and paste link into browser) https://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/area-action-plans?chapter=2		


APPENDICES

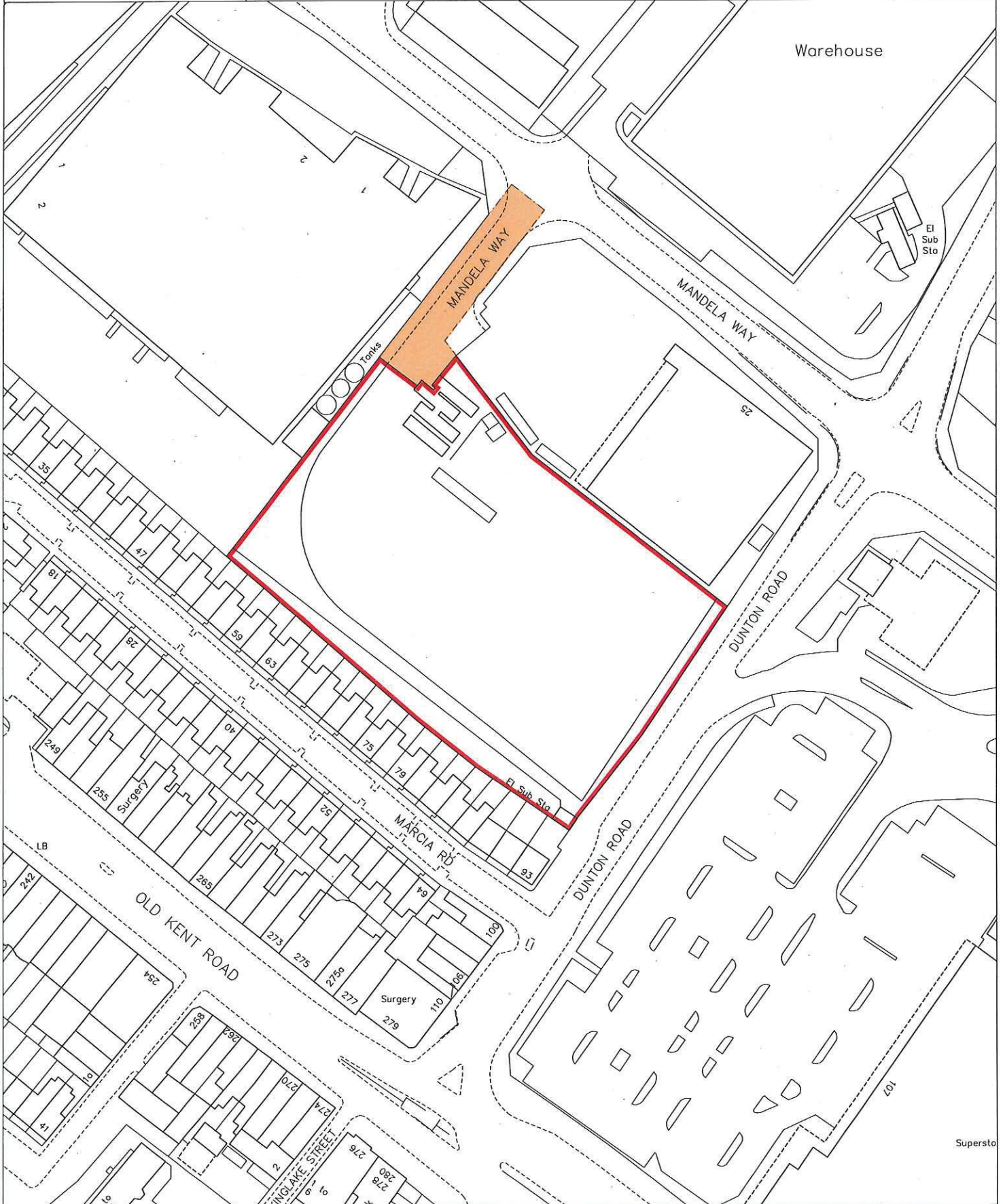
No	Title
Appendix 1	Site plan showing the site area edged black

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Finance, Performance and Brexit	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Marcus Mayne, Principal Surveyor	
Version	Final	
Dated	13 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Director of Law and Democracy	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		13 July 2018



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