

Cabinet

Tuesday 16 June 2020

4.00 pm

Online/Virtual. Members of the public are welcome to attend the meeting.

Please contact constitutional.team@southwark.gov.uk for a link to the online meeting

Membership

Portfolio

Councillor Peter John OBE
(Chair)

Leader of the Council

Councillor Rebecca Lury

Deputy Leader and Cabinet Member for Culture, Leisure, Equalities and Communities

Councillor Evelyn Akoto

Cabinet Member for Community Safety and Public Health

Councillor Jasmine Ali

Cabinet Member for Children, Schools and Adult Care

Councillor Stephanie Cryan

Cabinet Member for Jobs, Business and Innovation

Councillor Richard Livingstone

Cabinet Member for Environment, Transport and the Climate Emergency

Councillor Victoria Mills

Cabinet Member for Finance, Performance and Brexit; and Deputy Community Champion for the East Central Area

Councillor Leo Pollak

Cabinet Member for Social Regeneration, Great Estates and New Council Homes

Councillor Johnson Situ

Cabinet Member for Growth, Development and Planning

Councillor Kieron Williams

Cabinet Member for Housing Management and Modernisation

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

You have the right to request to inspect copies of minutes and reports on this agenda as well as the background documents used in the preparation of these reports.

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Contact

Paula.thornton@southwark.gov.uk; or virginia.wynn-jones@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 8 June 2020



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Cabinet

Tuesday 16 June 2020
4.00 pm

Online/Virtual. Members of the public are welcome to attend the meeting. Please contact constitutional.team@southwark.gov.uk for a link to the online meeting

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.	
5.	PUBLIC QUESTION TIME (15 MINUTES)	

Item No.	Title	Page No.
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules. The deadline for the receipt of a public question is midnight Wednesday 10 June 2020.	
6.	MINUTES	2 - 24
	To approve as a correct record the minutes of the open section of the meetings held on 7 April and 5 May 2020.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of a deputation request is midnight Wednesday 10 June 2020.	
8.	#SOUTHWARK TOGETHER: COUNCIL RESPONSE TO COVID-19 PANDEMIC - RECOMMENDATIONS OF OVERVIEW AND SCRUTINY COMMITTEE	25 - 30
	To consider recommendations from overview and scrutiny committee in respect of the council response to Covid-19 Pandemic and to provide a response back to overview and scrutiny committee within eight weeks.	
9.	POLICY AND RESOURCES STRATEGY CAPITAL MONITORING REPORT OUTTURN 2019-20	31 - 56
	To note the outturn and resources for 2019-20 and future years for both the general fund and housing investment programmes.	
	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..	
10.	POLICY AND RESOURCES STRATEGY: REVENUE MONITORING OUTTURN, INCLUDING TREASURY MANAGEMENT 2020-21	57 - 81
	To note the general fund outturn position for 2019-20 and the key adverse variations and budget pressures underlying the outturn position.	
	To approve and note general fund budget movements.	
11.	FORMER WALWORTH TOWN HALL	82 - 95
	To establish a management body for the community space comprising council, developer and community membership.	
12.	GATEWAY 3 – VARIATION DECISION HOUSING MAJOR WORKS CONTRACTS	96 - 107

To approve the variation of contracts for area 3, Camberwell and Peckham, contract area 4, Nunhead, Peckham Rye and Dulwich and area 5, Borough-wide street properties, temporary accommodation and major voids.

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| 13. | GATEWAY 2 - AWARD FOR PRECONSTRUCTION SERVICES ABBEYFIELD ESTATE HINE (MAYDEW HOUSE) WORKS | 108 - 125 |
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To approve the award of the pre-construction services for Abbeyfield Estate High Investment Need Estate (Maydew House) works.

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

EXCLUSION OF PRESS AND PUBLIC

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

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

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

PART B - CLOSED BUSINESS

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| 14. | MINUTES |
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To approve as a correct record the closed minutes of the meeting held on 7 April 2020.

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| 15. | GATEWAY 2 - AWARD FOR PRECONSTRUCTION SERVICES ABBEYFIELD ESTATE HINE (MAYDEW HOUSE) WORKS |
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DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT



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

Cabinet 16 June 2020

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

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

This notice issued in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 is to confirm that the cabinet meeting to be held on 16 June 2020 at 4.00pm will be held partly in closed session for consideration of the following items listed on the agenda:

Item 15: Gateway 2 - Award for Preconstruction Services Abbeyfield Estate HINE (Maydew House) works

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

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

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

Paula Thornton
For Proper Constitutional Officer

Dated: 8 June 2020



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 7 April 2020 at 4.30 pm

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

OTHER MEMBERS PRESENT: Councillor Helen Dennis
Councillor Jane Salmon

1. APOLOGIES

The leader welcomed cabinet members and Councillors Jane Salmon and Helen Dennis as members of overview and scrutiny committee to the virtual meeting.

The monitoring officer explained that while the council had received a letter challenging this cabinet meeting being held, the council has considered the regulations, and she is satisfied that the meeting is called appropriately and that the council is proceeding in a lawful manner.

There were no apologies.

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

The chair gave notice of the following late items:

- Item 5: Public Questions
- Item 12: Repairs Service Improvement Plan
- Item 20: Putting Residents First Review - Update
- Item 30: Community Harm and Exploitation Reduction Plan 2020-2021

- Item 40: Borough and Bankside Social Regeneration Charter

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

There were no declarations of interest

5. PUBLIC QUESTION TIME (15 MINUTES)

1. Public Question from Toby O'Connor

What are the main challenges and opportunities for public engagement in planning processes in the coronavirus situation for example with the current consultations on the statement of community involvement, regeneration charters, the local plan EIP and planning committee meetings?

Response

We are reviewing the democratic processes in light of the seriousness of the coronavirus pandemic. The current unprecedented situation will mean that some decisions and progress on adopting planning policies will be delayed. At the moment it is too early to give details but in the main we are working solely on supporting our residents through this crisis.

Mr O'Connor asked a supplemental question relating to public engagement during the covid outbreak.

The Leader confirmed that public engagement would be considered seriously. Addenda to reports on this meeting's agenda covered the issues, and decision-making would go forward following governmental regulations.

LATE PUBLIC QUESTIONS

2. Public Question from Aysen, Wendover TRA

I would like to know, what is the council's intention or plan to keep estates clean & hygienic. As I live on Aylesbury/ Wendover block there is no cleaning already. Are they going to deep clean each estate, where lots of people are living, which makes us more exposed?

Response for questions 2 – 7

Following the postponement of this cabinet meeting as a result of COVID-19 and in response to these questions the cabinet member arranged a meeting with Southwark

Group of Tenant Organisation (SGTO) in which he answered these questions – you can find a recording of the meeting here:

https://soundcloud.com/user-762195973?fbclid=IwAR0PXFvUuQYkLIA4J2yao_YwueAlv270goV-4EVyhe3B5zg7WdF548CAFd4

Information on coronavirus, including the impact on council services and housing advice, is also available on the council's website here: <https://www.southwark.gov.uk/health-and-wellbeing/public-health/for-the-public/coronavirus>

The cabinet member thanks you for your questions and will continue to engage with you throughout this process.

3. Public Question from Danielle, Lindley Estate

What happens with urgent repairs for council properties, things like broken boilers, electricity outages, uncontrollable leaks. Will the repairs service continue operating? Do we continue ringing the call centre in the usual way? How can households/tradespeople ensure they stay safe whilst social distancing measures are in place?

4. Public Question from June, Brandon Estate

Are there any plans for a council tax amnesty? There is talk of mortgage and rent amnesty done by the Government. A service charge 3 month relief holiday for leaseholders would help. A 3 month amnesty for charges for major works/heating again would be a big help to leaseholders.

5. Public Question from Chinelo, Bell Gardens Estate

I have questions around cleaning communal spaces, in particular places that aren't often cleaned, if at all. For example, "outdoor" corridors guarded by balconies/hand railings. Will cleaning protocols be updated to be more inclusive and thorough?

6. Public Question from Grace, Southampton Way

Is the council planning for when the situation gets worse and more staff go off sick? We will definitely need more care workers, street cleaners, meals delivery, childcare for key workers, housing for homeless - can the council recruit now to speed up DBS checks and training etc where needed?

7. Public Question from Bryan and Lea, Caroline Gardens

For council tenants who lose their employment due to Covid-19, are plans in place to help with rent and council tax? If so, what are the plans; and how do you access that help?

8. Public Question from Harpreet Aujla

Will you suspend all decisions on the Elephant and Castle shopping centre due to the Covid 19 pandemic and the economic uncertainty raised by this crisis period we have entered? The Chancellor has announced help for workers and small businesses; will you protect business owners, traders and workers likewise?

Response

The redevelopment of the shopping centre is a long term project that is embedded in both London and Southwark planning policies. In December the High Court dismissed a claim for a judicial review of the decision to grant planning permission for the redevelopment. On 15 January the developer announced its intention to close the centre at the end of July and the next day it formally wrote to all businesses to inform them of this decision.

It is important to recognise that the decision to close the Shopping Centre was a decision taken by the Centre's owner, not Southwark Council. The decision by the owner predates the current health emergency. The owner has confirmed that traders rent and service charges have been reduced to zero to help them during this period and will be monitoring Government advice in the coming weeks to guide next steps.

Today, 7 April, cabinet is being asked to make public powers available to facilitate the delivery of this long terms project which will deliver an extensive package of public benefits that are detailed in the report. These decisions will neither hasten nor delay the closure of the centre. Rather the proposed decisions are a sensible and pragmatic approach which will help bring certainty for our residents and businesses who live and work in the area.

The council remains strongly committed to supporting small independent traders and their employees located at the centre. We have successfully pressed the developer to bring forward a comprehensive package to assist traders to relocate and continue to trade in the area. Temporary accommodation is being provided for traders at Castle Square, and Elephant Arcade. Subject to the health emergency we expect independent traders to be able to relocate to these locations before the end of July and to begin trading from their new premises soon after that. Permanent locations have also been secured for some traders through S106 agreements at Elephant Park, and One Elephant. A relocation fund comprising a minimum of £635,000 and tailored business advice and support has also been established.

Following a deputation of traders on 28 January 2020 we announced the setting aside of an additional £200,000 for trader support from the council. This transition grant is part of a package of additional support. In addition to the funds, traders will be given access to Southwark Works, who can offer career advice to those traders looking to change their work or upskill.

The implementation of this package is the best way in which we can help support traders to speedily resume economic activity. Delaying decisions would only increase uncertainty for them and jeopardise the viability of their businesses and the jobs they provide.

Support to help deal with the impact of the coronavirus outbreak continues to be offered through the business support desk and through the council's business rates team. Advice and guidance on any available financial assistance, business rates relief and other support can be accessed by emailing SouthwarkBusinessDesk@southwark.gov.uk. In addition, the council's COVID-19 support for businesses and employers webpage (<https://www.southwark.gov.uk/health-and-wellbeing/public-health/for-the-public/coronavirus/covid-19-support-and-information-for-businesses-and-employers>) is kept up to date with the latest information and guidance on the support available to Southwark businesses.

9. Public question from Mr Santiago Peluffo Soneyra

Will you commit within the next 10 days to make use of funding streams to support the thousands of sole traders and micro-businesses who do not qualify for the grants for small businesses and are in desperate need of cash coming into their pockets while they are out of business?

Response

Southwark was one of the first councils to ensure businesses received their grant funding immediately. As at today 1,490 businesses will have had their grants issued to a value of £26m. We have also ensured that all recovery and enforcement action in relation to rates has been suspended for *all* businesses. Where businesses have been struggling financially they have been encouraged to contact us to make alternative payment arrangements including payments delayed until June.

While we welcome the support for businesses that has been announced by government, particularly in terms of business grants, we also recognise the gaps in this support that mean many of the businesses most affected by the coronavirus outbreak will not be eligible. These include small businesses with rateable values of above £51k, as well as huge numbers of businesses who do not pay business rates, for example those in workspaces and other multi let premises.

In response, the council is proposing a Business Hardship Fund specifically targeted at those businesses who are ineligible for other forms of support. These unprecedented times for the local economy has led us to repurpose the Southwark Pioneers Fund for this purpose. The Pioneers Fund was set up to support local enterprises to start and grow, and promote social value.

Grants of up to £10,000 will be made available for small businesses that cannot access other forms of support and can demonstrate hardship as a result of covid-19. The council has committed in excess of £2m to this fund to support small Southwark business experiencing hardship. Small businesses who are not eligible for either of the two government grant funds or self-employment income support may apply if they satisfy the following criteria:

- Is registered and trades in the London Borough of Southwark
- has fewer than 10 full time equivalent employees; *and*
- is facing financial hardship as a result of the COVID-19 pandemic that affects its ability to continue to trade and threatens permanent closure.

We recognise the extreme difficulties that many businesses are currently facing. We hope that the Business Hardship Fund will enable many more Southwark businesses to weather the storm than may otherwise be the case.

6. MINUTES

RESOLVED:

That the minutes of the open section of the meeting held on 4 February 2020 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

There were no deputation requests.

8. LIVING WAGE PLACE ACTION PLAN

RESOLVED:

That the draft 'Southwark Living Wage Place Action Plan' to make Southwark an accredited Living Wage Place, as set out in Appendix 1 of the report be approved.

9. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL ADULT COMMUNITY SPECIALIST DRUG AND ALCOHOL TREATMENT SERVICES

RESOLVED:

Decisions of the Cabinet

1. That EU light touch regime competitive procurement process outlined in the report for adult community specialist drug and alcohol treatment services at an estimated annual cost of up to £3,420,000 for a period of three years from 1 April 2021 with the option to extend for up to nine years in increments with break clauses at the council's sole discretion, making a total estimated maximum contract value of up to £41,040,000, be approved.

Decision of the Leader of the Council

2. To delegate the final decision for the updated contract commencement date to the cabinet member for community safety and public health following the creation of an updated procurement plan with revised anticipated dates.

10. POLICY AND RESOURCES STRATEGY: CAPITAL MONITORING REPORT, INCLUDING CAPITAL PROGRAMME UPDATE 2019-20 (MONTH 9)

RESOLVED:

1. That the outturn and resources for 2019-20 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D of the report be noted.
2. That the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C of the report be approved.
3. That the inclusion in the programme of the capital bids set out in Appendix E of the report be approved.
4. That the significant funding requirement of £458.5m which needs to be identified for the general fund programme to be fully delivered over the remaining term of the programme, as detailed in Appendix A of the report be noted.

5. That the significant funding requirement of £96.5m which needs to be identified for the housing investment programme to be fully delivered over the remaining term of the programme, as detailed in Appendix B of the report be noted.

11. THE HOUSING REPAIRS SERVICE: REPORT FROM SOUTHWARK HOUSING SCRUTINY COMMISSION

RESOLVED:

1. That the housing scrutiny commission report on the housing repairs service, Appendix 1 of the report be noted.
2. That the recommendations from the housing scrutiny commission be noted and that the relevant cabinet member reports back to cabinet within eight weeks.

12. REPAIRS SERVICE - IMPROVEMENT PLAN

RESOLVED:

Decisions of the Cabinet

1. That the repairs improvement plan be approved and a report back on progress be received in June 2021
2. That progress in implementing the plan be reported quarterly to the lead cabinet member and also to tenant's representatives through the council's new tenants forum or a sub group of that forum.
3. That the proposed transfer of building services from environment and leisure to the housing and modernisation department be noted. One of the key gains from the shift to housing is that Southwark Building Services will become more seamlessly part of the council and part of the overall housing team

Decision of the Leader of the Council

4. That authority be delegated to the cabinet member for housing management and modernisation to update the repairs improvement plan to strengthen it as work on it progresses and further specific improvements and actions are identified.

13. RECOMMENDATIONS ON BRANDON ESTATE - RESPONSE TO OVERVIEW AND SCRUTINY COMMITTEE

RESOLVED:

That the recommendations arising from the overview and scrutiny committee be agreed and progress of actions noted.

14. ADULT SOCIAL CARER FAIRER CONTRIBUTIONS POLICY

RESOLVED:

Decisions of the Cabinet

1. That the information contained in the report and its appendices be noted.
2. That it be agreed to adopt the proposed changes to the council's charging policy which are as follows includes the following:
 - Simplify the Fairer Contributions Policy document (FCP) to make our approaches to residential and non residential financial assessments clearer
 - Increase the minimum contribution towards social care costs from £3 to £5
 - Specify a charge of £200 for the council to arrange care for full cost service users assessed to require non-residential care excluding alarms
 - Use light touch assessments for those receiving alarm services only
 - Promote deferred payment agreements and charges on property as a way of paying for residential care
 - Implement a review trigger where allowances exceeding £20 per week on DRE (disability related expenditure) are claimed from April 2021
3. That the proposed changes to be adopted as outlined in Appendix 1 be agreed. The FCP to be applied from April 2020.
4. That the responses to the consultation on the proposed changes to the FCP as set out within the report and in Appendix 2 be noted.
5. That the equality and impact analysis set out in Appendix 3 of the report be noted.

Decision of the Leader of the Council

6. That the final decision on the future of the direct debit discount scheme be delegated to the cabinet member for children, schools and adult care following a further consultation on this process.

15. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - COMMUNITY RE-ABLEMENT PROVISION

RESOLVED:

1. That the procurement strategy outlined in the report to undertake a competitive tender to establish a re-ablement contract which will be for term of three years from 3 February 2021, with provision to extend the contracts for a further two years (1+1) through annual extensions be approved.

2. That the projected maximum annual contract value for this service is £1.4m and therefore the contract value for the initial three-year terms is £4.3m and £7m if both the extension options are exercised, be noted.
3. That it also be noted that an additional cost, over the current service budget of approximately £100,000 per annum, will be identified to create an in-house team as described from paragraph 16 of the report.
4. That it be noted that approval will be sought, via a Gateway 3 report, for the extension of the current contract for a further five months to allow for the completion of the procurement procedure and implementation of the new arrangements.

16. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - LEARNING DISABILITIES ACCOMMODATION BASED SUPPORT AND OUTREACH SUPPORT SERVICES

RESOLVED:

1. That the procurement strategy of tendering this contract for a period of five 5 years plus two years (1 + 1) 'in lots' (as set out in Option 5b and paragraph 43 of the report) with an estimated annual contract value of £10.9m making a total cost of circa £76.3m if both extensions are exercised be approved.
2. That the delegation of the award decision in the Gateway 2 to the strategic director of children's and adults' services in consultation with the cabinet member for children, schools and adult care to ensure the speedy delivery of our commitment to achieving the best outcomes and value for money for Southwark residents be approved.

17. DELIVERING A CLIMATE STRATEGY FOR SOUTHWARK - UPDATE

Councillor Helen Dennis asked whether the council would consider any community energy sources. Councillor Richard Livingstone confirmed that a report is due back in summer on this.

RESOLVED:

1. That the contents of the report and progress on delivering a climate strategy for Southwark be noted.
2. That the engagement approach, timetable and strategy structure detailed in the report and other actions in response to the Council's declaration of a Climate Emergency in March 2019 b agreed.
3. That a members' working group be established as set out in the report.
4. That Cabinet notes the additional officer advice, attached to the addendum report and agrees that officers, in consultation with the Cabinet Member for Environment, Transport and the Climate Emergency, make necessary changes to the engagement process due to the impact of the Coronavirus pandemic.

18. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: SUPPLY OF GAS AND ELECTRICITY TO SOUTHWARK COUNCIL

RESOLVED:

1. That the use of the joint London Energy Project and LASER Energy Framework Agreement to administer the purchase and supply of the council's corporate gas and electricity contracts (one gas, one electricity) for the period 1 October 2020 to 31 March 2025 under a rolling forward buying arrangement at an estimated value of £15m per annum and a total estimated value of £67.5m be approved.
2. That authority be delegated to the strategic director of environment and leisure in conjunction with the cabinet member for environment, transport and the climate emergency to award the contract, and agree the subsequent purchasing options within the framework agreement. This will also include finalising any specific terms of the contract, and do all things necessary to facilitate the execution, implementation and operation of the contract, including the use of ancillary services available under the agreement (to be detailed in the gateway 2 report for the supply of gas and electricity).

19. CONSULTATION ON PROPOSALS FOR THE PRIVATE RENTED SECTOR 2020 - 2026

RESOLVED:

1. That the public consultation on the proposals for changes to the Southwark's mandatory licensing scheme be approved.
2. That the public consultation on the council's proposals for the additional licensing scheme in Southwark for 5 years from 2021 be approved.
3. That the public consultation on the council's proposals for the selective licensing scheme to operate in Southwark for 5 years from 2021 be approved.
4. That the public consultation on the proposed Gold Standard Charter be approved.
5. That the financial commitment made from the London Devolution Reserve to support the development of a renter's union be noted and that work is undertaken to allow a renter's union to open its doors in Southwark in 2021 to coincide with the new licensing schemes.

20. PUTTING RESIDENTS FIRST REVIEW - UPDATE

RESOLVED:

Decisions of the Cabinet

1. That it be noted that the council's asset management department has begun to review and refresh the processes that shape how the council involves and engages residents with regard to major works to their blocks and estates. This will ensure lessons learnt to this point are adopted and applied going forward.

2. That it be noted that the putting residents first (PRF) review will look again at the current PRF standards and consider how the council can improve its resident consultation, particularly with reference to the new resident involvement structure and digital communication options.
3. That it be noted that the review will seek to ensure that engagement with residents places major works as a core foundation of the Great Estates Guarantee, links appropriately with the new build programme and seeks to enhance resident safety on their estates.
4. That it be noted that consultation with residents will begin at the first Local Housing Forums taking place in April, with a final report to cabinet scheduled for October 2020. A full proposed timetable can be found in Appendix 1 of the report.

Decision of the Leader of the Council

5. To delegate the final decision for the timing of the Putting Residents First Review to the cabinet member for housing management and modernisation following the creation of an updated consultation calendar.

21. SOUTHWARK GREAT ESTATES PROGRAMME - GUARANTEE

RESOLVED:

Decisions of the Cabinet

1. That approval be given to undertake consultation with residents on the set of baseline commitments within the Great Estates Guarantee as set out in paragraphs 16 - 43 and detailed in Appendices 1 and 2 of the report.
2. That the approach to introducing new secure growing spaces on estate land be noted; the adoption of a new allotment expansion guarantee and to keep a new estate-based allotment waiting list be approved.
3. That it be noted that the council's asset management strategy will set out the approach to managing the external appearance of homes so that they are left clean and tidy, and any interventions respect the form and appearance of the building.
4. That it be noted a new lighting strategy will be delivered on one of the estate improvement pilots, learning from this pilot will be applied on other estates.
5. That it be noted that work is underway to develop a new waste infrastructure standard.

Decision of the Leader of the Council

6. That authority be delegated to the cabinet member for social regeneration, Great estates and new council homes to approve the Great Estates Guarantee following consultation.

22. ROUTES TO 11,000: A NEW COUNCIL HOMES STRATEGY FOR SOUTHWARK

RESOLVED:

Decisions of the Cabinet

1. That the 'Routes to 11,000' council homes strategy, setting out the framework in which the council will deliver new homes and address the lack of truly affordable housing being delivered in the private and other sectors be approved.
2. That it be noted that based on this strategy a three year rolling action plan, including measures and risk register will be developed to implement the strategy and to respond to the changing opportunities and challenges. This will be monitored by the Programme Delivery Board with progress reported to cabinet.
3. That it be noted that the delivery of truly affordable homes to address the lack of inexpensive housing being delivered in the private sector is a financial challenge that the council is stepping up to address through widening its approach in developing a pipeline of new council homes, delivered through growing partnerships and approaches to finance the programme.
4. That it be noted that the council aims to leave a legacy of homes that deliver a lasting mark on the borough and as well as delivering homes that will be seen as an exemplar, visually and practically as homes that people enjoy living in and are proud of.
5. That the work to create a new a council home equivalent standard that guarantees a similar level of affordability and security but can be delivered outside of the housing revenue account (HRA) to allows the council greater flexibility in meeting the needs of the borough be approved.

Decision of the Leader of the Council

6. That authority be delegated to the cabinet member for social regeneration, great estates and new council homes the agreement of a revision of the consultation process in the charter of principles to allow for a more tailored approach that allows for a more meaningful consultation and also allows for a wider range of engagements techniques to be used.

23. ELEPHANT AND CASTLE SHOPPING CENTRE PROGRESS REPORT

RESOLVED:

1. That the contents of the report be noted.
2. That the allocation of £200,000 for additional support for Elephant and Castle Local Independent Operators that are being displaced by the development of the Shopping Centre be agreed.
3. That decisions on individual grant payments arising from the allocation of the £200,000 additional support package be delegated to the head of the chief executive's office.

24. ELEPHANT AND CASTLE CENTRE COMPULSORY PURCHASE ORDER

RESOLVED:

That the following be agreed:

1. That subject to the prior completion of an indemnity agreement with Elephant & Castle Properties Co. Limited ("EC"), the Council makes and (subject to any necessary confirmation from the Secretary of State) implements a Compulsory Purchase Order ("CPO") under section 226(1)(a) of the Town and Country Planning Act 1990 and section 13 Local Government (Miscellaneous Provisions) Act 1976 (and in accordance with the procedures in the Acquisition of Land Act 1981) in respect of the area edged red on the plan at Appendix A for the acquisition of the land shown coloured pink on the same plan and the creation and acquisition of new rights over the land shown coloured blue on the same plan for the purposes of facilitating the redevelopment, development and improvement of the land edged red on the plan at Appendix A of the report and the adjacent London College of Communication site edged green on the plan at Appendix B of the report ("the LCC Site") to provide a mixed use town centre scheme including residential, retail, offices, education, assembly and leisure, a new station entrance and station box for use as a London Underground operational railway station, access and highway works, public realm and landscaping, car and cycle parking, plant and servicing and associated and ancillary works and structures ("the Scheme").
2. The director of regeneration be authorised on behalf of the council to:
 - (i) finalise the terms of and enter into the CPO indemnity agreement with EC to underwrite in full the Council's costs and liabilities associated with the proposed CPO, including suitable financial security for the Council's liabilities, such agreement to contain as a pre-condition to the making of a CPO that the Director of Regeneration has received evidence that the LCC Site is the subject of a contract for sale between its owner the University of Arts, London ("UAL") and Elephant Three Properties Limited ("E3") and that there is a contract in place between EC and UAL for the relocation of the LCC as part of the Scheme, and
 - (ii) subject to completion of the CPO indemnity agreement referred to in recommendation 2.1:
 - (a) take all necessary steps to secure the making, confirmation and implementation of the CPO, including the publication and service of all notices and the presentation of the Council's case at public inquiry should one be called;
 - (b) acquire for planning purposes all interests in land and new rights within the CPO area as may be necessary to facilitate the Scheme, either by agreement or compulsorily, including entering into negotiations with any third parties for the acquisition of their land interests and/or for new rights over their land (as appropriate), the payment of compensation and dealing with any blight notices served in connection with the CPO;
 - (c) approve agreements with land owners setting out the terms for the

withdrawal of objections to the CPO, including where appropriate seeking the exclusion of land or new rights from the CPO or giving undertakings as to the enforcement of the terms of the CPO;

- (d) make any minor additions, deletions or amendments to the draft CPO map at Appendix A and/or the related draft ownership schedules of the CPO should the need arise, so as to include all interests in land and rights required to facilitate the construction, maintenance and use of the Scheme;
- (e) dispose of the land acquired from third parties pursuant to the CPO and/or through private negotiations in accordance with the terms of the CPO indemnity agreement;
- (f) take all necessary actions in relation to any legal proceedings relating to the CPO, including defending or settling (as appropriate) any compensation claims referred to the Lands Chamber of the Upper Tribunal due to the making or implementation of the CPO, and to take all necessary steps in respect of any other legal proceedings that relate to the making, confirmation or implementation of the CPO;
- (g) appoint and/or retain such external professional advisors and consultants as are necessary to assist the Council in facilitating the Scheme, including in the promotion of the CPO and the settlement of any compensation claims.

25. ELEPHANT AND CASTLE SHOPPING CENTRE - INTERFERENCE WITH PROPERTY RIGHTS

RESOLVED:

That the following be agreed:

1. the council entering into an agreement with Elephant Three Properties Limited ("E3") and Elephant & Castle Properties Co. Limited ("EC") for
 - (a) the acquisition by agreement by the council of a leasehold interest from University of the Arts, London ("UAL") in the London College of Communication ("LCC") site shown edged green on the plan at Appendix A of the report ("the LCC Site"). The acquisition will be under section 227 Town and Country Planning Act 1990 ("the 1990 Act") for the purpose of facilitating the carrying out of development, redevelopment or improvement on or in relation to that land; and
 - (b) the disposal by the council of the LCC Site by way of the grant of an underlease to UAL under section 233(1)(a) of the 1990 Act on the basis that the terms of that disposal appear to the council to be expedient in order to secure the best use of that or other land and any buildings or works which have been, or are to be, erected, constructed or carried out on it.
2. the council entering into an agreement with EC for

- (a) the acquisition by agreement by the council of a leasehold interest (or interests) in the Elephant & Castle Shopping Centre site and other land in the vicinity of the Shopping Centre as shown edged red on the plan at Appendix B ("the East Site") and edged brown on the plan at Appendix C ("the Nib Site"). The acquisition(s) will be under section 227 of the 1990 Act for the purpose of facilitating the carrying out of development, redevelopment or improvement on or in relation to that land; and
 - (b) the disposal(s) by the council of the East Site and the Nib Site by way of the grant of an underlease (or underleases) under section 233(1)(a) of the 1990 Act on the basis that the terms of the disposal(s) appear to the council to be expedient in order to secure the best use of that or other land and any buildings or works which have been, or are to be, erected, constructed or carried out on it.
3. that the agreements referred to in recommendations 1 and 2 shall contain a full indemnity and financial security arrangements in favour of the Council and shall contain as a pre-condition to the entry into the resultant leases that the Director of Regeneration has received evidence that the LCC Site is the subject of a contract for sale between UAL and E3 and that a contract is in place between UAL and EC for the relocation of LCC to the East Site.
 4. the council entering into the leasehold acquisitions and disposals envisaged by the agreements in recommendations 1 and 2.
 5. that the council's intention in acquiring the leasehold interests under section 227 of the 1990 Act is to enable third party rights that exist over the LCC Site, the East Site and the Nib Site to be overridden pursuant to section 203 of the Housing and Planning Act 2016 ("the 2016 Act").
 6. The director of regeneration be authorised on behalf of the council to:
 - (a) finalise the terms of and enter into (i) the agreements referred to in recommendations 1 and 2, and (ii) the resultant leases and underleases in accordance with the terms of the agreements;
 - (b) subject to completion of the agreements referred to in recommendations 1 - 2, pay compensation properly claimed where due to third parties arising from the interference of their rights over the LCC Site, the East Site and the Nib Site in accordance with section 204 of the 2016 Act;
 - (c) defend or settle (as appropriate) any compensation claims referred to the Lands Chamber of the Upper Tribunal in respect of rights that are overridden due to the exercise of the council's powers and to take all necessary steps in respect of any other legal proceedings that relate to the use of the aforementioned powers to override third party private rights over the LCC Site, the East Site and the Nib Site.

26. DRAFT LONELINESS STRATEGY

RESOLVED:

Decisions of the Cabinet

4. That the draft strategy to tackle loneliness and social isolation in Southwark be approved
5. That the final public consultation on the strategy be approved. The consultation is to be published on the council's consultation hub and will run for at least six weeks.

Decision of the Leader of the Council

6. That the final decision for the timing of the Draft Loneliness Strategy be delegated to the cabinet member for community safety and public health following the creation of an updated consultation calendar.

27. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: MAIN CONTRACTOR PROCUREMENT: QUEENS ROAD 4

RESOLVED:

1. That the procurement strategy outlined in the report to undertake a single supplier negotiation as a direct award to Wernick Buildings Limited under the LHC framework for the contract for the construction of Queens Road 4 (128-148 Asylum Road, SE15), at a maximum contract value of £14.7m for an anticipated period of 14 months commencing in July 2020 be approved.
2. That it be noted that the Gateway 2 decision report to award the main works contract will be taken by the strategic director of housing and modernisation in consultation with the cabinet member for housing management and modernisation in line with contract standing orders (CSO).

28. GATEWAY 1 PROCUREMENT STRATEGY APPROVAL - MMC CONTRACTOR SERVICES FOR THE NEW HOMES ROOF TOP DEVELOPMENTS AND ASSOCIATED WORKS (FRAMEWORK)

Councillor Cryan asked whether this strategy had any provision for apprenticeships. The monitoring officer confirmed that this would be covered by the Fairer Future procurement strategy requirements.

RESOLVED:

1. That the procurement strategy in relation to the procurement of a delivery partner for roof top developments, other modular opportunities, and associated works through a single Modern Methods of Construction (MMC) delivery partner through the use of the LHC Offsite Construction of New Homes Framework be approved.
2. That the award decision for the Gateway 2 reports for the delivery agreement and all individual project contracts be delegated for approval to the strategic director of housing and modernisation, in consultation with the cabinet member for social regeneration, great estates and new council homes, for the reason outlined in paragraph 63 of the report.

3. That it be noted that the total estimated contract sum of this approval is £36,000,000 and a total estimated cost of £43,000,000 inclusive of fees, subject to the separate IDM (individual decision by member) for specific schemes. It is estimated that the length of the individual build contracts will range from 12 to 15 months depending on the complexities of each site, with the overall contract lasting for up to 5 years from Summer 2020 to 30 June 2025.

29. NEW KEY WORKER HOUSING POWERS (CHURCHYARD ROW)

RESOLVED:

1. That it be agreed to make use of new powers to rent homes to keyworkers at intermediate rents through the council's housing revenue account.
2. That it be agreed that the 36 studio units at Churchyard Row should be used as a pilot for this new approach of letting homes to keyworkers.
3. That given the nature of these units, that it be agreed let these 36 units on flexible fixed-term tenancies to ensure these are retained for keyworkers.
4. That authority be delegated to the strategic director of housing and modernisation to agree a local lettings plan following consultation and to finalise the details of the scheme including the conditions of tenancy.

30. COMMUNITY HARM & EXPLOITATION REDUCTION PLAN 2020-2021

RESOLVED:

1. To approve a Community Harm and Exploitation Reduction Plan that incorporates the recommendations from the Cross Political Party Panel on Serious Youth Violence and Southwark Extended Learning Review on Violence and Vulnerability.
2. To note that the Action Plan includes the mandatory areas as currently set out for all London Boroughs by the Mayor's London Violence Reduction Unit (LVRU), and the recommendations already agreed by Cabinet to adopt the public health approach to serious youth violence prevention.

31. DRAFT WALWORTH SOCIAL REGENERATION CHARTER

RESOLVED:

That the formal consultation on the draft Walworth Social Regeneration Charter attached as Appendix 1 to the report commence.

32. DRAFT SOCIAL REGENERATION CHARTER FOR BERMONDSEY & THE BLUE**RESOLVED:**

1. That the geographies of the social regeneration charters as set out in the map attached as Appendix 1 to the report be agreed.
2. That formal consultation on the Bermondsey & The Blue Social Regeneration Charter attached as Appendix 2 to the report commence.

33. GATEWAY 1: ALTERNATIVE PROVISION PROCUREMENT STRATEGY**RESOLVED:**

1. That the recommendation to proceed with a procurement strategy that establishes a Framework Agreement for Alternative Provision (AP) in Southwark for a period of 4 years from November 2020 to October 2024 with an estimated maximum total budget of £8.36 million be approved.
2. That the recommendation to delegate approval of the Gateway 2 Contract Award recommendation to the strategic director for children's and adults' services, in consultation with the cabinet member for children, schools and adult care be approved.

34. DISPOSAL OF FREEHOLD INTEREST IN 4 D'EYNSFORD ROAD, LONDON SE5**RESOLVED:**

5. That the lease of 4 D'Eynsford Road, held by Excelcare Limited be varied, to permit redevelopment of the property as an 80+ nursing bed and residential care home (subject to planning).
6. That arrangements for the block contract booking by the council of beds in the new care home, including a rebate mechanism should the council from time to time agree to release, at Excelcare's request, any of the beds reserved for its use (see paragraph 12 of the report) be noted.
7. That the council's freehold interest in 4 D'Eynsford Road be disposed of to Excelcare Limited's property company "Latchworth" subject to:
 - a) Satisfactory completion and opening of the new building
 - b) Its registration with the Care Quality Commission
 - c) Entering into a care contract of 25 years duration with Excelcare operating company "Giles Court" under an agreed price structure
 - d) A payment to the council for the freehold, via a rebate and balancing mechanism

- e) A time-limited overage clause to protect against alternative use, requiring the transferee to pay the council a proportion of any additional value released through the subsequent development of the property (if any) within a 15 year period.
- 8. That the use of the property shall be restricted to social care including accommodation with support for vulnerable people for a term of not less than 15 years, unless the council decides that it no longer requires care services to be provided under the block contract arrangement.
- 9. That subject to the above, the negotiation of detailed terms, sign off of due diligence and agreement of transactional documents shall be delegated to director of regeneration, in consultation with the strategic director of finance & governance.

35. ACQUISITION OF NEW HOUSING AT HARPER ROAD, BOROUGH

RESOLVED:

1. That pursuant to s17 of the Housing Act 1985 the council acquires a long leasehold interest in the land edged red on the plan at Appendix A of the report in accordance with the principal terms set out substantially in paragraph 16 of this report and fully in paragraph 4 of the closed version of the report subject to that land being developed with housing in accordance with the planning consent granted for application 18/AP/0657.
2. That as part of the consideration payable for the new housing, on its completion the council pursuant to s 233 of the Town and Country Planning Act 1990 transfers to the freeholder of the land edged red on the plan at Appendix A of the report the freehold interest in the land shaded blue on the same plan.
3. That authority be delegated to the director of regeneration authority to agree detailed terms of the transaction.

EXCLUSION OF PRESS AND PUBLIC

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

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

36. MINUTES

The minutes of the meeting held on 4 February 2020 were approved as a correct record and signed by the chair.

37. GATEWAY 1: ALTERNATIVE PROVISION PROCUREMENT STRATEGY

The cabinet considered the closed information relating to this item. Please see item 33 for the decision.

38. DISPOSAL OF FREEHOLD - 4 D'EYNSFORD ROAD, LONDON, SE5

The cabinet considered the closed information relating to this item. Please see item 34 for the decision.

39. ACQUISITION OF NEW HOUSING AT HARPER ROAD, BOROUGH

The cabinet considered the closed information relating to this item. Please see item 35 for the decision.

40. BOROUGH AND BANKSIDE SOCIAL REGENERATION CHARTER

RESOLVED:

1. That Cabinet agrees to commence formal consultation on the Borough and Bankside Social Regeneration Charter attached as Appendix 1 to this report.

Meeting ended at 7.10 pm

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 17 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, FRIDAY 17 APRIL 2020.

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.



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 5 May 2020 at 4.30 pm.

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

1. APOLOGIES

All members were present.

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

The chair gave notice of the following late item:

Item 7: #SouthwarkTogether: Council Response to COVID-19 Pandemic.

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

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

No closed items scheduled for consideration at this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

6. DEPUTATION REQUESTS

There were none.

7. #SOUTHWARKTOGETHER: COUNCIL RESPONSE TO COVID-19 PANDEMIC

The report had not been circulated five clear days in advance of the meeting. The chair agreed to accept the report as urgent so that cabinet could agree and put in place the necessary next steps on policy and resource direction for the council with regards the ongoing response to the COVID-19 pandemic and its impact on the borough.

Cabinet members each presented an outline and response to the issues arising in respect of their portfolio/areas of responsibility.

Cabinet also heard representations from Mike Wilson from Pembroke House, on the community response to the Covid situation; Deborah Hayman from Community Southwark, on the challenges facing the new community hub; Sarah Thurman from United St Saviours, on the impact on socially and economically vulnerable residents; and Sam Hepplewhite from the Clinical Care Commissioning Group (CCG), on the NHS and GP surgeries' responses.

Councillor Ian Wingfield, chair of overview and scrutiny committee was present and provided comments and an outline of the main areas to be discussed at the overview and scrutiny committee on 7 May 2020.

RESOLVED:

1. That the update on the council's overall response to COVID-19 pandemic, working together with all our communities as part of our #SouthwarkTogether response be noted.
2. That residents, staff, partners, volunteers, providers, suppliers and all in our community be thanked for their continuing hard work and dedication in supporting our residents through this crisis safely.
3. That the remarkable response by Southwark residents in staying at home and observing social distancing and lockdown restrictions despite the challenges this brings to daily lives be noted.
4. That condolence be expressed to all those who have lost loved ones at this time and that it be noted that the humanitarian aspect of this pandemic will take some time to recover from.
5. That plans to hold an interfaith service at Southwark Cathedral to pay our respects to those who have lost their lives in Southwark due to COVID-19, once the country

has come out of lockdown be supported.

6. That the council's work to support local people mentally and emotionally as we work towards recovery will be taken forward through a Humanitarian Assistance Steering Group (HASG) be noted, reporting back to cabinet on progress.
7. That national government continue to be lobbied to make good on their promise to councils that they would cover the cost of additional council spending required to support people through COVID-19.
8. That officers be instructed to review the council plan and medium term resources strategy in the light of the pandemic's impact on the borough and bring forward, where necessary, updated proposals to cabinet by September 2020.
9. That the head of the chief executive's office post be revised to provide director level oversight of the council's approach to recovery and renewal.
10. That officers be instructed to consider the wider policy and resource implications of recovery and its impact on the borough including humanitarian assistance, engagement with communities, wider ways of working; and any review of governance arrangements in the light of these implications.
11. That the council continue to work with voluntary and community sector partners to explore ways in which to take forward the work that has been delivered in partnership during this crisis.

The meeting ended at 6.30pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 17 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, THURSDAY 14 MAY 2020.

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: 16 June 2020	Meeting Name: Cabinet
Report title:		#Southwark Together: Council Response to COVID-19 Pandemic – Recommendations of Overview and Scrutiny Committee	
Ward(s) or groups affected:		All	
From:		Overview and Scrutiny Committee	

RECOMMENDATIONS

1. That cabinet consider the following recommendations from overview and scrutiny committee in respect of the council response to Covid-19 Pandemic and provide a written response back to overview and scrutiny committee within eight weeks.

Overall response and process

2. That the decisions of cabinet in respect of the council response to Covid-19 pandemic be noted and supported.
3. That the council provide overall coordination to ensure that aid duplication is avoided between the NHS, Southwark Council Community Hub operations, charities, religious institutions and mutual aid groups as well as formally recognising the role of the thousands of volunteers supporting the effort in these unprecedented times. Until now there is no one visibly taking the lead across all bodies. Many charities, religious groups and residents are still looking to the council to be that body.
4. That the council ensure that it is using all resources available to best use during a crisis or in the event that business continuity procedures are invoked. Councillors hold a great deal of knowledge about their wards and the council must ensure this is leveraged to avoid duplication of knowledge. The role of councillor must be clearly defined as part of the council Business Continuity Plans.
5. That as part of new councillor induction, all councillors should receive a briefing on the council's Business Continuity plan and training on the role of councillors during an event which invokes the Business Continuity response, especially a crisis.
6. That a cross party working group be established as soon as possible to help plan for the borough post the lifting of the Covid-19 lockdown.

Adult Social Care

7. That cabinet ensure that it is clearly outlined over the coming two months what the transition plan is around mutual aid groups providing adult care services. This is to give assurance that there is a smooth process in place for the council to find out which adult services of care mutual aids are carrying out and how the

council plans to take this on when volunteers return to work/no longer have the capacity to provide the same level of care.

8. That cabinet take proactive steps to co-ordinate weekly testing of all care staff and residents in Southwark care homes as a matter of urgency, in order to ascertain the level of Covid-19 infection.
9. That cabinet liaise with each Southwark care home provider to ensure that the relevant PPE and levels of PPE are being used in each local care home, to protect care staff as much as possible.
10. That cabinet monitor the pay of care staff at this time, to ensure that none of these low paid workers are being disadvantaged at this time, especially if they have to self-isolate themselves or shield themselves due to their medical conditions, as there is some evidence in the care industry, that some care workers are receiving less than their usual OSP during this crisis.
11. That cabinet remind all care providers to adhere to the key principles of the Ethical Care Charter that exists across the borough, especially at this difficult time.
12. That in respect of some key figures which will ultimately need to be acted upon, cabinet be recommended to:
 - Establish the number of vulnerable and shielded individuals that the council has not been able to make contact with via any of its departments [and adapt the council's outreach strategy to get this figure to as near to zero as practical].

Education

13. That in respect of some key figures which will ultimately need to be acted upon, cabinet be recommended to:
 - Confirm the council's own estimates of the number of vulnerable children not physically attending schools that need assistance (e.g. equipment, internet) to effectively access education
14. That once the Government has allowed schools to reopen under safe circumstances, the council look at what support it can offer in terms of afterschool, weekend and holiday clubs to assist children to catch up on missed schooling. This support could be funding for schools, providing space in council buildings or helping to coordinate DBS checked volunteers to offer appropriate provision

Children's Services

15. That the council monitor the number of nurseries and daycare centres for liquidity, capacity and ability to function post lock down. If there is a shortfall the council should rapidly agree a plan and put the appropriate provisions in place. Additionally, it should monitor the demand for number of paid 2, 3 and 4 year old places and see if additional provision is required/can be supported.

16. That cabinet consider what the council might be able to do to mitigate any negative impact of COVID 19 on childcare provision.

Local Economy / Businesses

17. That the council examine how it can review its procurement procedures to promote and prioritise local businesses (particularly SMEs) for example using local contractors to bring empty homes back into use.

Public Health

18. That the cabinet ensure the continued prioritisation of mental health & wellbeing and partnership working with the NHS and SLAM.
19. Overview and scrutiny committee welcomes the measures put in place to support social distancing through maximising pedestrian space and calls on cabinet to continue identifying measures that can be taken to make streets safer for keyworkers, essential journeys and physical exercise during lockdown and in the longer term to support increased cycling and walking.
20. That the Southwark Climate Strategy team actively consider how to embrace the environmental opportunities the lockdown has provided before people return to the way things were.
21. That the council (with Transport for London) take steps to prioritise pedestrians, runners and cyclists to keep two metres apart on most roads. This is an opportunity to trial the priority of these groups on roads, by, for example, ensuring non-major roads are prioritised for pedestrians (and cyclists) and introducing temporary traffic calming/access measures on residential streets. Ward councillors should be consulted on how to do this sympathetically. We also support the recommendations from Southwark Cyclists in response to COVID-19.

Financial hardship and council tax reduction claimants

22. That the cabinet investigate extending the council tax reduction scheme of 100% of council tax to all *low income households (*as currently defined by the council) during the financial year 2020/21.
23. That cabinet investigate offering all Southwark council tenants who request it, a 'holiday' from paying rent in the current financial year with the arrears incurred to be paid off slowly over a mutually agreed time frame (e.g. 2-3 years). This payment holiday would exclude any part of the rent which is paid for by Housing Benefit or Universal Credit.
24. That the council write to housing associations and registered social landlords (including the Corporation of London) in Southwark to request a similar payment holiday and repayment plan to be offered to tenants in housing association properties.
25. That the council bolster the support available from the council for tenants who are renting privately, and should publicly call on private landlords to offer their tenants payment holidays similar to the schemes outlined above.

26. That the council write to all residents to inform them of these new arrangements and any other financial support which is available to support them in this difficult time. The council should ensure this information is localised (where appropriate) and produced in a range of accessible formats and languages.

Homelessness

27. That cabinet provide an update to overview and scrutiny committee as soon as information is received from the government on what the council plans are regarding homeless people that have no recourse to public funds.

Housing

28. That the council commit to ensuring that all those being temporarily housed during the pandemic are not forced to return to the streets after the pandemic. We believe this could provide an opportunity to explore a rapid expansion of the 'Housing First' policy.

Community Safety

29. That it be noted that there was a promise to provide more information to overview and scrutiny committee on the outcome of domestic abuse cases for example whether perpetrators have left or whether the survivors have had to move.

Information Technology / Organisation Transformation

30. That a report is presented to the September Cabinet meeting outlining the resulting benefits from remote and flexible working during the Covid-19 pandemic, particularly in utilising technological innovation and reviewing the use and potential savings from the council's office estate.

Recovery and renewal

31. That a report be presented to the July Cabinet meeting outlining the impact of the Covid-19 pandemic on the Council Plan 2018-22 in terms of changed targets and timescales, and specifically any changes relating to the council's Emergency Plan.

Community impact

32. Overview and scrutiny committee welcomes the establishment of a review by Public Health England into disparities in the risk and outcomes of COVID-19 on BAME groups and calls on cabinet to assess how to carry out the council's own review in Southwark of the impact of both Covid-19 and the council's response on people from black and minority ethnic groups.
33. That overview and scrutiny committee calls on cabinet to investigate how the council can collect borough-level disaggregated data on the impact of Covid on different groups including women, children, the elderly and people from minority ethnic groups.

34. That cabinet assess whether council communications are adequately reaching all residents, for example those for whom English is a second language.
35. That in respect of cabinet decision 11 of the report in respect of the council continuing to work with voluntary and community sector partners to explore ways in which to take forward the work that has been delivered in partnership during this crisis. Cabinet is requested to bring forward initial recommendations to cabinet by September.

BACKGROUND INFORMATION

36. The overview and scrutiny committee considered the cabinet report ‘#Southwark Together: Council Response to COVID-19 Pandemic’ at its meetings held on 7 and 12 May 2020.
37. As part of the overview and scrutiny committee’s considerations it received additional information and comment from cabinet members and chief officers by way of presentation, followed by a question and answer session at the 7 May meeting. The overview and scrutiny committee met further on 12 May to formulate its recommendations as set out above (paragraphs 1 – 34).

KEY ISSUES FOR CONSIDERATION

38. It is for the cabinet to decide whether or not to accept the scrutiny committee’s recommendations.
39. Overview and scrutiny procedure rule 15.3 requires the cabinet to consider and provide a written response to the report within two months.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet report and Minutes – 5 May 2020 (#Southwark Together: Council Response to COVID-19 Pandemic)	Southwark Council Website	Paula Thornton 020 7525 4395
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6646&Ver=4		
Overview and Scrutiny Committee agenda and minutes – 7 and 12 May 2020	Southwark Council Website	Everton Roberts 020 7525 7221
Link: http://moderngov.southwark.gov.uk/ieListMeetings.aspx?CommitteId=308		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Everton Roberts, Head of Overview and Scrutiny (Acting)	
Report Author	Everton Roberts	
Version	Final	
Dated	4 June 2020	
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
Cabinet Member	No	No
Date final report sent to Constitutional Team	4 June 2020	

Item No. 9.	Classification: Open	Date: 16 June 2020	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: Capital monitoring outturn Report 2019-20 and Capital Programme Refresh for 2020-21 to 2028-29	
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, work funded by the Housing Investment Programme included investment of over £90m in the council's existing housing, £50m on new council homes and almost £17m on wider regeneration schemes. The council continues to make good progress against its ambitious new homes target. At 31 March 2020, 677 new homes had been delivered with 266 on-site and 2,965 in planning/awaiting approval.

Investment in General Fund assets during the year was over £101m including investments in schools, highways, environment and leisure, in addition to investment in our existing operational assets and IT infrastructure. Examples of schemes completed during 2019-20 include new playground facilities at Mint Street, the first phase of the Peckham High Street heritage initiative, expansion of the education facilities at Surrey Docks Farm, Southwark Cycle Spine works, air quality works at Ilderton primary school, landscaping works at Burgess Park West and construction of an iconic new café at Southwark Park, Grove Vale library and the Cleaner, Greener, Safer programme again proved popular with many projects contributing to improving air quality, improved mental health and physical well being in our communities.

This investment is additional to the major regeneration projects at Canada Water, 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.

The Covid-19 pandemic has had a substantial impact on the capital programme. Whilst the full impact of Covid-19 will not become apparent for some time, cost pressures and funding capacity, for example lower capital receipts, reduced external funding and less revenue resources to support borrowing, mean that we need to review all our capital investment plans in recognition of the pandemic and any changes to the council's strategic objectives.

RECOMMENDATIONS

That cabinet:

1. Notes the outturn and resources for 2019-20 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D;
2. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C;
3. Notes the substantial funding requirement of £394m 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;
4. Notes the substantial funding requirement of £88m required for future years 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

5. On 7 April 2020, the month 9 2019-20 capital monitoring report was presented to the cabinet. This reported the capital forecast position of £302.9m and financing requirement (i.e. borrowing) of £52.9m (£46.6m on the general fund programme and £6.3m on the housing investment programme) for the financial year 2019-20.
6. The total programmed capital expenditure over the ten year period 2019-20 to 2028-29 is £684.6m for general fund and £1,955.7m for the housing investment programme.
7. 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.
8. 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.
9. 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.
10. 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 20 February 2019 the council assembly agreed a refreshed 10 year general fund capital programme and housing investment programme (HIP) for the period to 2027-28. Cabinet will consider and approve the refresh of

the capital programme on a regular basis through capital monitoring reports to ensure it is fully updated and aligns with the council's key priorities.

11. The Covid-19 pandemic has had a considerable impact on the council's capital programme since the 'lockdown' commenced in mid March 2020. As noted in the directorate narratives, work was been halted or delayed due to lock-down, social distancing and supply chain issues as well as consequential cost increases and indications of reduced or suspended funding.

KEY ISSUES FOR CONSIDERATION

12. In meeting the council's fairer future promises, in 2019-20 the council made a total capital investment of £259m. This comprised £102m investment in General Fund and £157m in the Housing Investment Programme.
13. The outturn expenditure position was lower than the month 9 forecast by 15%. 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.

Capital Expenditure in 2019-20 by Service Department:

Department	Budget £'000	Actual £'000	Re- profiling to future years £'000
Children's and Adults' Services	18,310	11,643	6,667
Southwark Schools for the Future	6,402	5,626	776
Place & Wellbeing	59,831	56,686	3,145
Environment & Leisure	26,654	19,164	7,490
Housing & Modernisation	10,073	8,680	1,393
Housing Investment Programme	183,642	157,283	26,359
Total capital expenditure	304,912	259,082	45,830

Programme outturn position 2019-20

General Fund

14. The total-spend for 2019-20 for general fund is £102m against a plan of £121m (84% of forecast spend). The variance between spend and available resources was £64.7m, which was funded from borrowing
15. The summary position and the programme by department are reflected in the narrative below and in Appendix A. Appendix D provides detail at project level.
16. Appendix C shows the budget virements and variations for approval by cabinet.

Housing Investment Programme

17. The total expenditure for 2019-20 is £157.3m, against a forecast at Month 9 of £183.6m. Appendix B provides a summary of the housing investment

programme outturn position for 2019-20, with further detail provided below.

18. The total forecast spend for the programme to 2028-29 is £1.956m, against total resources, including borrowing, of £1,867m. This variance will need to be monitored and reviewed over the course of the programme.

Financing 2018-19 capital spending

19. Capital expenditure is financed through a variety of sources, typically receipts from the sale of capital assets, capital grants, and 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.
20. 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.
21. 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 obviating the need.
22. Financing of 2019-20 capital expenditure is set out below:

	General Fund £'000	HIP £'000	Total £'000
Total Spend	101,749	157,283	259,032
Financed by:			
Capital Receipts	7,913	28,730	36,643
Capital Grants and contributions	18,622	9,307	27,929
Section 106 Funds	10,554	17,322	27,876
Major Repairs Reserve	-	59,092	59,092
Revenue contributions and reserves	-	22,641	22,641
Borrowing	64,660	20,191	84,851
Total financing	101,749	157,283	259,032

23. The shortfall in available capital resources is financed from borrowing and will be funded from revenue contributions to support the debt costs over the life of the debt repayment.
24. 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 can no longer be financed entirely from internal borrowing. Accordingly since 2017-18 the council has needed to borrow externally to finance previous capital spending and to maintain target cash balances.

Covid-19

25. The Covid-19 pandemic has had a substantial impact on the capital programme. Whilst the full impact will not become apparent for some time it is clear that cost pressures and reduced funding capacity will be significant constraints on the council's capital investment plans and priorities. Key risks in relation to the capital programme include:
- Increasing cost pressures due to claims for delays and costs of new social distancing ways of working; cost of tendered work increases due to social distancing ways of working and supply chain issues.
 - Reduced capital investment capacity due to:
 - Lower or delayed capital receipts;
 - Scarcer external funding
 - Reduced revenue capacity to support borrowing costs
 - Weakened economy

Resourcing the 2020-21 programme onwards

26. 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.
27. In the current ten year programme included within this report, there is a shortfall of available funds of £459m to meet the planned general fund capital commitments and the ambitious housing investment programme assumes borrowing of £709m.
28. 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 programme.
29. 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 2019-20, there are likely to be future demands for borrowing and these will be assessed as necessary at the time as part of our Treasury Management Strategy. The timing of any decision to borrow will be mindful of cash flows and risk/probability of future interest rate increases.

Departmental Updates

30. The sections below provide commentary on the budget outturn position by department for 2019-20.

GENERAL FUND (APPENDIX A)

PLACE AND WELLBEING

31. The total value of the capital programme for the department over the period 2019-20 to 2028-29 is £289.2m. 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 the end of March 2020 amounted to £56.7m.

Regeneration Division

32. 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 £231.4m with expenditure of £45.2m in 2019-20 and the remaining spend profiled across future years.

Walworth Road Town Hall, new library and heritage centre

33. General Projects who have been selected by the council to take forward the Walworth Town Hall have completed pre application process including public consultation and are expected to submit a planning application for the restoration of the property by the end of June 2020.

Canada Water Leisure Centre

34. In September 2019 the council's planning committee resolved to grant planning permission for British Lands outline masterplan and detailed planning consent for a first phase which includes "plot A2" which is the location for the new Canada Water leisure centre. Subsequently the Mayor for London has given stage 2 approval for the scheme and the s106 agreement is now expected to be completed by end of May. The 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. Detailed design of the project is now expected to commence in the autumn with a start on site in 2021.

Elephant and Castle Open Spaces

35. Dickens Square: Planning permission has been approved for the scheme. Current programme anticipates a start on site in Q3 with contract completion scheduled for 2021-22. The new playground proposed for Geraldine Mary Harmsworth Park is now likely to commence in mid Q4 at the earliest. Victory Community Park design process is continuing. Nursery Row is the final park in the programme and it is expected that preparatory design and site investigations will be undertaken this financial year. All programmes are being reviewed in light of the pandemic.

Top Quality Playground - Mint Street

36. The works are complete and the adventure playground and building, together with the public playground, are in operation. The project defects period has now expired and all internal defects and snags from the new building have been addressed. In January 2020, the public playground main structure was replaced and as of February 2020 both the public and adventure playgrounds are now fully open and operational.

Aylesbury Plot 18

37. The Plot 18 scheme delivers a range of new high quality community facilities at the heart of the Aylesbury estate underpinning the regeneration programme. The scheme started on site in January 20 with a planned completion date of spring 2021 for the new library and summer 2022 for the remainder of the scheme.

London Bridge Portfolio

38. Potential addition of income generating assets to replace 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.
39. Looking ahead, one further strategic acquisition to complete the portfolio is anticipated, in line with our commercial property investment policy, subject to review in the present market circumstances.

44 Webber Street

40. Essential repairs are required to the structure and fabric of this Victorian, former school building which is let on commercial terms to the well regarded Centre for Literacy in Primary Education (CLPE). The asset generates a significant income and will continue to do so post-works, at which point we have negotiated the transfer of future repairing obligation from the landlord to the tenant. In the event the repairs are not undertaken urgently the operation of the building will be compromised (impacting rent receivable), and the council will be in breach of its repairing obligation including statutory obligations to maintain this historic building.

Planning and Transport Division

41. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £15.6m with £6.5m spent in 2019-20 and the balance profiled over future years.
42. The transport planning budget of £9.0m is largely funded by Transport for London (TfL) to deliver transport improvement programme as contained within the borough's movement plan. Planning Projects budget of £6.6m is funded mainly by s106 to deliver various projects to mitigate the impacts of new developments, improve public realm, parks and open spaces as well as supporting the commercial viability of local shopping areas.

Planning Projects

43. A number of projects totalling nearly £1.3m are currently on site or have been completed by the Regeneration Teams which promote the council's programme for supporting high streets. The schemes for East Street (the "What Walworth Wants" programme) and Harper Road and Tower Bridge Road have been completed while the Walworth Road, Lower Road and Rye Lane are currently on site or well advanced in the design phase. The first phase of the part Heritage

Lottery Fund (HLF) funded Peckham Townscape Heritage Initiative is complete and the second phase of the programme is now on site.

44. Schemes funded by Neighbourhood CIL are also being developed with colleagues in Highways, Parks and the Regeneration divisions. Surrey Docks Farm has undergone a £0.5m rebuilding programme funded by the local CIL which has greatly expanded their education facilities and improved access from the Thames Path. The local CIL also part-funded the Harper Road shopfronts and public realm improvements. Other projects under development include pedestrian improvements in Camberwell and Dulwich and parks including Little Dorrit in Bankside and Newington Gardens in the Elephant and Castle.

TfL Funded works

45. Southwark Cycle Spine works are nearing completion on site with some spend beyond TfL funding forecast, which will be funded from the cycling infrastructure fund capital budget. Kerbside Smarter Streets budget is supporting the council's move to map based traffic orders, council has taken delivery of the first part of this and final invoicing is due in the coming months to complete this work. A further portion of this money is supporting the implementation of timed loading bays in the Walworth Road area.
46. Design review of Lower Road currently being carried out; however there will be a delay caused by the inability to carry out traffic surveys during lockdown. TfL contributions are looking to be increasingly at risk and TfL works to Jamaica Road have been put on hold.

Elephant and Castle Roundabout Project

47. The capital programme also includes the remaining s106/CIL contribution of £42.7m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.
48. The total value of the capital programme for the department over the period 2018-19 to 2027-28 is £404.3m. 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 2020 amounted to £147.7m with the remaining budgets profiled to spend in the following years.

CHILDREN'S AND ADULTS' SERVICES

49. The total value of the departmental capital programme for the period 2019-20 to 2028-29 is £133.3m. The final departmental capital outturn for 2019-20 was £11.6m.

Adult Social Care

50. The capital programme budget for the period 2019-20 to 2028-29 is £40.4m, the main projects being; £10.7m in respect of a programme of improvements to existing care settings, £10m for the provision of an additional bed-based care facility, £7.9m for an essential lifecycle capital programme for four residential care homes and £5.4m for the Cator Street older peoples' hub and day centre. There are no additional capital requirements for Adult Social Care identified in this report.

51. The Cator Street 2 project will provide a new day care centre, community information hub and 50 flexicare housing units. This new facility will be adjacent to, and integrated with, the existing flexicare housing at the Cator Street 1 site (Tayo Situ House). The planning application was approved at the 8 January 2020 main planning committee meeting. Detailed stage 4 designs were completed early in 2020 and the invitation to tender for the main works contract was issued on 24 February 2020. Returns are due 1 June 2020 and the contract award is scheduled for July/August 2020.
52. The programme of lifecycle works concerning ASC's property portfolio, is under way and will be ongoing over the next 10 years.
53. The Adult Social Care Capital Board has identified a number of priorities for 2019-20 and beyond to meet current and future needs of vulnerable adults in the borough. The council is actively working with commissioned providers and partners to ensure sufficient capacity and choice of high quality provision across the borough.

Children's Services and Southwark Schools for the Future Programme

54. The capital programme budget for 2019-20 to 2028-29 totals £103.7m. This consists of £32.6m for the development of Charter & Rotherhithe Schools, £3.5m per year over the next 8 years for schools refurbishment and £11.6m for the relocation of Beormund Special School. There is a further £10.5m for the rebuilding of the premises of the Southwark Inclusive Learning Service. The overall programme is focused on rightsizing provision, ensuring the estate remains fit for purpose, and contributing to addressing high needs provision in the borough.
55. Rotherhithe School, the target opening date is autumn term 2021, although this will likely be delayed due to Covid-19. The enabling works have been completed and tenders for the main works are being assessed.
56. Work is progressing well on Charter School East Dulwich phase 2, which includes the 6th form centre. A key aspect of completion is dependent on the NHS relocation. Because of the impact of Covid-19 on the construction industry, the target date for practical completion and handover of phase 2 has been revised to December 2021.
57. Work is planned to start this year on the Riverside School project with funding initially coming from the schools own balances.
58. The Primary Schools Refurbishment programme for 2019-20 is now substantially complete and planning is already well progressed for 2020-21.
59. Air Quality improvement works have been undertaken to Ilderton primary School to improve the air around the school especially from road pollution. These works incorporate a new acoustic boundary screen to the school and the planting of green walls and trees, which has proven to reduce NOX emissions. Works were completed in January 2020. Work is also underway to procure air quality audits of other schools.
60. A key priority of the programme is the provision of SEN/higher needs places,

building upon the work at Cherry Garden and at Park College post 16 provision. Significant work was undertaken at SILS KS3 in 2019-20. However, there has been some slippage in the opening of resource units at COLA and Charter School East Dulwich and Spa Bermondsey (being separately managed). In addition the planned project at SILS KS4 and Beormund School needs to be reviewed given the change in market conditions, and this may be subject to a future capital bid.

ENVIRONMENT AND LEISURE

61. The total value of the departmental capital programme for the period 2019-20 to 2028-29 is £148.7m. The final 2019-20 outturn was £19.2m against the latest revised budget of £26.6m. The budget for future years has been re-profiled in line with the projected expenditure.

62. The progress of major schemes is outlined below.

Highways

63. The Highways capital renewal programme completed ahead of planned forecast for the year with the team being able to provide improvements to 132 roads across the borough instead of the expected 125. £300k budget for highway structures maintenance achieved total spend of £291k. Devolved highways budget projects showing improvement against previous years with a spend of £556k against a forecast of £576k which is due to the difficulties in allocating budgets to schemes.

64. The Principal Roads programme largely performed in accordance with forecast with a slight variation due to minor changes made on site.

65. Cycling infrastructure fund works are currently on site and initial works have been funded from the Local Implementation Plan. However delays in the contractor securing the necessary permits has resulted in some delays to completion resulting in a £19k underspend. This expenditure is expected to be incurred in quarter one in 2020-21.

66. Some delays to permitting and traffic management authorisations have resulted in spend below expected levels; however Forest Hill Rd and Dulwich Wood Park are now both on site. Actual spend is tracking just below forecast with works expected to complete in quarter two in 2020-21.

67. Junction improvement works for Rotherhithe New Rd are now complete and a second phase of improvements away from the junction has been delayed in starting.

68. St Saviours Footbridge is now substantially complete within budget and no further costs expected from this capital budget.

69. The Cleaner Greener Safer programme again proved to be very popular with residents and local groups. Many of the projects contribute to improving air quality, mental health and physical well being in the community. The CGS programme performed within budget and targets with a total spend of £1.957m and an annual budget of £1.8m. The higher spend was due to budget brought forward for monitoring purposes of schemes completed in previous financial

year. A total of 280 schemes were completed.

Flood Prevention

70. Coleman Road Flood Alleviation project substantially completed in 2018-19, additional works were undertaken in 2019-20. Currently going through the process of agreeing final account with the contractor. Work is ongoing across the borough as planned to replace dysfunctional gullies.
71. The major project under development is the Lost Peck Scheme. The Scheme which will protect more than 200 homes and business premises is estimated at £1.4m and is expected to be funded by the Environment Agency. Detail design, approval of business case and implementation is expected over the next two financial years.
72. A number of new Sustainable Drainage Systems (SuDS) schemes are currently under development across the borough mostly in Housing Estates. These include Cameron, Lewes and Mawbey Houses to name a few. These schemes together have received £80k funding from the Greater London Authority's Greener City Fund.
73. London Bridge Strategic SuDS pilot project funded by Thames Water and Thames Regional Flood and Coastal Committee comprising Snowsfields and Melior Street were expected to be implemented in 2019-20 but deferred to 2020-21 financial year.

Asset Management

74. Lamp column replacement on the basis of structural integrity and lantern replacement for energy consumption reduction has been completed for forecasted 2019-20 programme. All columns that failed structurally in the 2018-19 testing programme have now been made safe and/or replaced. Additional design works were bought forward from future programme to ensure no lapse in continuous delivery. Also additional civils requirements with successful completion of full road lamp column replacements this year, which incurred additional costs being brought forward.

Parks and Leisure

75. Delivery of the Parks and Leisure Capital Programme has continued at a steady pace with the completion of 5 schemes and just under £3m spent in 2019-20. There is a programme underspend of £1.6m of the £4.5m budget forecast for 2019-20, largely due to significant delays on some major projects.
76. Three cemetery projects have been completed as part of the implementation of the cemetery strategy to provide new burial space and associated infrastructure improvements. The new Baby and Children memorial area and Area D1 were opened and the conversion and leasing of the small lodge at Camberwell New Cemetery was completed. A long delay to works on the Area Z phase 2 landscaping contract due to difficulties sourcing infill materials has resulted in an underspend of £1m for this project. Programme delays in delivering enabling works at Nunhead Cemetery East Lodge led to a further £450k underspend. Works to stabilise the building was held up when rapid deterioration meant it had

become a dangerous structure needing revised specifications and working methods.

77. Landscaping work at Burgess Park West and construction of the iconic new café building at Southwark Park were also opened to the public with over £1m spent to bring these projects to completion in 2019-20.
78. At the close of 2019-20 the Parks and Leisure capital programme has 40 projects in delivery. Consultation and design has progressed to achieve planning consent for new building constructions at Southwark Park Athletics Centre and Burgess Park Sports Centre hub meaning that construction works on these large projects are on track to commence in 2020-21
79. All projects currently in delivery are on budget within the parks and leisure capital programme.

Culture

80. Cultural Services had a capital budget of approximately £7.3m in 2019-20 to deliver 5 capital projects ranging in value from £33k for Grove Vale Library to £7m for Southwark Heritage Centre and Walworth Library.
81. Kingswood Capital project has been successfully completed and the underspend relates to final accounts with contractor not completed by year end.
82. Grove Vale Library capital project is now complete and the library successfully opened. The Library Infrastructure project upgrading ICT is being completed in two phases. Phase 1 in 2019 has a slight overspend but successfully delivered a new Library Management System.
83. There is a small underspend in public art projects which will be addressed in 2020-21.
84. Library Management System (LMS): The LMS is the overarching database for the library service containing book stock and library membership records. A new LMS provided by Civica has been procured. The new LMS is more efficient, has additional functions, is more user friendly for both staff and customers and enables cost savings to be made. The project to transition to the new LMS was implemented in Feb 2020.
85. Library Self-Service technology upgrade: The council's current library self-service equipment which has been operating since 2009 has reached end of life. Requirements for new equipment were reviewed and the library service has now completed a joint procurement exercise with SELMS partners to secure a new supplier for self service equipment. Approval to award the contract was agreed for Southwark in April 2020. After official award of the tender, the upgrade in self service equipment in all libraries will be implemented and will be completed within 2020-21.
86. The majority of the underspend in capital expenditure relates to Southwark Heritage Centre and Walworth Library. This is due to the timetable for the delivery of the project being re-profiled for delivery by December 2020. This timetable change relates to delays in preliminary stage of the project with partners Lendlease and the growth in the scope of the project to include a

mezzanine with an increased budget The project has successfully progressed through RIBA stages 1, 2 and 3 and is nearing stage 4 sign off.. The works have been tendered for and it is expected that a contractor will be appointed in early June. The project is currently on target to be delivered in the new timetable. However Covid-19 guidance may impact on this and it may require further adjustment.

Environmental Services

Carbon reduction Investment

87. The carbon reduction capital programme is currently being reviewed in order to support the emerging climate emergency strategy. The Tooley Street LED installation project is scheduled to complete in June 2020, and further large installations such as Queens Road are being considered. Feasibility is also being carried out to install LED schemes at all our outdoor sports pitches, as well as seeking carbon reduction opportunities within new builds such as Southwark Park sports pavilion

Air Quality

88. Air Quality Action Plan 2017–2022. Delivery of the Air Quality Action Plan 2017–2022 continues. The Environmental Protection Team (EPT) will be collating data for the mandatory Annual Summary Report (ASR) 2019 in the spring by asking all relevant delivery service areas for their delivery updates. The ASR contains information regarding Southwark’s air quality monitoring data and notes the progress in delivering the Action Plan.
89. Solid fuel project – Southwark Project, over winter EPT are visiting retail outlets in the borough that may potentially sell house coal and wood (logs & sticks). They are making on site checks, interviewing store managers and providing posters for display at point of sale and leaflets to educate staff as part of an information campaign to inform both the public and retailers about the Southwark Smoke Control Area (SCA) and the legal restrictions on the delivery and use of smoky fuels in the SCA. One trader has agreed not to renew stocks of house coal when existing stock has been sold. There was an article in the winter edition of Southwark Life to educate householders and social media releases were issued.
90. Air Quality Monitoring Stations – The selection process for a contractor is complete and the formal approval process to appoint the contractor has been undertaken.
91. School air quality audits – The procurement strategy has been approved and this work is in abeyance whilst the schools are closed due to the Covid-19 lockdown. Preparations are being made with regard to the identification of a contractor and it is hoped the project will proceed in schools when they re-open.
92. Road Closures – The evaluation of air quality monitoring around several significant road closures has been undertaken and the evaluation report has been drafted and will shortly be finalised.

Mayor's Air Quality Fund projects

93. Walworth LEN: public and business engagement phase 1 is complete. Two low cost air quality monitors were co-located with a monitoring station and stabilised prior to deployment. Officers from EPT and Highways have convened a community focus group, to devising specific proposals for the phase 2 consultations.
94. Street Sweeping: Lambeth led joint project. The contractor to undertake the testing has been appointed and literature review completed. Testing is now in process.
95. Anti-idling – Camden and City of London led joint project. Southwark is in process of arranging further anti-idling events in the borough for this financial year; however this project has also been impacted by the current requirements for social distancing. Options for events or publicity that do not require face to face interactions are under consideration by the lead authorities.

HOUSING AND MODERNISATION

Housing General Fund

96. The total value of the Housing and Modernisation general fund capital programme for the ten years to 2028-29 is around £102m and comprises a diverse range of activity, mostly of a corporate back-office nature which supports wider service delivery across the council. Expenditure for the year was £8.7m, around £1m lower than programmed due in part to the impact of Covid-19 in the latter weeks of March, but also because of the often complex nature of the projects and inter-dependencies with other work streams which can lead to slippage and re-profiling in order to deliver optimum service outcomes and best value. The key headlines are outlined below.

Modernise – Corporate Facilities Management (CFM)

97. The FM programme enables the council to meet its statutory responsibilities for ensuring its operational buildings are compliant with health and safety regulations and ensure the wellbeing of its employees and service users. This is achieved through a comprehensive inspection and assessment regime and building lifecycle maintenance programme designed to enhance their life and maintain asset value. Expenditure for the year was £4.0m well ahead of earlier expectations.

Modernise – Queens Road 4

98. This represents one element in the council's office accommodation strategy by rationalising existing office provision into a two-hub model at Tooley Street and the Queen's Road complex. There are a number of physical constraints associated with the proposed QR4 site which has warranted further redesign and address potential planning restrictions which has led to programme delays during the year.

Modernise – Information Technology and Digital Services (ITDS)

99. There are a number of major projects underway and in development; not least

the data centre migration to a cloud computing environment (Azure). The adoption of a revised SICTS operating model during the year will deliver improvements in strategic planning and greater operational resilience going forward. Expenditure for the year was £0.7m, lower than previously forecast as less critical projects have been re-prioritised and re-profiled.

Modernise – Smart Working Programme

100. The ‘modern ways of working’ programme seeks to transform the way the council operates by enabling council employees to work in more flexible and efficient ways, supported by technology. This has been amply demonstrated in recent weeks with the council’s response to the Covid-19 lockdown, through the accelerated roll-out of remote working technology which has seen a step-change in staff’s ability to successfully maintain service provision remotely. Expenditure for the year was £0.3m.

Asset Management – Housing Renewal

101. Housing Renewal comprises a range of initiatives that principally support people living in private sector accommodation to remain living independently through assistance with repairs and maintenance and adaptations to their homes. Support is also provided to landlords and property owners to bring their properties back into use. The programme is largely funded through Disabled Facilities Grant (DFG) and the council’s own resources for the provision of grants and loans. Expenditure for the year was £1.5m, with programme slippage being recycled in to 2020-21.

Resident Services – Traveller Sites

102. A programme of reconfiguration and improvement works to address health and safety and compliance issues (principally fire safety) across all travellers sites commenced in 2018-19 at the Ilderton Road. Works to other sites are progressing and are expected to complete during 2020-21. The council has secured grant funding of £1.738m from the Greater London Authority (GLA) towards the cost of this works programme. Expenditure incurred during the year was £1.3m.

Leathermarket JMB

103. Expenditure of £0.1m incurred in the current financial year represents the final tranche of council funding towards the development of new homes by the JMB at Marklake Court, formerly the Kipling Street garages site.

HOUSING INVESTMENT PROGRAMME (HIP)

104. Capital investment in the council’s housing stock during 2019-20 was £157.3m comprising £90.5m on the existing stock, £50m on new council homes including acquisitions and site assembly for future new homes and £16.8m on wider regeneration schemes. In terms of funding the mainstream maintenance/renewal programme was funded from HRA revenue/reserves (£82.9m) and receipts/other contributions (£24.4m). Funding for the new build programme comprised RTB receipts (£4.2m), S106 developer contributions (£16.3m) and grants of £9.3m and £20.2m new borrowing.

105. The scale of the planned investment over the next ten years is around £1.7bn and will consume far greater resources than the council has at its disposal or is likely to be able to generate. Whilst grant funding from the Greater London authority (GLA) to support the delivery of new homes and the relaxation of borrowing restrictions are to be welcomed, further government support will inevitably be necessary going forward.
106. New borrowing has been almost exclusively reserved for the provision of new homes and over the long-term will not be sufficient to deliver the council's commitment to build 11,000 properties. The freedom introduced in 2019 is not a panacea for unfettered borrowing as the revenue financing costs of servicing the debt must be sustainable over the long-term (thirty to fifty years on average) from the HRA. Borrowing remains subject to the provisions of the Local Government Act 2003 which requires local authorities to have due regard to CIPFA's 'Prudential Code' when determining how much it can prudently afford to borrow. Consideration of borrowing along with other financing sources remains part of any scheme appraisal and is assessed on a case-by-case basis. Borrowing will inevitably increase going forward as other resources decline and the use and mix of capital funding streams remains subject to strict criteria/restrictions.

Quality Homes Investment Programme (QHIP)

107. QHIP is the principal strand of the council's asset management strategy for maintaining and renewing the existing housing stock and is the successor to Warm, Dry, Safe (WDS). QHIP recognises the need for a cyclical approach to maintenance and aims to address wider investment needs including internal works, such as kitchens and bathrooms. Expenditure in 2019-20 was £57m, lower than previously forecast, which has mitigated some of the resource pressure in-year. In light of other competing programme commitments and to ensure the HIP remains sustainable and affordable over the long-term, it remains subject to review and re-profiling in line with resource availability.

Heat Network

108. The council is fully cognisant of the substantial investment required in the district heating network over the long-term, notwithstanding the investment that has already and continues to be made through QHIP and other specific works programmes. Running in tandem is the council's ambitious commitment to be carbon neutral by 2030, which adds a further layer of complexity and cost. A comprehensive Heat Network Strategy is being developed which will identify options and better inform the discussion about potential cost and funding options. The HIP budget has been increased to £350m over an extended period, to reflect the potential quantum of the investment need required.

Major Works (High Needs)

109. The covers those estates identified as high need/high cost requiring extensive repair and refurbishment. The schemes by their nature are complex and resource intensive and require bespoke funding solutions outside of the main QHIP programme. Programme resources of £50m have been identified through to 2028-29, with £26m spent in total by 31 March 2020, principally for the Tustin Estate. Other schemes in the pipeline over the medium-term are Ledbury, Abbeyfield and Chilton Grove.

New Council Homes

110. The council continues to make good progress against its ambitious new homes target. At 31 March 2020, 677 new homes had been delivered with 266 on-site and 2,965 in planning/ awaiting approval. The delivery programme also includes shared ownership and private sales units. The homes are being delivered through a combination of direct delivery, the Southwark Regeneration in Partnership Programme (SRPP), hidden homes and the acquisition of privately developed new build affordable homes. However, achievement of the council's longer-term commitment to build 11,000 homes by 2043 will require more development land and the council remains alert to market opportunities to acquire sites that offer scale and value for money. Expenditure at outturn was £50m for the year.

Regeneration Schemes

111. Total expenditure of £16.8m was incurred in-year, principally on the Aylesbury Estate (£15.2m), which was almost exclusively for leasehold acquisitions. The project has been subject to unavoidable delays arising from the rejection of the council's original CPO application resulting in a slower acquisition completion rate for phases 1 and 2. Given the continued uncertainty, further revisions to the current forecast and the overall programme are likely and will be kept under close review.
112. Phase 3 environmental works on the East Dulwich estate, which commenced this year, was £0.5m. The scope of the works includes drainage works, playground refurbishment, new communal gardens, car parking, pedestrian paving and planting across the estate and is expected to be completed during the next financial year.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

113. 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.
114. The capital programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Capital programme refresh for 2018-19 to 2027-28	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Rob Woollatt, Interim Departmental Finance Manager, Finance and Governance
Link: (please copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s80724/Report%20-%20Capital%20Refresh.pdf		

APPENDICES

No.	Title
Appendix A	General fund Outturn Position 2018-19 and Refresh for 2019-20 to 2027-28
Appendix B	Housing investment programme summary outturn 2018-19 and Refresh for 2019-20 to 2027-28
Appendix C	Budget virements and variations at 2018-19 outturn
Appendix D	General fund programme detail at 2018-19 outturn and Refresh for 2019-20 to 2027-28

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	Version 3	
Dated	5 June 2020	
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 for Finance and Governance.	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	5 June 2020	

Appendix A - General fund capital programme 2019-20 outturn report

Department	2019/20				2020/21			2021/22+			Total Programme 2019/20-28/29			Total Programme 2019/20-28/29		
	Revised Budget	Final Outturn	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Agreed Budget	Virements	Variations	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults' Services	18,310	11,643	11,643	(6,667)	64,336	58,210	(6,126)	50,622	63,415	12,793	132,963	250	56	133,268	133,268	-
Southwark Schools for the Future	6,402	5,576	5,576	(826)	4,466	2,262	(2,204)	198	3,228	3,030	11,066	-	-	11,066	11,066	-
Environment and Leisure	26,654	19,164	19,164	(7,490)	30,769	35,292	4,523	91,278	94,245	2,967	148,432	-	269	148,701	148,701	-
Housing and Modernisation	10,073	8,680	8,680	(1,393)	28,689	31,004	2,315	63,272	62,672	(600)	102,034	(250)	250	102,034	102,356	322
Place and Wellbeing	59,831	56,686	56,686	(3,145)	97,603	90,286	(7,317)	131,750	142,212	10,462	288,791	-	393	289,184	289,184	-
TOTAL EXPENDITURE	121,270	101,749	101,749	(19,521)	225,863	217,054	(8,809)	337,120	365,772	28,652	683,286	-	968	684,253	684,575	322
FUNDED BY:																
Corporate Resource Pool	41,511	7,913	7,913	(33,598)	14,700	48,294	33,594	32,500	32,504	4	88,711	-	-	88,711	88,711	-
Major Repairs allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supported Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	795	583	(212)	3,486	3,698	212	4,281	-	-	4,281	4,281	-
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Grants	21,035	18,423	18,423	(2,612)	17,608	19,729	2,121	26,312	26,803	491	63,806	96	1,054	64,955	64,955	-
Section 106 and CIL	10,527	10,554	10,554	27	11,629	10,662	(967)	34,619	35,559	940	57,133	15	(372)	56,775	56,775	-
External Contributions	883	199	199	(684)	980	1,064	84	9,000	9,600	600	10,875	(120)	107	10,863	10,863	-
TOTAL RESOURCES	73,956	37,089	37,089	(36,867)	45,712	80,332	34,620	105,917	108,164	2,247	224,806	(9)	789	225,585	225,585	-
Financing to be agreed (borrowing in 2019-20)*		64,660	64,660			136,722			257,608		458,480	9	179		458,990	322

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

Project description	2019/20				2020/21			2021/22			2022/23+			Total Programme 2019/20-28/29			
	Revised Budget	Actual	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Warm Dry and Safe																	
WDS 2-year programme	-	0	0	0	-	-	-	-	-	-	-	-	-	-	0	0	0
WDS 2012 major works	-	0	0	0	-	-	-	-	-	-	-	-	-	-	0	0	0
WDS 2013 major works	20	76	76	56	-	-	-	-	-	-	-	-	-	20	76	56	
WDS 2014 major works	1	20	20	19	-	-	-	-	-	-	-	-	-	1	20	19	
WDS 2015 major works	1,867	1,703	1,703	(165)	2,127	2,844	716	178	59	(120)	1,459	952	(507)	5,632	5,557	(75)	
M&E heating	57	47	47	(10)	-	10	10	242	243	0	-	-	-	299	299	0	
M&E electrical	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WDS Leathermarket JMB	1,476	1,117	1,117	(359)	2,750	2,750	-	5,391	5,750	359	-	-	-	9,617	9,617	(0)	
	3,421	2,962	2,962	(459)	4,877	5,604	726	5,811	6,051	240	1,459	952	(507)	15,569	15,569	(0)	
Special Schemes/HINE																	
Chilton Grove Wall - Decent Homes	663	612	612	(51)	1,574	1,598	24	67	94	26	-	-	-	2,304	2,304	0	
Tustin	19,207	24,420	24,420	5,213	11,690	7,159	(4,531)	866	848	(17)	665	-	(665)	32,428	32,428	(0)	
Portland	220	170	170	(50)	-	50	50	-	-	-	-	-	-	220	220	0	
Damory/Thaxted externals	(565)	(1,282)	(1,282)	(718)	674	1,208	534	41	224	184	-	-	-	150	150	0	
Maydew	1,145	889	889	(256)	11,928	719	(11,208)	-	11,465	11,465	-	-	-	13,072	13,072	-	
Four Squares (HINE)	3	3	3	-	-	-	-	-	-	-	-	-	-	3	3	-	
Lakanel House	177	138	138	(38)	-	-	-	13	51	38	-	-	-	189	189	0	
Ledbury Refurbishment	1,276	1,609	1,609	332	762	33	(730)	-	397	397	-	-	-	2,039	2,039	0	
Lebury Emergency Works	18	18	18	-	-	-	-	-	-	-	-	-	-	18	18	-	
	22,144	26,577	26,577	4,433	26,628	10,767	(15,861)	986	13,079	12,093	665	-	(665)	50,424	50,424	(0)	
Asset management Strategy (Inc. Kitchens & Bathrooms & LD2)																	
Asset Management Strategy 2021+Future years (QHIP)	62,815	56,583	56,583	(6,232)	117,257	98,450	(18,808)	106,213	126,330	20,118	432,788	437,710	4,922	719,073	719,073	(0)	
Installation of LD2	878	-	-	(878)	1,785	1,785	-	2,000	2,000	-	14,952	15,830	878	19,615	19,615	-	
FRA Contingency Budgets	792	-	-	(792)	1,188	792	(396)	-	1,188	1,188	-	-	-	1,980	1,980	-	
	64,485	56,583	56,583	(7,902)	120,230	101,027	(19,204)	108,213	129,518	21,306	447,740	453,540	5,800	740,668	740,668	(0)	
Type 4 Fire Risk Assessment																	
Type 4 Fire Risk Assessment	455	15	15	(440)	7,545	2,817	(4,728)	4,000	3,958	(42)	16,000	21,210	5,210	28,000	28,000	-	
	455	15	15	(440)	7,545	2,817	(4,728)	4,000	3,958	(42)	16,000	21,210	5,210	28,000	28,000	-	
HEAT NETWORK STRATEGY																	
Heat Network Strategy (including SELCHP Expansion)	-	-	-	-	5,000	5,000	-	5,000	5,000	-	290,000	290,000	-	300,000	300,000	-	
Consort, Newington and Wyndham District Heating Heat	168	78	78	(90)	7,155	7,463	308	692	474	(218)	-	-	-	8,015	8,015	-	
	168	78	78	(90)	12,155	12,463	308	5,692	5,474	(218)	290,000	290,000	-	308,015	308,015	-	
Regeneration																	
Aylesbury Estate regeneration	12,374	15,157	15,157	2,784	5,719	3,523	(2,197)	3,222	2,635	(587)	-	-	-	21,315	21,315	(0)	
Bermondsey Spa refurbishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
East Dulwich Estate	1,179	468	468	(711)	1,367	2,078	711	121	121	-	-	-	-	2,667	2,667	(0)	
Elmington Estate	366	210	210	(155)	-	155	155	-	-	-	-	-	-	366	366	(0)	
Heygate Estate	164	1	1	(162)	-	162	162	-	-	-	-	-	-	164	164	0	
Local authority new build	122	1	1	(121)	-	-	-	-	-	-	-	-	-	122	1	(121)	
Wooddene - Acorn Plant Reprovision	50	23	23	(27)	-	27	27	-	-	-	-	-	-	50	50	-	
Regeneration Commercial properties	692	608	608	(84)	-	84	84	-	-	-	-	-	-	692	692	(0)	
Tustin Low Rise works	420	298	298	(122)	180	302	122	-	-	-	-	-	-	600	600	-	
	15,366	16,767	16,767	1,402	7,266	6,332	(935)	3,344	2,756	(587)	-	-	-	25,976	25,855	(121)	
New Builds																	
Hostels new build	394	394	394	-	-	-	-	-	-	-	-	-	-	394	394	-	
Hidden Homes	2,255	2,240	2,240	(15)	4,109	3,485	(624)	148	771	622	-	17	17	6,513	6,513	0	
Regeneration and Development	8,393	6,438	6,438	(1,954)	60,160	60,160	-	75,203	71,022	(4,181)	28,735	34,870	6,135	172,490	172,490	0	
Direct Delivery - New Council Homes Phase 1	5,233	4,291	4,291	(942)	8,657	3,476	(5,181)	6,741	10,591	3,850	853	3,126	2,273	21,484	21,484	-	
Direct Delivery - New Council Homes Phase 2	30,532	25,060	25,060	(5,472)	107,850	75,503	(32,348)	130,023	111,681	(18,342)	134,360	190,520	56,161	402,765	402,765	-	
New Build Tenants assistance with moving costs	171	66	66	(104)	146	106	(40)	205	100	(105)	-	249	249	521	521	-	
	46,977	38,490	38,490	(8,488)	180,922	142,730	(38,193)	212,320	194,165	(18,155)	163,947	228,782	64,835	604,167	604,167	0	
Acquisitions																	
Acquisitions & S106 properties	23,791	9,811	9,811	(13,980)	29,846	42,601	12,756	20,786	22,011	1,225	75,393	75,393	-	149,816	149,816	-	
Ledbury Acquisitions	2,000	1,754	1,754	(246)	3,241	3,486	246	3,241	3,241	-	-	-	-	8,481	8,481	0	
	25,791	11,565	11,565	(14,226)	33,086	46,088	13,001	24,027	25,251	1,225	75,393	75,393	-	158,297	158,297	0	
Other programmes																	
Adaptations	2,409	2,378	2,378	(31)	1,569	1,600	31	1,600	1,600	-	11,200	11,200	-	16,778	16,778	-	
Cash incentive & Home owner buy back scheme	438	247	247	(191)	563	415	(148)	245	584	339	-	-	-	1,246	1,246	-	
Disposals costs	400	430	430	30	400	400	-	400	400	-	1,120	1,090	(30)	2,320	2,320	-	
Hostels accommodation	103	103	103	-	413	413	-	-	-	-	-	-	-	516	516	-	
Leasehold / freehold acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Major voids	148	-	-	(148)	224	148	(76)	381	224	(157)	-	381	381	753	753	-	
Security	212	134	134	(78)	90	227	137	100	41	(59)	-	-	-	402	402	-	
T&RA halls	779	676	676	(102)	1,587	1,020	(567)	-	670	670	-	-	-	2,366	2,366	(0)	
Heating Energy Efficiency Measures (North Peckham P	162	123	123	(39)	60	-	(60)	-	-	-	-	-	-	222	123	(99)	
Other Installation of Sprinkler & smoke detection	79	41	41	(39)	-	39	39	-	-	-	-	-	-	79	79	-	
Ledbury Tenants-Assistance with moving costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Tenants Homeloss Assistance & Payments	5	25	25	19	-	-	-	-	-	-	-	-	-	5	25	19	
Fire Damage Reinstatement	100	90	90	(10)	-	10	10	-	-	-	-	-	-	100	100	0	
	4,834	4,246	4,246	(589)	4,907	4,272	(635)	2,726	3,519	792	12,320	12,671	352	24,787	24,708	(80)	
	183,642	157,283	157,283	(26,359)	397,618	332,098	(65,520)	367,119	383,772	16,652	1,007,523	1,082,549	75,026	1,955,901	1,955,701	(200)	
FINANCED BY:																	
Capital Receipts b/fwd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital receipts Leather Market Self financing	1,476	1,117	1,117	(359)	2,368	2,750	382	2,368	5,750	3,382	-	-	-	6,213	9,617	3,404	
Capital Receipts	15,806	18,990	18,990	3,384	41,476	34,246	(7,230)	10,507	10,335	(173)	-	21,210	21,210	67,589	84,781	17,192	
Additional New Build Receipts-SRPP	-	-	-	-	-	-	-	22,107	22,107	-	42,043	42,043	-	64,151	64,151	-	
RTB Receipts - Restricted to New Build (incl buybacks)	13,090	8,624	8,624	(4,466)	18,033	16,710	(1,323)	24,722	15,526	(9,196)	40,252	58,924	18,672	96,097	99,784	3,686	
Major Repairs Reserves	61,921	59,092	59,092	(2,829)	51,000	54,298	3,298	51,000	51,000	-	357,000	357,000	-	520,921	521,390	469	
Revenue Contribution	20,745	19,715	19,715	(1,030)	20,745	20,640	(105)	20,745	20,745	-	121,183	110,412	(10,771)	183,417	171,511	(11,906)	
Reserves	-	2,927	2,927	2,927	-	-	-	-	-	-	-	-	-	-	2,927	2,927	-
New Homes Grant	8,761	9,307	9,307	546	40,114	24,523	(15,590)	30,914	19,756	(11,158)	20,390	34,037	13,647	100,179	87,623	(12,556)	
Other Grants-External Contribution	-	-	-	-	3,795	3,795	-	4,125	4,125	-	-	-	-	7,920	7,920	-	
Section 106 Funds	32,297	17,322	17,322	(14,975)	34,519	49,514	14,995	10,000	10,000	-	24,454	31,503	7,049	101,270	108,339	7,069	
B																	

Appendix C - Budget virements and variations 2019-20 outturn											
Project Name	Project Code	Children's	Adult Social Care	Children's and Adults' Services	Southwark Schools for the Future	Environment and Leisure	Housing and Modernisation	Place and Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
		£	£	£	£	£	£	£	£	£	£
CURRENT PROGRAMME AT OUTTURN 2019-20		92,606,827	40,355,801	132,962,628	11,065,581	148,431,600	102,033,919	288,791,336	683,285,063	1,973,037,500	2,656,322,563
Month 12 virements to be approved											
Children's											
Hollydale fabric	E-1122-0327	1,157		1,157					1,157		1,157
Robert Browning Fabric	E-1138-0327	1,780		1,780					1,780		1,780
Brunswick Park - Replacement thermostatic valves (TRVs)	E-1106-0329	548		548					548		548
Camelot - Fabric repairs (windows overhaul and wc roof)	E-1107-0329	145		145					145		145
Charles Dickens - Fabric repairs (windows overhaul)	E-1108-0329	10,135		10,135					10,135		10,135
Comber Grove - Fabric repairs (windows overhaul)	E-1110-0329	(3,339)		(3,339)					(3,339)		(3,339)
John Ruskin - Plumbing alterations (to safeguard against legionella)	E-1126-0329	960		960					960		960
Oliver Goldsmith - Fabric repairs (windows overhaul)	E-1132-0329	377		377					377		377
Rye Oak - Victorian building - Boiler replacement to original building	E-1134-0329	(23,438)		(23,438)					(23,438)		(23,438)
Robert Browning - Fabric repairs (windows overhaul)	E-1138-0329	1,048		1,048					1,048		1,048
Tower Bridge - Fabric repairs (windows overhaul and roof repairs)	E-1142-0329	(1,537)		(1,537)					(1,537)		(1,537)
2018/19 Primary Schools refurbishment programme	Contingency	12,166		12,166					12,166		12,166
PPM Programme/Stock Condition Survey review	PPM Programme/Stock Condition Survey review	8,367		8,367					8,367		8,367
Bessemer Grange - Fabric repairs (Windows overhaul) & boiler replacement	E-1105-0330	15,912		15,912					15,912		15,912
Crawford - Fabric Repairs (Windows Overhall, DPC, roof	E-1112-0330	48,055		48,055					48,055		48,055
Townsend - Fire alarm replacement and emergency lighting	E-1143-0330	1,152		1,152					1,152		1,152
Dulwich Wood - Window Repairs, replacement fire doors	E-1129-0330	713		713					713		713
Heber - Fire Alarm replacement, TRV installation	E-1121-0330	4,639		4,639					4,639		4,639
Goodrich - Fabric and M&E	E-1118-0330	15,523		15,523					15,523		15,523
Lyndhurst - Fabric repairs	E-1130-0330	3,340		3,340					3,340		3,340
Ilderton - Drainage repairs	E-1123-0330	3,748		3,748					3,748		3,748
Charlotte Sharman - Fabric and Kitchen	E-1301-0330	1,380		1,380					1,380		1,380
Rye Oak School - Roof leak investigation and repair	E-1134-0330	29,287		29,287					29,287		29,287
2019/20 Primary Schools refurbishment programme	Contingency	(132,116)		(132,116)					(132,116)		(132,116)
Primary Schools refurbishment programme 2020/21	E-000-2020.1	3,500,000		3,500,000					3,500,000		3,500,000
Primary Schools refurbishment programme		(3,500,000)		(3,500,000)					(3,500,000)		(3,500,000)
SSF											
Housing and Modernisation											
Ilderton Rd west	G-1694-3000.01.01							(3,500)	(3,500)		(3,500)
Ilderton Rd East	G-1694-3000.01.02							3,500	3,500		3,500
Operational Buildings Life Cycle Investment	R-4040-0060							(250,000)	(250,000)		(250,000)
Adult Social Care											
Adult PSS Capital Allocations	S0001-0008		(6,836)	(6,836)					(6,836)		(6,836)
OP Anchor Blue	S-2001-2015		3,954	3,954					3,954		3,954
OP Anchor Green	S-2002-2015		(14,275)	(14,275)					(14,275)		(14,275)
OP Anchor Rose	S-2003-2015		3,225	3,225					3,225		3,225
OP Anchor Water	S-2004-2015		570	570					570		570
MH Castlemead	S-0001-0002		251,091	251,091					251,091		251,091
OP Southwark Resource Centre	S-4020-0010		12,271	12,271					12,271		12,271
Place and Wellbeing											
Fair Street Housing	R-1230-0240.01							3,044	3,044		3,044
Nunhead Outer London Funding Programme	R-1230-0310							(3,044)	(3,044)		(3,044)
Scheme Review	R-2018-0040.02							222	222		222
Local Environmental	R-2018-0040.03							25,594	25,594		25,594
Long Lane Traffic Management	R-2018-0040.06							(7,188)	(7,188)		(7,188)
Salter Road	R-2018-0040.10							(4,895)	(4,895)		(4,895)
Wlathworth Road North	R-2018-0040.11							1,324	1,324		1,324
Lordship Lane Traffic	R-2018-0040.12							(9,825)	(9,825)		(9,825)
Walworth Road South	R-2018-0040.13							(5,232)	(5,232)		(5,232)
BP RMP 1103 College Road	R-2018-0060.10							(55,161)	(55,161)		(55,161)
QW7	R-2018-0080.01							1,126	1,126		1,126
QW14 Tower Bridge to Canada Water	R-2018-0080.02							249,436	249,436		249,436

Project Name	Project Code	Children's	Adult Social Care	Children's and Adults' Services	Southwark Schools for the Future	Environment and Leisure	Housing and Modernisation	Place and Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
QW8 Kennington to Burgess Park	R-2018-0080.03							(76,319)	(76,319)		(76,319)
QW Bermondsey to Catford	R-2018-0080.05							(77,281)	(77,281)		(77,281)
QW Peckham Rye to Streatham	R-2018-0080.06							(7,286)	(7,286)		(7,286)
LCG Cornwall Road	R-2018-0080.08							(11,484)	(11,484)		(11,484)
LCG St George's Circus	R-2018-0080.09							5,825	5,825		5,825
LCG Tanner Street	R-2018-0080.10							(9,150)	(9,150)		(9,150)
LCG Southwark Bridge Road	R-2018-0080.11							(1,867)	(1,867)		(1,867)
Q14 Meymott Street to Hatfields Design A	R-2018-0080.12							(53,000)	(53,000)		(53,000)
St Georges Circus to Falmouth Road Desig	R-2018-0080.13							(10,000)	(10,000)		(10,000)
Southwark Bridge Rd to Southwark Bridge	R-2018-0080.14							(10,000)	(10,000)		(10,000)
Calm Street/Decluttered	R-2019-0040.06							(200)	(200)		(200)
Long Lane	R-2019-0040.07							200	200		200
RMP 440/441 Denmark Hill	R-2019-0060.01							(63,269)	(63,269)		(63,269)
RMP 27/28 Croxted Road junction	R-2019-0060.02							(267)	(267)		(267)
RMP 30/31 South Croxted Road	R-2019-0060.04							(700)	(700)		(700)
RMP 79 Denmark Hill junction CHL	R-2019-0060.05							(18,756)	(18,756)		(18,756)
RMP 87 Dog Kennel Hill	R-2019-0060.06							(24,083)	(24,083)		(24,083)
RMP 3430032 Peckham Rye	R-2019-0060.07							(800)	(800)		(800)
RMP 1103 College Road	R-2019-0060.08							169,094	169,094		169,094
RMP 420 RHNR jct RHOR	R-2019-0060.09							(531)	(531)		(531)
RMP 419 192 Lower Road	R-2019-0060.11							(1)	(1)		(1)
BP Walworth Road	R-2019-0060.12							2,274	2,274		2,274
Dunston Road	R-2019-0060.13							(7,800)	(7,800)		(7,800)
Central London Grid Phase 2 - QDP's	R-2019-0080.01							9,268	9,268		9,268
Cornwall Rd (Q1) - Blackfriars Rd (Q14) - Design	R-2019-0080.02							4,800	4,800		4,800
Cornwall Rd (Q1) - Blackfriars Rd (Q14) - Construction	R-2019-0080.03							(6,838)	(6,838)		(6,838)
St Georges Circus (CS6) - Thurlow St - Construction	R-2019-0080.04							4,600	4,600		4,600
St Georges Circus (CS6) - Thurlow St - Design	R-2019-0080.05							(794)	(794)		(794)
Southwark Bridge Rd (CS7) - Southwark Bridge - Design	R-2019-0080.06							(3,438)	(3,438)		(3,438)
Tanner St to Willow Walk - Design	R-2019-0080.07							(875)	(875)		(875)
Q7 Gipsy Hill/Dulwich Wood Avenue	R-2019-0080.08							(4,870)	(4,870)		(4,870)
Q7 Risk Drawdown- Dulwich Village Improvements	R-2019-0080.09							3,436	3,436		3,436
Q7 Dulwich Village Junction Alterations	R-2019-0080.10							(5,289)	(5,289)		(5,289)
QBC Rolls Road	R-2019-0080.11							73,452	73,452		73,452
QBC Coopers Road/Mawbey Place Junction	R-2019-0080.12							(15,000)	(15,000)		(15,000)
QBC Mawbey Place	R-2019-0080.13							(1,000)	(1,000)		(1,000)
QBC Glengall Road	R-2019-0080.14							(20,000)	(20,000)		(20,000)
QBC Surrey linear Canal Path	R-2019-0080.15							(37,452)	(37,452)		(37,452)
QCWD Off-highway next to Swan Road	R-2019-0080.23							376,000	376,000		376,000
QCWD Albatross Way	R-2019-0080.24							(15,000)	(15,000)		(15,000)
QCWD Albatross Way junction with canal	R-2019-0080.25							(10,000)	(10,000)		(10,000)
QCWD Bridge crossing canal	R-2019-0080.26							(120,000)	(120,000)		(120,000)
QCWD Outside Alfred Salter School	R-2019-0080.27							(30,000)	(30,000)		(30,000)
QCWD Archangel Street	R-2019-0080.28							(25,000)	(25,000)		(25,000)
QCWD Entrance to Russia Dock Woodland	R-2019-0080.29							(3,000)	(3,000)		(3,000)
QCWD Compass point, Russia Dock Woodland	R-2019-0080.30							(3,000)	(3,000)		(3,000)
QCWD Underpass under Redriff Road	R-2019-0080.31							(80,000)	(80,000)		(80,000)
QCWD Bonding Yard Walk	R-2019-0080.32							(60,000)	(60,000)		(60,000)
QCWD South Sea Street	R-2019-0080.33							(10,000)	(10,000)		(10,000)
QCWD Rope Street	R-2019-0080.34							(10,000)	(10,000)		(10,000)
QCWD Rope Street to South Dock Lock	R-2019-0080.35							(10,000)	(10,000)		(10,000)
QPS Design & PM	R-2019-0080.44							(8,611)	(8,611)		(8,611)
QPS Risk Drawdown- Barry Road area improvements	R-2019-0080.45							13,215	13,215		13,215
Q14 SC Wayfinding	R-2019-0080.46							(4,169)	(4,169)		(4,169)
Q7 Rodney Road	R-2019-0080.47							1,960	1,960		1,960
Q7 Dog Kennel Hill	R-2019-0080.48							(5,704)	(5,704)		(5,704)
Q7 Champion Hill Monitoring	R-2019-0080.49							3,309	3,309		3,309
St Mary's Phase 2	R-4020-0100.2							397	397		397
Pullens Gardens	R-4020-0100.3							14,870	14,870		14,870
Dickens Square	R-4020-0100.4							(10,118)	(10,118)		(10,118)
GMH Bldgs, Brook Dri	R-4020-0100.5							(5,149)	(5,149)		(5,149)
Southwark War Memorial	R-4020-0320.01							(22,681)	(22,681)		(22,681)
Central Ballet School Loan	R-4020-0324.01							11,015	11,015		11,015
Revitalise Camberwell (Southern Ent, Burgess PK, Artichoke)	R-2013-0090.01							25,449	25,449		25,449
Revitalise Camberwell (Southern Ent, Burgess PK, Artichoke)	R-2013-0090.04							(25,449)	(25,449)		(25,449)
Non- Construction Wo	R-4020-0240.01							14,257	14,257		14,257
Construction Works	R-4020-0240.02							113,228	113,228		113,228
Peckham Rye Station Redevelopment(Gateway to Peckham)	R-4020-0060							(1,560,462)	(1,560,462)		(1,560,462)

Project Name	Project Code	Children's	Adult Social Care	Children's and Adults' Services	Southwark Schools for the Future	Environment and Leisure	Housing and Modernisation	Place and Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
Professional Fees	R-4020-0064.01							568,717	568,717		568,717
Works	R-4020-0064.02							952,661	952,661		952,661
Professional Fees	R-4020-0062.1							27,193	27,193		27,193
Works	R-4020-0062.2							11,891	11,891		11,891
New Nunhead Community Centre	R-4020-0030							348	348		348
Peckham Rye (Non-Works)	R-4020-0070.01							(133,455)	(133,455)		(133,455)
Peckham Rye Works	R-4020-0070.02							246,384	246,384		246,384
Professional fees	R-4020-0330.1							(6,477,096)	(6,477,096)		(6,477,096)
Works	R-4020-0330.2							6,477,096	6,477,096		6,477,096
East Street Library	R-4020-0340							2,598	2,598		2,598
Elephant & Castle Leisure Centre(The Castle Centre)	L-2200-0053							(231,694)	(231,694)		(231,694)
709 Old Kent Road	R-4020-0150.03							(83,609)	(83,609)		(83,609)
Dulwich Est Enfranch	R-4020-0150.04							67,130	67,130		67,130
711 – 717 Old Kent Road	R-4020-0150.11							16,479	16,479		16,479
Void Shops & Council Owned Parade	R-4020-0140							(391,911)	(391,911)		(391,911)
Void Shops & Council	R-4020-0140.01							391,911	391,911		391,911
HRA											
WDS 2015 major works	WDS2015									(431)	(431)
Four Squares (HINE)	WdsHINE									431	431
Ledbury Refurbishment	Ledburyrefurb									(17,768)	(17,768)
Ledbury Emergency Works	Ledbury									17,768	17,768
Asset Management Strategy (QHIP)	NPHS									480,228	480,228
Installation of LD2	NPHS-LD2									(480,228)	(480,228)
Total virements to be approved at Month 12			(0)	250,000	250,000	-	-	(250,000)	-	(0)	(0)
Month 12 - Variations to be approved											
Children's											
Riverside Primary School	E-1137-0320	13,000		13,000					13,000		13,000
The Charter School E.Dulwich	E-1406-0340	42,625		42,625					42,625		42,625
Environment and Leisure											
Flood Prevention (Highways drainage gully replacement) Programme	L-5110-0080					50,000			50,000		50,000
Little Dorrit Park	L-2340-0510					6,097			6,097		6,097
Newington Gardens	L-2340-0416					150,000			150,000		150,000
Grove Vale Library	L-1340-0005					63,281			63,281		63,281
Housing and Modernisation											
Springtide settlement	G-1694-3000.05						250,000		250,000		250,000
Home Repair Loan	G-7791-0130						-		-		-
Home Repair Grant	G-7791-2017						-		-		-
Empty Homes Funding	G-7791-0020						-		-		-
Small Works Grants	G-7791-0120						-		-		-
Home Repair Grant	G-7791-2017						-		-		-
Brayards Improvement Zone	L-4530-0012						-		-		-
Place and Wellbeing											
Nunhead Outer London Funding Programme	R-1230-0310							(19,327)	(19,327)		(19,327)
Hatfields Public Realm	R-1230-0319.02							(5,559)	(5,559)		(5,559)
Christchurch Gardens	R-1230-0319.03							(7,012)	(7,012)		(7,012)
Cherry Tree Gardens	R-1230-0330							(326)	(326)		(326)
Grove Lane Pocket Place	R-2018-0040.04							(65,000)	(65,000)		(65,000)
Salter Road	R-2018-0040.10							70,000	70,000		70,000
Wlaworth Road North	R-2018-0040.11							50,000	50,000		50,000
QW7	R-2018-0080.01							95,780	95,780		95,780
QW14 Tower Bridge to Canada Water	R-2018-0080.02							27,432	27,432		27,432
QW14 Extension Canada Water to Deptford	R-2018-0080.04							39,705	39,705		39,705
Rotherhithe to Peckham Cycle Connection	R-2018-0080.07							274,765	274,765		274,765
Demonstrator Zones	R-2019-0040.01							34,000	34,000		34,000
Southwark Cycle Spine	R-2019-0040.02							131,863	131,863		131,863
Long Lane	R-2019-0040.07							(100,000)	(100,000)		(100,000)
Lordship Lane	R-2019-0040.08							40,000	40,000		40,000
RMP 440/441 Denmark Hill	R-2019-0060.01							70,000	70,000		70,000
RMP 27/28 Croxted Road junction	R-2019-0060.02							(22,000)	(22,000)		(22,000)
RMP 133/135 Camberwell Road	R-2019-0060.03							(18,000)	(18,000)		(18,000)
RMP 30/31 South Croxted Road	R-2019-0060.04							(24,000)	(24,000)		(24,000)
RMP 79 Denmark Hill junction CHL	R-2019-0060.05							(13,000)	(13,000)		(13,000)

Project Name	Project Code	Children's	Adult Social Care	Children's and Adults' Services	Southwark Schools for the Future	Environment and Leisure	Housing and Modernisation	Place and Wellbeing	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
RMP 3430032 Peckham Rye	R-2019-0060.07							(15,000)	(15,000)		(15,000)
RMP 1103 College Road	R-2019-0060.08							(51,000)	(51,000)		(51,000)
BP Walworth Road	R-2019-0060.12							(5,000)	(5,000)		(5,000)
Dunston Road	R-2019-0060.13							24,000	24,000		24,000
Q7 Gipsy Hill/Dulwich Wood Avenue	R-2019-0080.08							(29,000)	(29,000)		(29,000)
QCWD Off-highway next to Swan Road	R-2019-0080.23							25,000	25,000		25,000
QCWD Bridge crossing canal	R-2019-0080.26							(13,000)	(13,000)		(13,000)
St Johns Footbridge	R-2019-0080.50							50,000	50,000		50,000
CS7 Southwark Bridge Rd – Gaunt St	R-2019-0080.51							25,000	25,000		25,000
Surrey Docks Farm	R-4020-0321							(25)	(25)		(25)
Peckham Rye Station Redevelopment(Gateway to Peckham)	R-4020-0060							394,900	394,900		394,900
Major Schemes(Lower Road)	R-2013-0010							(572,278)	(572,278)		(572,278)
HRA											
WDS Leathermarket JMB	WdsLeat									3,404,057	3,404,057
Consort, Newington and Wyndham District Heating Heat Pump installations	Heatpump									906,997	906,997
Hidden Homes	RegHidH									43,182	43,182
Regeneration and Development	SRPP									(29,180,000)	(29,180,000)
Direct Delivery - New Council Homes Phase 1	RegDDPH1									530,456	530,456
Direct Delivery - New Council Homes Phase 2	RegDDPH2									5,387,932	5,387,932
Acquisitions and site assembly for new council homes	RegProp									1,376,247	1,376,247
Adaptations	OthAdap									(120,892)	(120,892)
Hostels accommodation	OthTAH									516,000	516,000
											-
Total variations to be approved at Month 12		55,625	-	55,625	-	269,378	250,000	392,918	967,921	(17,136,021)	(16,168,100)
TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT MONTH 12 2019/20		55,624	250,000	305,624	-	269,378	-	392,918	967,921	(17,136,021)	(16,168,100)
REVISED BUDGETS		92,662,451	40,605,801	133,268,252	11,065,581	148,700,978	102,033,919	289,184,254	684,252,984	1,955,901,479	2,640,154,463
VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED FINANCED BY:											
Corporate Resources / Capital Receipt		0	250,000	250,000	-	-	(51,601)	(18,788)	179,611	(21,872,410)	(21,692,799)
Revenue		-	-	-	-	-	-	-	-	516,000	516,000
Capital Grant		-	-	-	-	56,097	-	997,445	1,053,542	-	1,053,542
Section 106 and CIL		-	-	-	-	213,281	-	(585,739)	(372,458)	(90,665)	(463,122)
External Contribution		55,625	-	55,625	-	-	51,601	-	107,226	3,404,057	3,511,283
Supported Borrowing		-	-	-	-	-	-	-	-	906,997	906,997
TOTAL RESOURCES		55,625	250,000	305,625	-	269,378	-	392,918	967,922	(17,136,021)	(16,168,099)

Appendix D - General fund capital programme 2019-20 detail outturn report

Capital Programme 2019/20-2028/29 Description of Programme / Project	2019/20			2020/21			2021/22+			Total Programme 2019/20-2028/29		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment and Leisure Total												
Cleaner Greener Safer	1,912	1,958	45	3,316	3,271	(45)	16,073	16,073	0	21,301	21,301	0
Other PR Projects	1,448	1,143	(305)	4,205	3,725	(481)	7,367	8,152	785	13,020	13,020	0
StreetCare	7,263	7,327	64	4,605	7,828	3,223	45,774	42,488	(3,287)	57,642	57,642	0
Environmental Services	1,531	352	(1,179)	1,631	2,810	1,179	1,273	1,273	0	4,435	4,435	0
Street Metal Works	677	1,000	323	700	750	50	4,500	4,127	(373)	5,877	5,877	0
Culture	7,362	4,246	(3,116)	1,142	4,258	3,116	0	0	0	8,504	8,504	0
Parks	4,496	2,838	(1,658)	12,475	8,291	(4,183)	15,510	21,352	5,841	32,481	32,481	0
South Dock Marina	1,235	6	(1,229)	100	1,329	1,229	0	0	0	1,335	1,335	0
Leisure	730	294	(435)	2,594	3,030	435	781	781	0	4,105	4,105	0
Environment and Leisure Total	26,654	19,164	(7,490)	30,769	35,292	4,523	91,278	94,245	2,967	148,701	148,701	0
Place and Wellbeing												
PLANNING	1,228	1,051	(177)	4,418	4,595	177	938	938	0	6,583	6,583	0
TRANSPORT POLICY & PLANNING	6,936	5,402	(1,534)	1,464	2,998	1,534	0	0	0	8,400	8,400	0
REGENERATION NORTH	7,269	6,532	(737)	14,901	9,938	(4,964)	48,595	54,296	5,701	70,766	70,766	0
REGENERATION SOUTH	5,539	5,228	(312)	22,345	22,657	312	27,193	27,193	0	55,077	55,077	0
REGENERATION CAPTAL	7,194	7,549	355	12,287	11,933	(355)	15,659	15,659	0	35,141	35,141	0
PROPERTY SERVICES	31,664	30,924	(740)	42,187	38,166	(4,021)	39,366	44,127	4,761	113,217	113,217	0
Place and Wellbeing Total	59,831	56,686	(3,145)	97,603	90,286	(7,317)	131,751	142,213	10,462	289,184	289,184	0
Children's and Adults' Services												
Castlemead, 232 Camberwell road	934	934	0	0	0	0	0	0	0	934	934	0
Centre of Excellence	350	356	6	5,020	5,014	(6)	0	0	0	5,370	5,370	0
Anchor Blue Grove	16	16	0	0	0	0	0	0	0	16	16	0
Anchor Greenhive	231	231	0	0	0	0	0	0	0	231	231	0
Anchor Rose court	21	21	0	0	0	0	0	0	0	21	21	0
Adult PSS Capital Allocations	126	2	(124)	5,161	624	(4,537)	0	4,661	4,661	5,288	5,288	0
Telecare expansion	0	0	0	143	0	(143)	0	143	143	143	143	0
Southwark Resource Centre	40	40	0	0	0	0	0	0	0	40	40	0
Lifecycle capital prog- Anchor homes	1,800	1,729	(71)	3,008	1,271	(1,737)	3,080	4,888	1,808	7,888	7,888	0
Lifecycle capital prog- ASC properties	100	155	55	2,035	1,000	(1,035)	8,540	9,520	980	10,675	10,675	0
Bed Based Care	0	0	0	0	0	0	10,000	10,000	0	10,000	10,000	0
2019/20 Primary Schools refurbishment programme	4,237	3,174	(1,062)	1,149	2,212	1,062	0	0	(0)	5,386	5,386	0
2020/21 Primary Schools refurbishment programme	4	4	0	3,496	3,496	0	0	0	0	3,500	3,500	0
2018/19 Primary Schools refurbishment programme	433	296	(137)	1,447	1,584	137	0	0	0	1,879	1,879	(0)
Autism Spectrum	0	0	0	900	900	0	900	900	0	1,800	1,800	0
Beormund Primary School Redevelopment	100	3	(97)	11,518	11,615	97	0	0	0	11,618	11,618	0
Healthy Pupils Programme	291	193	(98)	0	98	98	0	0	0	291	291	0
Ilderton School	200	178	(22)	150	172	22	0	0	0	350	350	0
LSBU Passmore	662	412	(250)	0	250	250	0	0	0	662	662	0

Appendix D - General fund capital programme 2019-20 detail outturn report

Capital Programme 2019/20-2028/29 Description of Programme / Project	2019/20			2020/21			2021/22+			Total Programme 2019/20-2028/29		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Nursery Buildings	150	150	(0)	19	19	0	0	0	0	169	169	(0)
Permanent Expansion	5,554	2,399	(3,154)	11,218	14,373	3,154	3,220	3,220	0	19,992	19,992	0
Primary Schools refurbishment programme	0	0	0	0	0	0	17,500	17,500	0	17,500	17,500	0
Riverside Primary School	513	13	(500)	2,000	500	(1,500)	1,000	3,000	2,000	3,513	3,513	0
Retention	0	17	17	95	78	(17)	0	0	0	95	95	0
Rotherhithe Primary School Expansion	1,050	709	(341)	12,000	12,341	341	6,383	6,383	0	19,433	19,433	0
SEND and disabilities development	1,000	420	(580)	1,627	2,208	580	(0)	0	0	2,627	2,627	0
Southwark Inclusive Learning Service KS4	0	0	0	3,200	0	(3,200)	0	3,200	3,200	3,200	3,200	0
Troubled Families	247	15	(232)	0	232	232	0	0	0	247	247	0
Classrooms	250	174	(76)	150	226	76	0	0	0	400	400	0
Children's and Adults' Services Total	18,310	11,643	(6,666)	64,336	58,210	(6,126)	50,623	63,415	12,793	133,268	133,268	(0)
Southwark Schools for the Future												
KS3 SILS	6,357	5,576	(780)	1,436	2,217	780	198	198	0	7,991	7,991	0
ICT	45	0	(45)	0	45	45	0	0	0	45	45	0
Contingency and retention payments	0	0	0	3,029	0	(3,029)	0	3,029	3,029	3,029	3,029	0
Southwark Schools for the Future Total	6,402	5,576	(825)	4,466	2,262	(2,204)	198	3,228	3,029	11,066	11,066	0
Housing and Modernisation												
Brayards Improvement Zone	9	0	(9)	0	0	0	0	0	0	9	0	(9)
Housing Renewal	2,049	1,470	(578)	2,254	1,969	(285)	15,055	15,918	863	19,358	19,358	0
Gypsy and Travellers Site Fire Safety Reconfiguration	1,259	1,310	51	127	407	280	0	0	0	1,386	1,717	331
IT Investment Schemes	2,107	686	(1,421)	5,601	6,822	1,221	9,843	10,043	200	17,551	17,551	0
Leathermarket - Kipling Garages	98	98	0	0	0	0	0	0	0	98	98	0
Modern Ways of Working	44	79	35	46	50	4	883	844	(39)	973	973	0
Smart Working Programme	1,144	325	(819)	6,624	7,443	819	697	697	0	8,465	8,465	0
Planned Preventative Maintenance	2,238	3,651	1,413	3,340	3,590	250	20,031	18,368	(1,663)	25,609	25,609	0
PPM & Compliance Programme (CRP)	325	318	(8)	1,030	1,000	(30)	8,401	8,439	38	9,757	9,757	0
Queens Road 4	800	743	(57)	9,667	9,724	57	8,361	8,361	0	18,828	18,828	0
Housing and Modernisation Total	10,073	8,680	(1,393)	28,689	31,004	2,316	63,272	62,671	(601)	102,034	102,356	322
Capital Programme 2019/20-2028/29	Total General Fund Programme											
	2019/20			2020/21			2021/22+			Total Programme 2019/20-2028/29		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure	121,270	101,750	(19,520)	225,862	217,053	(8,809)	337,121	365,772	28,650	684,253	684,575	322
Total Resources	73,956	37,089	(36,867)	45,712	80,332	34,620	105,917	108,164	2,247	225,585	225,585	0
Forecast variation (under)/over	47,314	64,661	17,347	180,150	136,721	(43,429)	231,204	257,608	26,403	458,668	458,990	322
Cumulative position				227,464	201,382	(26,082)	458,668	458,990	322	458,668	458,990	322

Item No. 10.	Classification: Open	Date: 16 June 2020	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: revenue monitoring outturn, including treasury management 2020-21	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

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

This 2019-20 revenue outturn report is presented against the background of the coronavirus pandemic. The pandemic is hitting our residents, public institutions, businesses and voluntary and community organisations hard. It has required an unprecedented response to mobilise the resources, skills and good faith of many across the borough. We will continue to do all we can to support our residents, communities and local businesses, to keep key services running and ensure that those who need help get it.

Clearly the epidemic and the ‘lockdown’ have significant implications for the council’s services and major financial implications. Whilst additional government emergency funding of £19.9m has been welcome, we estimate that the shortfall between the cost to the council through additional costs, lost income, welfare support and savings proposals that will no longer be delivered, and the funding provided is around £45m. Without additional support it is highly likely that the council will overspend its agreed 2020-21 budget, with a significant negative impact on reserve levels. We will continue to lobby national government to make good on their promise to councils that they would cover the cost of additional council spending required to support people through COVID-19, not just those things that it has asked councils to do. We will provide a more detailed update on the impact on 2020-21 budgets and future years resources as part of the Policy and Resources Financial Remit Report to Cabinet in July.

Despite the emerging costs of the pandemic through March 2020, including the immediate commitment of millions of pounds to ensure emergency hardship support was available to residents, communities and businesses, I am pleased to present a balanced outturn position for 2019-20, after movements to and from reserves. The outturn position continues to demonstrate strong financial management arrangements across the council. This is more important than ever given the unprecedented Covid-19 emergency, the backdrop to which was, in any event, an uncertain financial outlook and the continuing need to spend every penny wisely.

Within this outturn report, it is encouraging to see that Childrens’ And Adults services department reported an outturn position within budget and with a net contribution to reserves, for the second year in a row. Changes in frontline social work practice have enabled teams to better control spend and protect services, whilst the lessons and discipline learned through Budget Recovery Board in prior years help realise

savings. However, we continue to operate in a challenging environment and the current pandemic will undoubtedly increase costs and reduce certainty.

As well rehearsed, the operating environment of the Education service continues to be challenging in the light of inadequate funding for high needs and services more generally. Notably there are pressures flowing from the increased numbers of education, health and care plans and the consequential impact upon Special Educational Need transport. The outturn position for the DSG is a £7.0m in-year deficit, bringing the accumulated deficit position to £18.5m at 31 March 2020. There is now clear recognition at a national level that the quantum of funding is inadequate and this is being challenged robustly by local authorities and representative bodies as well as parents. An increased High Needs settlement for 2020-21, combined with a further transfer from the schools block will go some way towards balancing the in-year position; however the prospect of achieving any reduction in the accumulated deficit of £18.5m is distant. To ensure an appropriate level of support and scrutiny, the DSG remains within the Budget Recovery Board process, in partnership with the Schools Forum.

Elsewhere there were significant areas of budget pressure which were, as agreed with the Strategic Director of Finance and Governance, met from corporate contingencies. These included the major cost of the emergency tree recovery plan to address the requirements of health and safety regulations and reduce risks to the public; cost pressures arising from a number of emerging issues with the leisure contract; continuing pressures on homelessness and temporary accommodation where spending again exceeded budgeted resources.

There was better news from other areas, which stayed within budgets or underspent, which, together with some one-off savings and one-off income receipts, enabling the council to bolster reserves by a net £10m to help manage future financial risks and improve overall financial resilience.

RECOMMENDATIONS

1. That the cabinet notes the general fund outturn position for 2019-20 (Table 1);
2. That the Cabinet note the initial tranche of Covid-19 emergency grant funding of £11.1m, received on 27 March 2020;
3. That the Cabinet delegates authority to the Strategic Director of Finance and Governance in consultation with the Cabinet member for Finance, Performance and Brexit, to determine the most appropriate allocation of Covid-19 emergency funding, including future tranches, to council priorities;
4. That the cabinet notes the key adverse variations and budget pressures underlying the outturn position:
 - (i) The DSG outturn position of an £18m deficit and the significant pressures on the high needs budgets (paragraphs 35-36);
 - (ii) the continuing budget pressures on Temporary Accommodation (paragraphs 52-53);
 - (iii) the costs of implementing the Tree Recovery plan (paragraphs (39-40));

- (iv) emerging financial issues and claims associated with the leisure management contract (paragraph 41);
- 5. That the cabinet notes the utilisation of £4m contingency (paragraph 66) to offset adverse variances on temporary accommodation ,tree maintenance and leisure contract;
- 6. That cabinet notes the housing revenue account outturn for 2019-20 (table 2, paragraphs 62-71);
- 7. That cabinet notes the detailed movements of earmarked reserves as set out in Appendices B, C and D;
- 8. That cabinet notes treasury management activity in 2019-20 (paragraph 90-98)
- 9. That cabinet approves the interdepartmental budget movements that exceed £250k, as shown in Appendix A.
- 10. That cabinet note the interdepartmental general fund budget movements that are less than £250k as shown in Appendix A.
- 11. That cabinet notes the outturn position implications for the 2020-21 budgets and beyond (set out in paragraphs 85-89).

BACKGROUND INFORMATION

- 12. This report sets out the outturn position for the general fund, housing revenue account and dedicated schools grant for the 2019-20 financial year.
- 13. Council Assembly agreed a balanced general fund budget of £290.4m on 27 February 2019 based on a 2.99% council tax increase. This budget was set in the context of further significant overall cuts in government funding and after maximising resources available from both business rate retention and growth in the council tax base.
- 14. The council also approved budget decisions including reductions of some £19.6m within the general fund for 2019-20.
- 15. The cabinet agreed a balanced housing revenue account (HRA) budget on 24 January 2019.
- 16. At the beginning of March 2020, the UK and London saw significant uplift in the number of reported cases of individuals with or self-isolating due to showing symptoms of Covid-19, or Coronavirus. A pandemic was well underway with London at the sharp end. Anticipating this, and the need to prioritise resources to those most in need and protect and support residents, Southwark was one of the first authorities in London to set up a Borough Emergency Control Centre.
- 17. The council's emergency arrangements (and those of partners), including communications and workforce strategies, were already in place when, on 16 March, the government announced a number of lockdown measures. By this stage the Council had moved to core critical service delivery in line with the rest of London.

Covid-19

18. The pandemic and the 'lockdown' have significant implications for the Council's services and considerable financial implications.
19. In response to the pandemic, the Government has made a series of ongoing policy announcements, initially at the March 2020 Budget, and then over the last couple of months. A range of new funding streams have accompanied those announcements, including emergency funding support. The initial tranche of emergency funding (£11.1m) was received on 27 March 2020, primarily to meet the increased demand on adult social care services response to the Coronavirus crisis. Further support has also been announced that local authorities are able to use for specific purposes (e.g. the hardship fund), funds that councils have been asked to administer (e.g. business grants and homelessness) and changes to existing funding streams (e.g. business rate reliefs). Measures have also been announced to support council's cash flows (which are not additional funding) such as early payment of social care grants and deferring business rate payments to government.
20. Officers have undertaken initial work to estimate the additional costs of the pandemic which has been reported to the Ministry of Housing, Communities and Local Government (MHCLG). These estimates, which are heavily caveated due to the uncertainty of the likely duration of the pandemic and the pace of any subsequent recovery, indicate a general fund shortfall of circa £45m after taking account of emergency funding provided. It is unclear at this stage whether and how further funding will be made available and how this will be designed to reflect the individual circumstances and financial losses at an authority level.
21. Whilst the government originally committed to funding the full cost of the pandemic and has requested high-level projections of costs of the ongoing response from local councils, it now appears that funding may be limited to those things that the government has explicitly asked councils to do. Without additional government support it is a highly likely that the council will overspend it's agreed 2020-21 budget, with a significant negative impact on reserve levels and financial resources for 2021-22.
22. Throughout the emergency, financial management and governance processes continue to be paramount. Officers will continue to monitor costs.

KEY ISSUES FOR CONSIDERATION

General fund overall position

23. The final outturn position for the general fund is balanced after the utilisation of reserves, as set out in Table 1 below. This table shows the departmental budget outturn variances together with the utilisation of reserves to come to the balanced budget as at the end of 2019-20.

Table 1: 2019-20 General fund outturn position

General Fund	Original Budget £000	Budget Movement £000	Revised Budget £000	Net Spend in Year £000	Total Net Reserve Movement £000	Total Use of Resources £000	Variance after Use of Reserves £000
Children's Services	60,297	656	60,953	61,342	-408	60,934	-19
Adult Social Care	85,750	-1,015	84,735	79,068	4,961	84,029	-706
Commissioning	9,083	-4,032	5,051	5,737	0	5,737	686
Education	26,601	-871	25,730	26,549	-576	25,974	244
Children's and Adults' Services (excl. DSG)	181,731	-5,262	176,469	172,696	3,977	176,674	205
Dedicated Schools Grant	-20	1,809	1,789	8,459	340	8,799	7,010
Environment and Leisure	68,157	1,909	70,066	73,650	-369	73,279	3,213
Housing and Modernisation	68,947	-182	68,765	68,092	416	68,508	-257
Place and Wellbeing	-929	89	-840	-325	200	-125	715
Public Health	0	0	0	91	-91	0	0
Chief Executive	3,435	-356	3,079	3,254	-151	3,103	24
Finance and Governance	20,735	441	21,176	22,134	16	22,150	974
Strategic Finance	-14,892	1,149	-13,743	-26,844	12,821	-14,616	-280
Support Cost Reallocations	-40,740	403	-40,337	-40,932	0	-40,337	-595
Contingency	4,000	0	4,000	0	0	0	-4,000
Net Revenue Budget	290,424	-	290,424	280,275	17,159	297,435	7,010
DSG reserve to balance budget				0	(7,010)	(7,010)	(7,010)
Outturn after reserve movements	290,424	-	290,424	280,275	10,149	290,425	0

24. The underlying cost pressures within this balanced budget were:

- An in year overspend of £7.0m on Dedicated Schools Grant (DSG) due to pressures within the high needs block and specifically the increase demand and complexity of special educational needs and disability (SEND) services;
- continuing budget pressures on Temporary Accommodation (paragraphs 52-53);
- the costs of implementing the Tree Recovery plan (paragraphs 42-44);
- emerging financial issues and claims associated with the leisure management contract (paragraph 45);

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

25. As agreed with the Strategic Director of Finance and Governance, the adverse variances relating to Temporary Accommodation, Tree Recovery Programme and Leisure contract issues were offset through the use of the £4m contingency budget.

26. The overall 2019-20 outturn position shows a nil variance after movements to reserves. There was a net increase in earmarked reserves of £10.1m, arising from planned contributions, one-off/windfall income and savings. These

resources have been earmarked principally to mitigate future financial risks but also to fulfil commitments already made.

27. In addition cash resources received in 2019-20 in respect of the London Business Rates Pool (£6.5m) and Covid-19 Emergency Funding (£11.1m) have been carried forward in earmarked reserves to meet expenditure in 2020-21.
28. 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).
29. The overall impact of these transactions will be reported in full within the draft statement of accounts to be signed by the S151 Officer and will also be considered by the Audit, Governance and Standards Committee in June 2020. These will then be subject to external audit.
30. The following paragraphs outline in more detail the outturn by directorate

Children's and Adults' Services

Social Care

31. The overall outturn position for Children's and Adults' social care services is a favourable variance of £0.046m. In increasingly uncertain times, it is encouraging to see both a balanced budget and a net contribution to reserves for the second year in a row.
32. Ongoing work to control costs and maximise value for money continues to take effect, and the overall cost of placements and packages of care remains stable year-on-year. It is clear that the momentum achieved in prior years has resulted in new approaches becoming fully integrated throughout the department. Changes in frontline social work practice have enabled teams to better control spend and protect services, whilst the lessons and discipline learned through Budget Recovery Board in prior years 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.
33. However, we continue to operate in a challenging environment and the current pandemic will undoubtedly increase costs and reduce certainty. Pressures will be widespread in 2020-21, however some clear risks to social care include;
 - a) The rising cost of placements for both children and adults and the increased likelihood of provider failure,
 - b) A further weakening in the market for social workers, a section of the workforce that is already difficult to recruit to and particularly so in children's social care,
 - c) Inadequate funding from government, in particular for unaccompanied asylum seeking children, care leavers and CAHMS
 - d) The level of additional costs incurred due to Covid-19 and the extent to which monies received direct from government or channelled via the CCG will be sufficient to cover these.

Education

34. The Education service's overall outturn was an adverse variance of £0.25m. The operating environment of the Education service continues to be challenging in the light of inadequate funding for high needs and services more generally. Notably there are pressures flowing from the increased numbers of EHCP's and the consequential impact upon SEN transport. In addition many of the Authority's services to schools, including school improvement, are moving towards a fully traded model over time and provision has been made financially (through reserve transfer) to prepare for this, as schools continue to be financially challenged within the constraints of the DSG.

Dedicated Schools Grant (DSG)

35. The outturn position for the DSG is a £7.0m in-year deficit, bringing the accumulated deficit position to £18.5m at 31st March 2020. The reasons behind the deficit position have been well rehearsed and largely stem from increased numbers of Education and Health Care Plans (EHCPs), the extension of responsibilities to age 25 from 2014-15, increases in parental rights, limited supply of special provision across the country and also the increase in the level and complexity of need, most notably with regard to Autism Spectrum Disorders. There is now clear recognition at a national level that the quantum of funding is inadequate and this is being challenged robustly by local authorities and representative bodies as well as parents. An increased High Needs settlement for 2020-21, combined with a further transfer from the schools block will go some way towards balancing the in-year position; however the prospect of achieving any reduction in the accumulated deficit of £18.5m is distant. Many other authorities are in a similar position with regard to a DSG high needs deficit.
36. To ensure an appropriate level of support and scrutiny, the DSG remains within the Budget Recovery Board process, in partnership with the Schools Forum. A detailed recovery plan has been submitted to the Secretary of State which includes a wide range of proposals, most notably with regard to a block transfer (which was partially approved), reductions in central retentions and a reduction in pressures on alternative provision. However there remains much work to do by both the Budget Recovery Board and Schools Forum in continuing to develop and shape a robust plan which will be able to meet the in year structural deficit, before the payback of the accumulated deficit is even considered.

Environment and Leisure

37. The final outturn for the department was £73.281m against a budget of £70.066m, resulting in an adverse variance of £3.2m. The main reasons for the variance are provided below in the following paragraphs.
38. Following the incident in December 2017 when a tree collapsed at the Tabard Gardens and subsequent investigations, the council carried out an internal review which recommended various actions which included the need to address the tree inspection and tree works backlog as a priority.
39. As a result of the above, a Tree Recovery Plan (TRP) – Phase 1 programme was agreed for implementation. The total number of jobs scheduled in this

programme was 4,619 with 1,069 and 3,498 jobs completed in 2018-19 and 2019-20 respectively. The additional budget pressure from these works in 2019-20 amounted to £898k.

40. The above review established that approximately 44,000 trees were outside the programme inspection dates and identified new trees in the borough with the total number of trees to be 82,000 rather than 57,000. A programme of Emergency Tree Recovery Plan (ETRP) was therefore agreed in 2019-20 to address the findings to reduce the council's risk from further potential breaches of health and safety regulations. The total number of jobs to be completed under this programme of works is 10,990 of which 2,510 have been completed in 2019-20 at a cost of £818k
41. There were a number of claims from the council's leisure management contractor which included historic claims for loss of income at leisure centres for delayed works, additional security and maintenance costs arising from the council's free swim and gym offer. These claims were settled in 2019/20 and the total budget pressure in leisure management area amounted to £547k.
42. The above expenditure relating to trees and payments to the leisure contractor were planned and agreed during the year in consultation with the Strategic Director of Finance and Governance with the funding to be confirmed against the council's financial position at year end.
43. The current Covid-19 pandemic and the government's decision to close all leisure centres for public health reasons has had a financial impact on the budgets for the leisure directorate. As part of an agreed package of financial support to the leisure management contractor during this period to address the immediate needs of staff and other building related costs, the department incurred additional budget pressure of £284k in March 2020.
44. Network Management unit which also includes Parking and Markets showed a net adverse budget variation of £449k. This position is mainly due to a suspension of charges for market pitches and reduced activity in parking and road network services in March 2020 due to the current Covid-19 pandemic. A further contributing factor is the non implementation of the predicted Controlled Parking Zones (CPZs) extensions in the borough which were delayed due to consultation.
45. The total departmental adverse budget variation of £3.2m is expected to be contained within the council's contingency resources.
46. Despite the budget challenges outlined above, during 2019-20, the department has managed to implement numerous income generation and efficiency savings proposals towards the £3.9m savings total agreed as part of the council's 2019-20 budget setting process.

Housing and Modernisation

47. Housing and Modernisation achieved an overall favourable variance of £257k after planned movements in earmarked reserves. Homelessness services continue to experience significant cost pressure, but this has been mitigated by favourable variances in other service areas as outlined below.

Customer Services - Temporary Accommodation (TA) and Housing Solutions

48. The cost of providing temporary accommodation exceeded budgeted resources by £2.5m which was higher than previously forecast. The primary factors contributing to that position were the delayed introduction of key policy changes in relation to discharge of duty, the council's decision to cease use of nightly paid accommodation, the cost of incentive payments to landlords to secure private rented sector accommodation and the council's reliance on estate voids for TA use, which is becoming increasingly more restricted. Additionally, measures introduced as a result of the Covid-19 pandemic to ensure the safety of vulnerable residents has also had an impact on the outturn and additional costs will continue to be incurred during 2020-21, giving rise to greater budget uncertainty moving forward.

Communities - No Recourse to Public Funds (NRPF)

49. This has been a constant budget pressure for the council over the last few years requiring substantial budget growth. However, significant progress has been made in managing and reducing caseload and costs from a peak of £8.1m in 2016-17 to £6.4m (against a budget of £7m) in 2019-20, whilst continuing to meet the needs of vulnerable clients seeking assistance. Whilst this is positive, risks remain around demand volatility, challenging housing supply and protracted case resolution by the Home Office, coupled with the uncertainty surrounding the impact of the UK's exit from Europe, which has warranted the adoption of a cautious approach to budget setting for 2020-21. Furthermore, as mentioned above there is likely to be an on-going impact on NRPF provision during 2020-21 as a result of Covid-19.

Customer Services – Concessionary Travel and Blue Badges

50. The cost of the concessionary travel scheme is set by Transport for London (TFL) based on volumes and usage that have been progressively decreasing over time. Demand has further reduced during 2019-20 as a result of a change in the eligibility threshold from age 60 to 65. Conversely, Blue Badge caseload has increased following the broadening of the eligibility criteria to include clients with hidden disabilities. Overall, this has given rise to a windfall saving of around £0.6m (net) in 2019-20. The impact of these changes has been reflected in the budget for 2020-21.

Modernise – Information Technology and Digital Services (ITDS)

51. The cost of IT provision in 2019-20 was able to be contained within budget. The on-going plan to migrate from data centres to a cloud computing infrastructure with Azure and upgrading to Office 365 delivers a number of benefits, not least enabling the council to respond quickly to the restrictions put in place as a result of Covid-19 by accelerating the delivery of its Smart Working programme and enabling a significant proportion of the workforce to work remotely.

Modernise - Human Resources (HR)

52. A council-wide agency contract with Comensura for the provision of temporary staffing is administered and managed by HR and funded through a recoverable management fee. Usage has been higher than budgeted which has enabled one-off severance and ill-health retirement costs to be absorbed without recourse to reserves. Going forward into 2020-21, the fee income budget has

been re-aligned to better reflect future expected levels of activity.

Modernise - Corporate Facilities Management (CFM)

53. CFM manages the council's operational estate to ensure that buildings are compliant with health and safety regulations and fit for purpose for both staff and service users. The majority of hard and soft FM services are delivered through two external contracts which are due to co-terminate during 2021. Preparation for the re-procurement is on-going, the additional cost of which is reflected in the budget variation for 2019-20.

Central Support Services

54. Centrally managed budgets predominantly of a corporate overhead nature which underpin the wider provision of front-line services within H&M. SCR costs are uncontrollable at a local level and aligned with budgets corporately. There are also operational budgets for insurance, pension and legal costs that are not directly attributable to a specific service area. Lower recorded volume and activity in these areas account for the higher than expected underspend, which has positively contributed to the overall H&M outturn position.

Place and Wellbeing

55. The final outturn for the Place and Wellbeing department is an adverse variance of £715k which is mainly due to the total budget pressure of £1m on the Planning and Transport (P&T) division. The budget pressure on the P&T division consists of additional costs of over £600k relating mainly to legal charges and planning appeals costs. Additional IT costs of approximately £330k on Planning and Affordable Housing monitoring systems were also incurred in the division. There was also an underachieved income of approximately £120k on Land Charges due to the slowdown of the housing market due to BREXIT.
56. The total budget pressure on Planning and Transport budgets has been mitigated to some extent by the net favourable variance of approximately £345k on Regeneration budgets which is mainly due to the rent arrears income received on property budgets.

Chief Executive's department

57. The final outturn for the Chief Executive Department is an adverse variance of £24k. The adverse variance is mainly due to higher than anticipated costs in media services.

Finance and Governance

58. The Finance and Governance department is reporting an adverse variance of £0.973m. This is largely as a consequence of a review of collectability of housing benefit overpayments for claimants no longer in receipt of benefits. Whilst the outstanding debt has reduced in recent years due to effective recovery activity, the rate of recovery is showing signs of slowing and there will be an inevitable impact on collection rates as a consequence of the C-19 pandemic. The assumed level of bad debt has been therefore been assessed on a longer-term average position, increasing the charge to the provision in 2019-20.

Strategic Finance

59. Strategic Finance is reporting a favourable variance of £0.588m, after the application of reserve movements.
60. The favourable variances primarily arising from unused provisions, additional in year grant announcements and savings on capital financing budgets (due to slower than anticipated capital spending) were applied to increase strategic financial risk reserves. This strengthens the councils overall financial standing and resilience as we enter a period of significant financial uncertainty.

Contingency

61. As referenced elsewhere in this report, the £4m contingency budget was fully utilised to offset budget pressures on temporary accommodation, tree maintenance and emerging contractual and covid-19 spending pressures on the leisure contract.

Housing Revenue Account (HRA) outturn 2019-20

Table 2: HRA outturn position for 2019-20

	Budget 2019-20 £'000	Outturn 2019-20 £'000	Variance 2019-20 £'000
Asset Management	48,368	54,751	6,383
New Build	468	682	214
Communities	8,991	10,664	1,673
Resident Services	38,140	43,647	5,507
Customer Services	8,933	8,861	-72
Central Services	31,120	31,810	690
Debt Financing	33,254	22,826	-10,428
Depreciation	53,000	51,411	-1,589
Exchequer Services	8,138	7,202	-936
Tenant's Rents & Service Charges	-217,889	-223,394	-5,505
Homeowner Service Charges	-31,268	-32,310	-1,042
Revenue Contribution to Capital	18,745	21,671	2,926
Appropriations to /(from) Reserves	0	2,179	2,179
Total HRA	0	0	0

62. The HRA has been subject to a degree of volatility and variation during the year, reflecting both existing and new commitments coming on stream and unavoidable budget pressures, as previously reported. The outturn shows modest improvement across a number of areas, which has enabled reserves to be increased along with the revenue support for the capital programme. The key headlines/issues are outlined below.
63. The repair, maintenance and renewal of the housing stock consumes the greatest proportion of operating resources and budgets remain under constant pressure. The size, age and nature of the housing stock is the most significant driver, notwithstanding the huge capital investment that has been made in the past decade and continues to be made. However, costs remain high and greater performance and value for money needs to be achieved. The outturn for

2019-20 shows £54.8m was spent giving rise to a negative variation of £6.4m across the asset management division, in line with earlier projections. Whilst in the short-term, some of this pressure has been mitigated by capitalising a higher amount of eligible works expenditure; it is not a long-term sustainable solution without the need for re-profiling the HIP over a longer timeframe to ensure on-going affordability.

64. The most significant element contributing to the overspend is the R&M, voids and communal repairs work programmes delivered in-house. As reported previously, key performance targets are not being achieved as predicated in the business model, leading to a trading deficit of £4.8m (including £0.5m residual one-off transition costs). This cannot be sustained and increases the pressure on resources in other areas. Implementation of the strategic business improvement plan is key to improving operational efficiency/productivity, controlling costs and achieving the higher service standards and value for money that residents expect and deserve.
65. A further area of concern and additional cost is around the district heat network, where aging infrastructure is problematic causing frequent service outages requiring ad-hoc renewal and replacement works and temporary boiler installation to maintain service. This requires long-term capital investment running into hundreds of millions of pounds that realistically cannot be met from the HIP and will need a bespoke funding solution. Running in parallel, this needs to be aligned with the council's carbon reduction agenda.
66. The HRA has been entirely reliant on its rental and other income streams to provide landlord services and maintain and invest in its housing stock over a thirty-year planning horizon since the introduction of self-financing in 2012. There have been a succession of changes in government policy subsequently, culminating in the imposition of the 1% rent reduction over the last four years, which has severely impacted the sustainability of the business plan and the council's ability to invest in the housing stock as originally envisaged. This will inevitably be exacerbated by the need to ensure the safety of residents, service users and staff, but particularly in relation to fire safety, as we continue to respond to the changing requirements of regulations and potential legislation that might arise from the Grenfell Public Inquiry.
67. It is important not to lose sight of the financial impact this has had and will continue to have moving forward. Estimates at the time indicated the compounded rental loss over the period to be in the order of £62.5m, but in reality it will be greater as inflation (as measured by CPI) has generally run at a higher rate than the original business plan assumptions. Extrapolated over the life of the business plan, this represents a profound loss of resources for housing provision, not only in Southwark but nationally. 2019-20 is the final year of the rent reduction regime and for 2020-21, rent policy reverts to the pre 2016-17 formula guidance of September CPI+1%. In accordance with this, Cabinet in January 2020 agreed a 2.7% rent increase from 6 April 2020.
68. Gross rent debit raised, void loss and collection rates are key indicators of performance and are closely monitored throughout the year. Overall, there is a cumulative benefit of £5.5m which largely reflects the windfall 53 week rent year, lower RTB activity and the addition of new properties coming on stream as part of the council's new homes programme. Collection performance continued to show resilience at 99%+, notwithstanding the difficulties inherent with universal credit and direct payment of benefits to clients. Going forward the

situation is likely to deteriorate, given the uncertainty created by the Covid-19 pandemic and the as yet unknown economic fall-out arising from it. However, the HRA maintains a prudent level of provisions to meet collection losses/write-offs and has made additional provision in the accounts to mitigate the risk.

69. Homeowner service charges represent the second largest income stream to the HRA and reflect the homeowner proportion of costs incurred in the provision of landlord services. These are recoverable under the terms of their lease so as to prevent cross-subsidy by tenants. There are two income streams, firstly major works linked to the capital programme, the income from which is recycled back into the HIP. Secondly, revenue service charges which cover the day to day costs of managing and maintaining the housing stock. Net billing for 2019-20 including prior-year account actualisations was £1m higher than budget and collection performance continued to exceed target.
70. Central Support Services comprises non-operational service budgets such as departmental and corporate overheads, debt/capital financing and arrears/bad debt provisions. Given the budget pressures outlined, no further debt repayment has been possible this year. Unlike the general fund, there is no requirement to make a minimum revenue provision (MRP) in the HRA which has provided the flexibility to manage budgets across the piece and mitigate exceptional demands and cost pressures as they arise. In the short to medium-term, this in no way compromises the ability to meet the costs of higher borrowing to support the new homes programme. However, borrowing remains subject to the provisions of the Local Government Act 2003 which requires authorities to have due regard to the CIPFA's 'Prudential Code', when determining how much it can prudently afford to borrow.
71. In the same manner as the council's general fund, the HRA holds reserves for specific purposes and as contingency against operational deficits, unforeseen events and to mitigate future risks in line with the council's medium-term resource strategy (MTRS). At 31 March 2020 earmarked reserves stood at £23.0m (previously £20.8m in 2018-19). The measured upward movement is to be welcomed, but in the context of the size of the council's HRA and HIP, reserves remain below the optimal level considered prudent and will be managed over the medium-term with a view to building a greater level of sustainability going forward.

General Fund Balance

72. Unallocated reserves are a key indicator of an authority's ability to cope with financial shocks. The CIPFA Financial Resilience Index places the council as 'high risk' on this metric.
73. The balance on the General Fund at 31 March 2020 is £21m, in line with the policy to retain a minimum balance equivalent to 2.5% of gross revenue expenditure. The sufficiency of this relatively low level of 'unallocated' reserves will be severely tested over the coming months as the council responds to the pandemic emergency. Without additional government funding it is highly likely that there will be a significant negative impact on reserves, both earmarked and unallocated. These will need to be replenished in future years as part of the updated medium term financial strategy.

Earmarked Reserves

74. In addition to the General Fund balance, the council retains a level of earmarked reserves which 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.
75. For a number of years previously, the council had planned for the use of reserves to help smooth the impact of government funding reductions and other budget pressures especially during the period of austerity. Not only did this help to protect council services but it has also allowed time to transition towards new ways of working, productivity improvements and efficiencies. Whilst there was no budgeted contributions from reserves for 2019-20, looking forward to 2021-22 and beyond the council had earmarked resources through strategic risk reserves to mitigate and manage anticipated funding shocks arising from funding reforms, and in particular the planned business rate reset. These reserves would be needed to ensure a smooth transition over the forthcoming medium term financial planning period.
76. It is clear that reserves will come under severe pressure during 2020-21 and 2021-22 as resources are deployed to meet Covid-19 pressures. Whatever reserves are used to meet the immediate demands, future budget strategies will have to take account of the need for those reserves to be replenished. This will impact on resources available in future years' budgets.
77. In finalising the 2019-20 outturn position the council was able to increase reserves, principally financial risk reserves, by a net £10.1m.
78. In addition, the benefits arising from the London Councils business rates pooling arrangements in 2019-20, estimated at £4.8m, will be accounted for in closing the 2019-20 accounts. It was agreed that this one-off benefit will be applied in 2020-21 to meet one-off costs in the 2020-21 budget.
79. As reported elsewhere, the council's initial tranche of Covid-19 emergency funding was paid on 29 March 2020. This funding has been carried forward in earmarked reserves to help offset the additional costs associated with the pandemic.
80. The total movement in earmarked reserves are detailed in Appendix D.

Collection fund

81. 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. Any difference between estimated and actual outturn will be received or borne by taxpayers in the following year.
82. Monies received into the Collection Fund are distributed between the council and its preceptors based on their respective shares. Whilst the Collection Fund

is a single entity, for reporting purposes it is split between Council Tax and Business Rates.

83. Council Tax. Prior to the Covid-19 pandemic, the council tax collection fund was on track to deliver a small surplus at 31 March 2020, as reflected in the 2020-21 budget setting report. However, council tax collection performance has been seriously impacted by the Covid-19 and the recoverability of outstanding debts impaired as recovery action has been deferred. Whilst it is too early to quantify with accuracy the longer term impact, we have prudently increased the Bad Debt provision. This has the effect of retaining resources within the council tax collection fund through the reporting of a small deficit. The position will be reviewed and updated during 2020-21 with actual performance factored into 2021-22 budget setting.
84. Business Rates. Overall the council's share of the in-year deficit on the Business Rate collection fund at 31 March 2020 is £2.5m, £2.4m higher than estimated. The increase is principally due to an increase in the bad debt provision following a review of collectability of outstanding debt. The deficit will be reviewed during 2020-21 and any difference between forecast and actual experience will be factored into 2021-22 budget setting.

Implications for 2020-21 budgets and beyond

85. The impact of the Covid-19 emergency will have far reaching financial implications in both 2020-21 and the medium term. Further detail will be presented in the Policy and Resources Financial Remit report to Cabinet in July.
86. Despite net growth in the temporary accommodation budget of £3.2 in 2019-20, pressures on temporary accommodation continue, primary factors contributing to that position were the delayed introduction of key policy changes in relation to discharge of duty, the council's decision to cease use of nightly paid accommodation, the cost of incentive payments to landlords to secure private rented sector accommodation and the council's reliance on estate voids for TA use, which is becoming increasingly more restricted. The budget will continue to be closely monitored through 2020-21.
87. Tree maintenance expenditure exceeded available budget in 2019-20. The base budget was increased by £500k as part of the 2020-21 budget setting. It is likely that the ongoing contractual issues, together with measures related to the Covid-19 pandemic, will mean sustained financial pressure on the leisure contract through 2020-21. These issues will need to be taken into account in developing the 2021-22 budget and medium term financial plan.
88. Further, as set out in this report, £18m has been borrowed against future years DSG allocations. An increased High Needs settlement for 2020-21, combined with a further transfer from the schools block will go some way towards balancing the in-year position; however the prospect of achieving any reduction in the accumulated deficit of £18.5m is distant.
89. The 2020-21 budget assumed the implementation of £8.7m of savings across the council and the delivery of these savings will continue to be monitored.

Treasury management

90. As at 31 March 2020 the outstanding debt held by the council was £810m (£677m as at 31 March 2019), an in year increase of £133m.
91. The council's debt management strategy since 2011-12 has been to pursue a policy of internal borrowing, which is the use of existing reserves and balances to temporarily fund capital expenditure rather than the use of external borrowing. By doing so, the council has been able to minimise net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The savings for the council from deferring external borrowing in this way are in excess of £20m. This policy continues.
92. However, since 2017-18, it has also been necessary to undertake new external borrowing in order to maintain target cash balances. At 31 March 2020 the council had short term loans from other local authorities of £177m. The level of short term borrowing at 31 March 2018 was £120m.
93. In addition, and in accordance with the approved treasury management strategy, the council borrowed £80.9m from the Public Works Loans Board (part of HM Treasury), with maturity terms ranging from 8 to 49 years at an average interest rate of 1.58%. Whilst short-term interest rates are currently lower than long-term rates, the extent of the council's capital financing requirement, the prospect for future interest rates and the need for long-term financial stability determined the need for long-term fixed rate borrowing with a view to keeping future interest costs low. PWLB rates
94. The council maintains sizable investment balances, representing income received in advance of expenditure plus balances and reserves held. Investments as at 31 March 2020 were £133m (£126m at 31 March 2019).
95. Council resources that are not immediately required for current expenditure are invested in money market instruments in accordance with the MHCLG Guidance on Local Authority Investments and the approved investment strategy. The MHCLG guidance gives priority to security and liquidity and the council's aim is to achieve a yield commensurate with these principles.
96. The rate of return for council treasury management assets for the 2019-20 financial year was 0.81%. Uncertainty surrounding the UK planned exit from the EU alongside mixed economic data for the UK impacted on short term market interest rates.
97. To assess the treasury management portfolio performance, the council measures the return against a composite investment benchmark of three month LIBID and one to three year gilt index. For the equivalent period of the financial year the benchmark index annualised return was 0.73% indicating a small underperformance of the council portfolio versus the benchmark.
98. The rate of investment return generated by the treasury management portfolio is a consequence of the council's prudent, low risk approach to treasury management investing. This is in line with the requirements of the statutory guidance for local government treasury investment issued by MHCLG.

Community impact statement

99. This report monitors expenditure on council services, compared to the planned general fund budget agreed in February 2019, and HRA budget agreed in

January 2019. 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 2019-20 – revenue budget: Council Assembly 27-02-2019	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link: http://moderngov.southwark.gov.uk/documents/s80705/Report%20Policy%20and%20Resources%20Strategy.pdf		
Policy and Resources Strategy 2020-21 – revenue budget: Council Assembly 26-02-2020	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link:		
Housing Revenue Account: Final Rent-Setting and Budget report 2019-20: Cabinet 24-01-2019	160 Tooley Street PO Box 64529 London SE1P 5LX	Ian Young 020 7525 7849
Link:		

APPENDICES

No.	Title
Appendix A	Interdepartmental movements to be approved for month 5 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 2019-20

AUDIT TRAIL

Cabinet member	Councillor Victoria Mills, Cabinet Member for Finance, Performance and Brexit	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report author	Rob Woollatt, Interim Departmental Finance Manager	
Version	Final	
Dated	5 June 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to constitutional team		5 June 2020

APPENDIX A

Appendix A - Interdepartmental Budget Movements from month 5

Interdepartmental movements to be approved for months 5 to outturn

Department From	Amount £	Department to	Amount £	Description of the budget movement
Strategic Finance	(253,294)	Environment and Leisure	253,294	Holiday Pay

Interdepartmental movements to be noted for months 5 to 8

Department From	Amount £	Department to	Amount £	Description of the budget movement
Strategic Finance	(3,813)	Environment and Leisure	3,813	Transfer of insurance budget for repair of unstable wall at Surrey Docks Fitness & Water Sport Centre
Strategic Finance	(14,329)	Housing and Modernisation	14,329	Transfer of insurance budget for repair of impact damage to East Street Library
Strategic Finance	(22,720)	Environment and Leisure	22,720	Transfer of insurance budget for repair of damaged railings at Camberwell Old Cemetery

	Month 4	Month 8	Outturn	Total	Total (£000)	Difference
Chief Executive				0	0	356
Children's and Adults' Services	(181,212)			(181,212)	(181)	3,272
Environment and Leisure		279,827		279,827	280	(1,629)
Finance and Governance	181,212			181,212	181	(260)
Housing and Modernisation		14,329		14,329	14	196
Place and Wellbeing				0	0	(89)
Strategic Finance		(294,156)		(294,156)	(294)	(1,443)
Support Costs				0	0	(403)
	0	0	0	0	0	0
Department to						
Housing and Modernisation						
Finance and Governance						
Housing and Modernisation						
Environment and Leisure						
Finance and Governance						

Net movement in reserves to be approved

From	To	Amount £	Analysis of Appropriations by Category					Total £
			Buildings/ Regeneration/ Capital £	Social Care/ Better Care Fund £	Welfare/ Hardship/ Southwark Emergency Support Scheme £	Corporate and Modernisation £	Dedicated Schools Grant £	
Appropriations	Children and Adults	3,977,171	-	46,478	-	3,930,693	-	3,977,171
Appropriations	Dedicated Schools Grant	(6,670,000)	-	-	-	-	(6,670,000)	(6,670,000)
Appropriations	Housing and Modernise	415,999	515,229	-	-	(99,230)	-	415,999
Environment and Leisure	Appropriations	368,727	(233,000)	-	-	(135,727)	-	(368,727)
Chief Executive	Appropriations	150,603	(117,400)	-	-	(33,203)	-	(150,603)
Appropriations	Finance and Governance	14,306	-	-	-	14,306	-	14,306
Public Health	Appropriations	91,010	-	(91,010)	-	-	-	(91,010)
Appropriations	Place and Wellbeing	199,906	326,649	-	-	(126,743)	-	199,906
Appropriations	Corporate	30,416,471	1,252,769	-	11,137,326	18,026,376	-	30,416,471
Total Appropriations		27,743,513	1,744,247	(44,532)	11,137,326	21,576,472	(6,670,000)	27,743,513

Movements to and from reserves in 2019-20

Department	Total Taken from Reserves £000	Total Added to Reserves £000
Children's and Adults' Services (Core)	(5,845)	1,868
DSG funded services	(340)	7,010
Total Children's and Adults' Services	(6,185)	8,878
Environment and Leisure	-	369
Housing and Modernise	(1,286)	870
Public Health	(376)	467
Place and Wellbeing	(383)	183
Chief Executive's Department	-	151
Finance and Governance (excluding Corporate)	(201)	187
Minimum Revenue Provision	-	-
Insurance	-	-
Technical Corporate Budgets	(6,458)	-
Other Corporate Budgets	(24,246)	287
Capital	-	-
Total Finance and Governance	(30,905)	474
Total	(39,135)	11,392
Budgeted use of reserves to support 2016/17 revenue budget	-	-
Total Reserve Movements at Outturn	(39,135)	11,392

APPENDIX C

Net Movement £000
(3,977)
6,670
2,693
369
(416)
91
(200)
151
(14)
-
-
(6,458)
(23,959)
-
(30,431)
(27,743)
-
(27,743)

APPENDIX D

EARMARKED RESERVES

CORPORATE PROJECTS AND PRIORITIES RESERVES			
	Balances as at 31 March 2019 £000	Net movement £000	Balances as at 31 March 2020 £000
Covid 19 additional funding	-	11,137	11,137
Southwark emergency support scheme	2,126	-	2,126
Climate change emergency	-	2,000	2,000
Modernisation, service and operational improvement	726	673	1,399
London devolution reserve	3,686	(2,600)	1,086
Southwark scholarship scheme	467	-	467
Voluntary sector transition fund	391	-	391
Neighbourhood fund	194	76	270
Internal audit and anti-fraud	200	-	200
Revenue grants	124	-	124
Community engagement and links development	118	-	118
Artefacts replacement and security	117	-	117
Community safety schemes	106	-	106
Homelessness prevention	882	(882)	-
Total	9,137	10,404	19,541

CAPITAL PROGRAMME AND OTHER CAPITAL INVESTMENT RESERVES			
	Balances as at 31 March 2019 £000	Net movement £000	Balances as at 31 March 2020 £000
Aylesbury development	6,000	-	6,000
Planned preventative maintenance and building compliance	3,936	(234)	3,702
Regeneration and development	4,061	(373)	3,688
Information technology and customer services development	2,195	-	2,195
Building Schools for the Future private finance initiative transition	1,623	-	1,623
Modernisation, service and operational improvement	1,356	-	1,356
Schools' capital programme contribution	1,293	-	1,293
Capital contingency	1,287	-	1,287
Public realm	550	(50)	500
Digital innovation fund	171	237	408
Law and Democracy business change management	364	(18)	346
Canada Water regeneration	214	-	214
Gym and fitness facilities	-	150	150
Black cultural centre	-	100	100
Total	23,050	(188)	22,862

SERVICE REVIEWS AND IMPROVEMENTS RESERVES			
	Balances as at 31 March 2019 £000	Net movement £000	Balances as at 31 March 2020 £000
Adult social care resilience	3,000	1,500	4,500

Southwark pioneers fund	-	1,975	1,975
Health and wellbeing commitment to mental health	2,000	(376)	1,624
Rough sleeping initiative	615	952	1,567
Adult social care homes	1,500	-	1,500
New Homes Bonus funded lep programme	1,390	(104)	1,286
Cycling safety	1,000	-	1,000
London counter fraud hub	1,000	-	1,000
Temporary accommodation strategy	33	882	915
Libraries and heritage strategy	1,000	(136)	864
Highways	746	-	746
Local economy	689	(8)	681
Local flood risk	423	257	680
Highways winter maintenance	576	-	576
Positive futures fund	500	38	538
Special educational needs and disability transformation fund	-	340	340
Workforce development (children's services)	309	(57)	252
Schools improvement traded service	200	-	200
Regional adoption agency	-	158	158
Blackfriars Trust allocation	138	-	138
Southwark renters union	-	100	100
Member development	97	-	97
Human Resources transformation	94	-	94
Prevention of illegal tobacco distribution	91	-	91
Workforce development (adults' services)	84	-	84
Youth service	70	-	70
Special educational needs and disability internships coordination	57	-	57
Local Education Authority music service	14	-	14
Care leavers' innovation grant	509	(509)	-
Homelessness training academy	220	(220)	-
Adult social care transformation fund	726	(727)	(1)
Public health	(1,721)	(91)	(1,812)
Total	15,360	3,974	19,334

TECHNICAL LIABILITIES AND SMOOTHING RESERVES

	Balances as at 31 March 2019 £000	Net movement £000	Balances as at 31 March 2020 £000
Business rates pooling – adjustment reserve	8,726	6,458	15,184
Insurance	7,600	-	7,600
Interest and debt equalisation	3,500	-	3,500
Council tax and housing benefits subsidy equalisation	3,000	-	3,000
Waste private finance initiative equalisation	2,921	-	2,921
Universal Credit implementation	964	-	964
Election reserve	777	32	809
Contractual risk	450	-	450
Total	27,938	6,490	34,428

STRATEGIC FINANCIAL RISK RESERVES

	Balances as at 31 March 2019 £000	Net movement £000	Balances as at 31 March 2020 £000
Spending review risk	7,050	13,867	20,917
Business rate retention risk	12,500	389	12,889
Financial risk and future liabilities	11,500	(200)	11,300
Pension liability risk	2,500	-	2,500
Leaving European Union risk	2,000	-	2,000
Schools in financial difficulties, school closures and academies	900	-	900
Total	36,450	14,056	50,506

Item No. 11.	Classification: Open	Date: 16 June 2020	Meeting Name: Cabinet
Report title:		Former Walworth Town Hall	
Ward(s) or groups affected:		Walworth North and Newington	
Cabinet Member:		Councillor Johnson Situ, Growth, Development and Planning	

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

Following the devastating fire at the Walworth town hall in the spring of 2013, the council committed to bringing this much loved building back in to use. An extensive programme of remedial works and surveys was completed in September 2015. The council initially investigated delivering a range of uses and Cabinet approved a high level vision for the Walworth Town Hall supported by the community. After full investigations the initial council lead aspirations for a refurbished Walworth Town Hall (WTH) proved financially unsustainable in both capital and revenue terms.

In March 2019, Cabinet approved General Projects as the preferred bidder to redevelop the Walworth Town Hall complex, in line with our vision that the Walworth Town Hall remains a publically accessible arts and cultural space. Since then, General Project have developed their plans and engaged with the local community through working groups.

We remain committed to ensuring the final proposals for the building are in line with the vision set by the council working with the local community and welcome General Project’s commitment to continue to work with the community over the coming months post submission of their application.

In 2019, Cabinet also approved a £2m grant specifically for the dedicated community, cultural and art space. We also committed to bring back a report back to Cabinet which detailed the options for an operational model which can deliver on the council’s commitment for community involvement in the management of the space. This report delivers on that commitment and goes further by proposing a £50,000 grant p.a. towards funding the community space management for an initial 3-year period to then be reviewed.

Together with the New Southwark Heritage centre and Walworth Library this is the latest step by the council working with the community to strengthen a thriving neighbourhood. Other steps include designation of conservation areas to protect and enhance the local heritage, awarding of high street challenge funds to strengthen the local economy on Walworth Road and East Street market.

RECOMMENDATIONS

Recommendations for the Cabinet

1. To establish a management body for the community space comprising council, developer and community membership.

2. To agree a £50,000 grant p.a. towards funding the community space management for an initial three-year period to then be reviewed.
3. To instruct officers to recruit the community membership through an open selection process.
4. To instruct officers to work with the management body to develop the principles set out in the report into an appropriate constitution prior to receiving council funding.
5. To agree that the management body once constituted selects an operator for the community space based on the principles in the report and is responsible for managing and monitoring the agreement with the operator.
6. That Cabinet note the community arts and culture provision within the Walworth Town Hall and new Southwark Heritage centre and Walworth Library combine to deliver 1,248m² of publically accessible space which exceeds the pre-fire figure of 660m² (these figures are based on current available information). This equates to an 89% increase of publically accessible space.

BACKGROUND INFORMATION

7. Since 2010 council has made a strong commitment to develop Walworth as a vibrant, diverse neighbourhood with a successful local economy that builds on its heritage and distinctive character. In support of this objective the council has directed high street challenge funds to strengthen the local economy on Walworth Road and East Street market. It has designated conservation areas to protect and enhance the local heritage. In addition, it has invested in parks and public realm to improve amenity and encourage walking and cycling.
8. Walworth Town Hall (WTH) is a Grade II listed municipal building of great significance for the Walworth neighbourhood and its history. The buildings have provided various services including the offices and chamber for the former Metropolitan Borough of Southwark. It had latterly been used as a library, museum, one stop office and administrative offices. In March 2013 it suffered a severe fire that caused significant damage to the building. The building has remained vacant since. It has been placed by English Heritage on its Buildings at Risk Register.
9. While the buildings have in the past provided civic and community space for Walworth, significant areas of the building were not freely publically accessible. Much of the floorspace was used as offices for council services and public access for civic functions was managed. In the immediate period before the fire full public access to the library spaces was prevented due to their lack of DDA compliance with only the ground floor being fully accessible.
10. On 28 November 2018 Council Assembly approved the current Council Plan. This sets a number of commitments to our community including *A Vibrant Future*; one of the undertakings to meet this commitment is to *Secure the future of Walworth Town Hall and make it a publically accessible cultural hub*.
11. On 12 March 2019 Cabinet approved for the council to enter into an Agreement for Lease with General Projects to facilitate the preparation of planning and listed building applications for a scheme based on their bid and subsequently to

carry out the approved works. General Projects are about to submit a planning application for which includes a dedicated community space as a requirement of the March 2019 Cabinet decision.

12. It was also agreed on 12 March 2019 that officers prepare a further report for cabinet on the dedicated community/arts/culture space in the ground floor of the former Newington Library which will address:
 - a. a vision for the community, arts and culture space which meets the needs of the diverse Southwark population to be developed in consultation with stakeholders, community and General Projects
 - b. options for an operational model which can deliver on the council's commitment for community involvement in the management of the space.
13. This report responds to the cabinet request for a report on the new dedicated community/arts and culture space.

KEY ISSUES FOR CONSIDERATION

14. The council's project mandate and subsequent selection of General Projects to refurbish the Walworth Town Hall complex adopted the principle that the future of this important building will rely on it being able to accommodate new uses to make it sustainable. However, it is also important that the buildings retain access for the public and that the quality of restoration and repair works are appropriate for the listed building ensuring the most significant spaces are saved for future generations.
15. Both the council's conservation team and Historic England have worked with General Projects to ensure that the refurbishment of the building will respect and enhance the Grade II listing status. Close attention has been given to the refurbishment strategy alongside individual rooms and their historic significance. Retaining public access will ensure the Walworth community benefits from this greatly improved heritage setting.
16. Council and General Projects are committed to the provision of a distinct community space within the Walworth Town Hall complex. The community provision is secured in the lease as '240m² internal area on the ground floor of the premise' and is identified in an attached plan as covering the former adults and children's library and connecting hallway. The lease period is 150 years and the community space is therefore secured for this period and its use can be renewed at the end of that period.
17. Users of the community space will be able to walk through to the publically accessible café/lobby and access additional rooms throughout the buildings open to the public through programmed events and activities. This opportunity will increase public accessibility to some of the town hall's historically significant spaces such as the chamber and grand staircase that were previously only open to those attending council meetings and events. The building will once again make a vibrant positive contribution to the area with over 370 people working onsite in a contemporary work-hub combining co-working, small business start up space and creative offices let on a variety of flexible arrangements.
18. Discussions with General Projects about the opportunity to display items from

Southwark's heritage Collections in the newly refurbished buildings are ongoing. The realisation of these displays is seen as an important element by both parties to acknowledge the Cuming collections earlier home.

19. The council has agreed a grant of £2m to help fund the refurbishment of the community space which is an important element of the restoration of the listed building and to support a viable community space.
20. In addition the council is developing a new heritage centre and library on the Walworth Road. Due to complete at the end of 2020 and providing almost 600m² of public space this facility will help meet the need for a local community library and will promote Southwark's heritage through exhibition and education opportunities. The new library delivers an additional undertaking within the Council Plan.

The community space

21. Following the Cabinet report in March 2019 a community engagement programme was initiated by General Projects which included the establishment of a roundtable forum to better understand community aspirations and provide input on the design and management of the designated community space. Over the last year, five roundtable sessions have been held involving local interested stakeholders providing valuable information and ideas which has helped to inform the vision and principles underpinning the future use of the new community space. Developing designs of the community space have also been shared and subsequently informed by wider community consultation undertaken by General Projects. The engagement process will continue as required throughout the delivery of the buildings refurbishment and operational decision making.
22. There are many challenges for delivering a new space for community use and the round table sessions have helped develop that understanding. Existing providers note that achieving financial sustainability is challenging. It requires difficult and sometimes sensitive decision making to achieve a sustainable business plan which both generates revenue while retaining opportunities for free or low cost community use/s. It is therefore important that operators can leverage external funding and attract diverse and interesting uses which generate ticket sales and income. The available spaces need to retain flexibility to maximise usage and there needs to be strong management to deliver the business plan and meet the expectations of users and people hiring the space. While the community space at Walworth Town Hall has an advantage of being provided by the developer rent free and potentially with some council revenue funding [as proposed through this report], it should be emphasised that this in itself will not be enough to make the facility financially sustainable. The impact of Covid 19 is only likely to increase the financial challenges for community organisations, and the arts and cultural sector.
23. The vision for the new community facility needs to have regard to emerging and existing local community provision and complement that offer. Other sites in close proximity include the D1 space at the Elephant Park energy centre, the proposed pavilion at Elephant Park alongside the previously mentioned new Heritage Centre and Library. Slightly further away are Penrose House, Inspire at St Johns and the Walworth Living Rooms. While this is not intended to be an exhaustive list it does highlight the need for careful planning in the next year to ensure that the identity for the space is distinct and will provide an additional

offer for the local community.

24. There are also a number of new uses opening in the vicinity of Walworth Square and the town hall. These include Mercato Metropolitano, and other new retail occupiers on the northern side of the square, independent retailers occupying affordable retail space in Sayer Street, as well as the council's own Southwark heritage centre and library fronting onto Walworth Road. These positive changes will drive footfall in the area and be enhanced by an active and vibrant WTH which brings enterprise, employment and community together to complete Walworth Square.
25. The WTH community space will be located on the ground floor of the former Newington Library, 157 Walworth Road and is approximately 240m². The space has its own street frontage and prominent location with the potential for high footfall. The space benefits from significant heritage fabric and character which will be enhanced through the refurbishment works and improved to meet current building regulations. The space is secured rent free for community use in the lease of the building for a period of 150 years.
26. Broadly the design proposal creates two flexible rooms with adjoining corridor for events and activities with a welcome area, tea point, accessible toilet and store for loose furniture to enable flexible uses in the space. The rear of the community space connects to the interior of the town hall complex linking with the lobby and café area which opens onto Walworth Square. Layouts are shown in Appendix A.

Management and operational structure

Vision

27. The roundtable participants commented that the new community space should be a place that all local people can feel part of and that is capable of holding an exciting range of events and activities meeting the needs of the diverse local community. It was recognised that it's prominent, easily accessible location on the high street means it will be an important facility. To be successful it will therefore need to be professionally programmed and managed to ensure it maximises the potential of its location. In turn this has benefits for the local economy and an active and well attended space can help bring together the Walworth neighbourhood. The space would need to work hard to achieve these objectives, with usage throughout the day. The right management and operational models were seen as being key to achieving these goals.
28. The current health emergency suggests that local accessible and flexible community resources will be more important in the future but that in all likelihood the management and financial security will also be more challenging.

Management Structure

29. With the shared idea that a successful space would respond to local need, be well programmed, managed and used, discussions were then held on the management of the space and what options were available for this. Primarily, there was support for an overarching board with representatives from the council, General Projects, the community and youth representatives selected through an open recruitment process. It was generally agreed that an operator should be identified by the Board to manage the space.

30. Roundtable community representatives were keen for council to retain involvement in overseeing the space alongside the developer and the community. It was felt that the council should contribute some core funding towards the running costs for the space as this would help ensure a solid platform for the facility to move forward and provide confidence that the space will be able to respond to the diversity of local need.
31. A layered structure also reflects the desire for other groups and organisations to have access to a community facility and deliver their programmes and activities while ensuring efficient coordination and effective management through an operator.
32. The roundtable supported the early establishment of the board as this was seen as a way of ensuring that the community could continue to have ongoing input into detailed design and the preparation of a process to identify an operator to manage and programme the space. It was concluded that a structure as shown in the diagram below could potentially achieve the aspirations for the management and operation of the community space.

Board

33. In summary, typical roles for board members may include:
 - Governance
 - Championing space within full range of community groups and organisations
 - Appointment and management of operator
 - Approval of business plan including marketing strategy
 - Approval of programming principals
 - Approval of monitoring and reporting
 - Provision of annual reporting and monitoring to council.
34. The key characteristic to be considered through the recruitment process for community and youth representatives is the ability to champion the new community space within Walworth for all. Experience and valid skills would also be evaluated to aid decision making in the appointments.
35. Council representation will need to be consistent with other similar community based projects and include at least one local ward councillor as well as an appropriate senior officer.
36. The council's objective will be to work with the community and developer to establish a Board that reflects the diverse nature of the local community and has a gender balance.

Operator

37. The roundtable sessions also discussed options for who manages the space and how they would be selected. The majority seemed to agree that a tender process would be required. However, there were concerns that a not-for-profit organisation could run the space with its own business agenda and restrict access to numerous community groups which would not meet the intended spirit of use and diversity for the space.

38. Other options considered during the roundtable sessions were:

Unincorporated association eg TRA Hall	Operational costs and intense management requirement would prove difficult with predominantly volunteer base.
Independent operator eg voluntary sector operator or commission operator	Opportunity to select operator that meets the needs to the community with a financially sustainable business plan. Most flexible model.
Direct delivery Council or GP employee	Does not meet the spirit of partnership approach or part of mandate of council or GP

39. The board would select the operator for the space, acknowledging the desire for a strong community focus and the need for long term financial sustainability. It may be appropriate to begin the selection with some soft market testing for an operator especially in light of the current challenges that community organisations and facilities are facing. An operator would be key to the success of the premise to ensure a vibrant mix of activities reaching out to all parts of the community and delivering successful day to day management of the space. The selection would require a transparent tendering process conducted by the management body on the basis of the following principles which Cabinet are asked to endorse:
- A strong focus on community over commercial use
 - A wide range of users and beneficiaries across the Southwark community
 - A wide range of activities and events appealing to diverse audiences
 - Groups and organisations to have access to a community facility and deliver their programmes and activities
 - Open and transparent processes
 - Promote culture and Southwark history
 - Financially sustainable.
40. In conclusion, it is recommended that a management board appointing a third party operator with proven ability would be best placed to manage the new community space in the former Newington Library. The council would also financially support the operation of the community space with an annual grant of £50,000. On approval of this report council officers will look to establish the board including open recruitment of community and youth representatives.
41. It is considered that the board would continue consultation to support decision making on the principals and operator appointment to ensure that community expectations and needs were being understood and included.
42. It is important that the board and operators conduct ongoing outreach to assure a sustained programme of diverse events and activities meeting local need.

Next steps

43. Establish the board including open recruitment of community members and youth representatives in October 2020.

Rationale for recommendations

44.

- To deliver an undertaking in the Council Plan
- To provide a successful community space with a cultural focus and community access that will enhance the overall wellbeing of the locality.

Community impact statement

45. The new Council Plan was the subject of extensive community consultation. The recommendations herein directly deliver upon an undertaking to secure the future of WTH and make it a publicly accessible cultural hub that forms part of the Vibrant Future commitment set out in the Plan.

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

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

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

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

48. In considering the recommendations herein the cabinet must have due regard to the possible effects them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.

49. The prolonged closure of WTH is considered to adversely affect all parts of the community including those with protected characteristics. The proposed community space and management structure will result in benefits to all parts of the community including those with protected characteristics.

50. Previous restrictions within the buildings included a lack of DDA access to upper and lower floors and no public toilets within the former Newington Library building. The new proposals overcome these restrictions and make the building accessible to all.

51. General Projects has undertaken considerable community engagement on the WTH project as summarized in Appendix B. The management body model has been discussed with a roundtable group of interested local stakeholders bought

together by General Projects over the last year to discuss developing designs, local need and the operation of the community space.

Financial implications

52. Implementation of the recommendations of this report will create a cost pressure of £50,000 p.a. for the council by providing grant funding to the community space management. That cost, when needed, will be covered by the existing Regen North revenue budgets. However, it is expected that this proposal will generate rental income for the council once the refurbishment is completed.
53. The Base Rent, a minimum of £50,000 payable to the council by General Projects each year will be allocated back into the management and operation of the community space to help support the running of the centre for the benefit of the community through a grant. This annual grant will be subject to a grant agreement between appropriate parties and include the requirement to submit an annual management report. It will become payable at the earliest 2022-23.
54. Council would also retain the right to audit the community space as and when required and this would include full access at all levels to all aspects of the operation.
55. Officer time required to support the ongoing development of management body will be drawn from the Regeneration North team's revenue budget.
56. Council expenditure incurred through the establishment of the management body will be covered through existing Regeneration North budgets.
57. The council provides a £2m grant towards the capital costs of the project as approved in the cabinet meeting on 12 March 2019. The terms for the council contribution are determined in detail in the agreement for lease but the principal use of these resources is for the improvements necessary to bring forward the community, arts and culture use as early as is practical in the programme. Payment of the grant is safeguarded on the basis of certificate of payments and pre agreed project delivery milestones.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

58. This report seeks the approval of cabinet for the recommendations highlighted in paragraphs 1 to 5 of this report regarding matters relating to the establishment of a community space within the Walworth Town Hall.
59. Paragraphs 27 to 37 details the management and operational structure, in particular the need for a management board consisting of representatives from the council, the developer and the community and youth representatives selected through an open recruitment process. The governance structure will need to be formalised and will set out the objectives, roles and responsibilities of the board members including the roles highlighted in paragraph 34 of this report.
60. This report also details the financial support required from the council by way of an annual grant of £50,000 towards the funding of the community space

management for an initial period of three years. The council will need to ensure that it has an allocated fund for this purpose. A grant agreement will need to be entered into on terms approved by the council.

61. The cabinet's attention is drawn to paragraphs 45 to 51 of this report which sets out the community impact statement, in particular the Public Sector Equality duty under the Equality Act 2010 and the consideration that has been given to the equalities issues which should be considered when approving the proposals in this report.

Strategic Director of Finance and Governance (FC19/042)

62. This report is requesting the cabinet to approve the establishment of a management body for the community space comprising council, developer and community membership and to approve other recommendations as mentioned in the paragraphs 2 to 5 and to note the information provided in paragraph 6.
63. The strategic director of finance and governance notes that the ongoing costs of £50,000 per annum towards funding the community space management will be initially funded by the Regen North revenue budgets until the rental income starts, once the refurbishments in line with the agreement are completed, as detailed in the financial implications of this report.
64. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
WTH Investment proposal	Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Jillian Houghton 020 7525 5414
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=6748		
Council Plan 2018/9 – 2021/22	Fifth Floor, Hub 4 160 Tooley Street London SE1 2QH	Matthew Little 020 7525 0388
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf		

APPENDICES

No.	Title
Appendix A	Community space presentation document
Appendix B	Community Consultation summary General Projects

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Growth Development and Planning	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Jillian Houghton,	
Version	Final	
Dated	4 June 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Environment and Leisure	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 June 2020	

To date, we have undertaken numerous methods of engagement with the community, these include:

- Drop in events
- Roundtable meetings with local stakeholders
- One on one meetings with local stakeholders
- Elephant & Castle developer partnership meetings
- E+C culture vultures group meetings
- Online survey
- Community Outreach interviews

A key part of the approach was to use the outreach as an important element to ensure that less heard voices, in particular people who would not come to events or meetings, were included in the process.

The outreach interviews took place in the local community surrounding Walworth Town Hall – within a 10 minute walk of the building. The interviews were conducted by Southwark Young Advisors Group and The Kaizen Partnership.

The community engagement process was split into two phases, as follows:

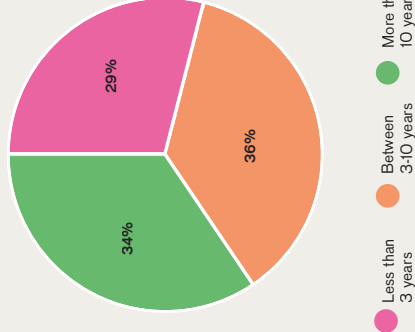
Phase 1, was spread over 8 days between June and September 2019, and feedback from 336 people was gathered. The interviews were split as follows:

- 157 outreach interviews with individuals
- 27 people have completed the online survey
- 152 people have taken part in 50 small group conversations with Street Focus Groups, a methodology created by Kaizen

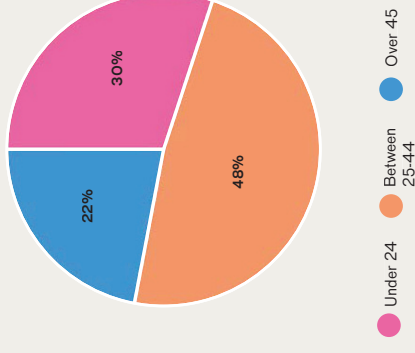
Phase 2 of the outreach was a more direct approach and consisted of various meetings that were held between July 2019 and February 2020. Key meetings can be summarized as follows:

- 2 drop in events with 38 people who attended. During those meetings, attendees were given the opportunity to learn more about the redevelopment proposal and offer direct feedback to the development team.
- 5 roundtable meetings with an average attendance of 15 local stakeholders at each meeting. Those meetings largely focused on the community centre, its design, and future management of the space.
- One on one meetings with various local stakeholders. These meetings were held firstly to obtain valuable feedback on our proposal and to explore future involvement and partnership opportunities.
- Partaken in 3 Elephant & Castle developer partnership meetings. These meetings are held on quarterly basis and are held to ensure that developers with local projects work in partnership in order to maximise local community benefits.
- Partaken in 3 E+C culture vultures group meetings. These meetings are held on a quarterly basis and are held to ensure that local organisations collaborate in order to maximise local community benefits.
- Continuous access to the existing online survey shared by the Council and other local partners. The electronic survey allowed the development team to gather valuable data to make informed decisions on their proposal.

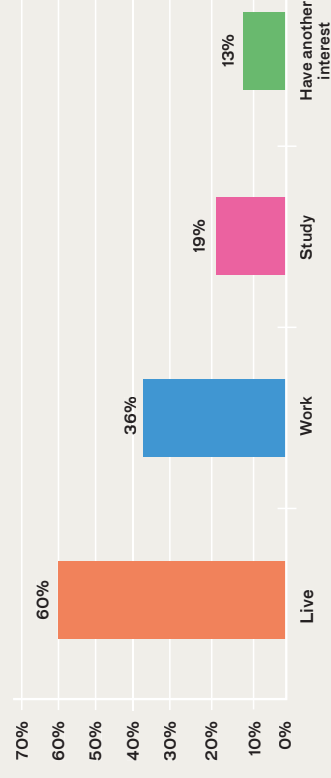
The length of time they had been in the area varied:



People of various ages were interviewed:



What is your connection to the area?
(Tick all that apply)



During the first phase of the outreach, questions were asked both about the local area generally, as well as specific questions about the proposed development plans.

One of the questions asked related to the main challenges the community faced.

Key answers were as follows:

- Safety
- Knife crime
- Gang violence
- Affordability
- Youth violence
- Too little social housing
- Gentrification
- Lack of provision for youth
- Lack of health services
- Shops struggling to stay open
- Not enough activities for elderly
- Loss of jobs
- Segregation
- Anti-social behavior

When asked about what the key aspiration for the area of the development should be.

Key answers were as follows:

- Reduce violence
- More activities
- Safer place
- More facilities for youth
- Opportunities for young people
- Things to do for all ages
- Support arts and culture
- Slow down gentrification
- Create jobs for locals
- Creating a destination
- Not to become mono-cultural

When asked about the possible uses for the community space.

Key answers were as follows:

- After school help
- Mental health support
- Youth centre & mentoring for youth
- Event space for the community
- Professional training sessions & job fairs
- Place for disabled groups to meet
- Community space & skills classes for the elderly
- Affordable & accessible space for the community
- Heritage centre for festival and exhibitions Games night and mic night
- Space for LGBT community
- Self-defence classes
- Rebuild as a library
- Leisure centre

Here are some of the key comments we received from members of the community:

“It would be nice if spaces were run by locals for free.”

“Community space and workspaces need to be accessible to young people.”

“I work in the arts and don’t have a bias, but expensive desk spaces put nothing back - provide for kids and all people, not just young professionals.”

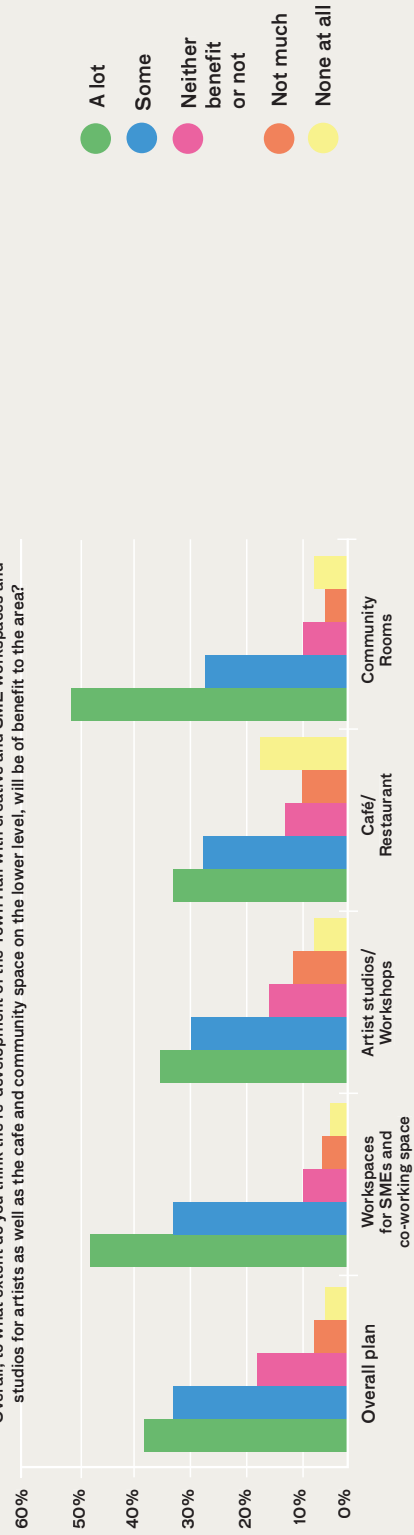
“It’s unclear what types of people will be using those workspaces and artist studios. If they are for people who already live in the community or surrounding areas, particularly a diverse range of ages and ethnicities, then there will be benefit. But if it is targeted to younger professionals from outside the area, then it will mainly result in gentrification.”

“Most important that the building gets reused ASAP and continues to be used. This means having a proper meanwhile use plan in place that maintains public use and includes a phased development strategy. There are good uses proposed for the ex- library space - involving artists and local people - these need to continue and be allowed to develop if you want local involvement in the final scheme and not just a fancy office building for those who can afford to use it - probably living in the new developments.”

“I’m worried the community space will not get used.”

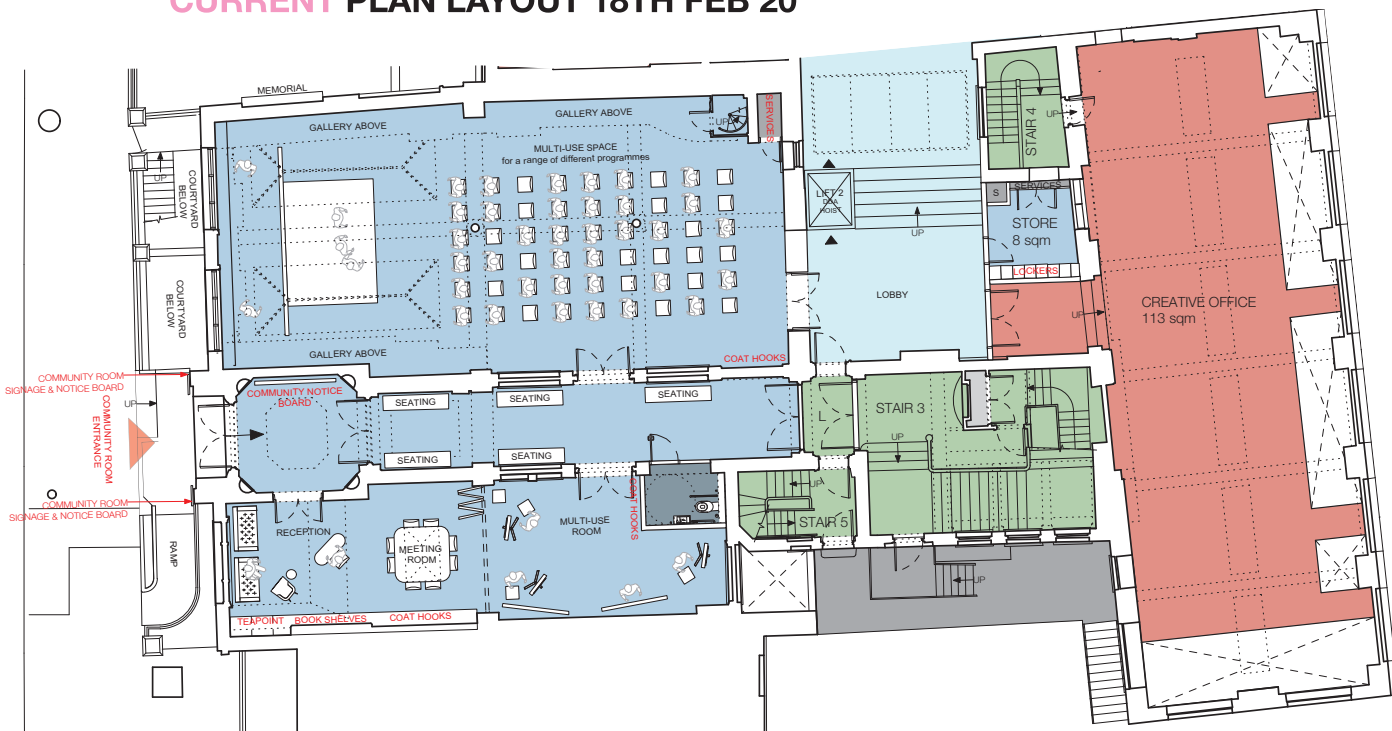
“It’s about time this got the go ahead!”

Overall, to what extent do you think the re-development of the Town Hall with creative and SME workspaces and studios for artists as well as the cafe and community space on the lower level, will be of benefit to the area?



WALWORTH TOWN HALL COMMUNITY ROOM

CURRENT PLAN LAYOUT 18TH FEB 20



SPECIFICATIONS:

- DDA accessible
- Wooden floors
- Mechanical ventilation with Heating & Cooling
- 1 x DDA WC with access to an additional 5 WCs when required
- Teapoint with sink and cupboards
- Storage room with lockers
- Reception room furniture
- Chairs and tables to be stored in storage area

CAPACITIES FOR LARGE MULTI-USE ROOM:

- 120 standing approx.
- 100 seating approx.

CAPACITIES FOR RECEPTION/MEETING ROOM:

- 25 standing approx.
- 20 seating approx.

CAPACITIES FOR SMALL MULTI-USE ROOM:

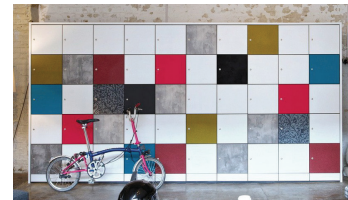
- 25 standing approx.
- 20 seating approx.

Comments from previous round table meetings	Status	Notes
1. Former children's library should be split into two rooms with the ability to connect should the need for larger room be required.	✓	Sliding partition will be provided as shown on plan.
2. Lack of welcoming space/area	✓	New welcome/reception area implemented in former children library space
3. Lack of admin/support/management space	✓	Reception area and storage room to act as admin/support/management space
4. Requirement for a safe and quiet space	✓	Reception area to act as safe and quiet place
5. Requirement for seating in the corridor	✓	New seating added
6. Concerns with kitchenette location in front of the window and that it takes away too much space from the room.	✓	The kitchenette has been relocated to an inobtrusive area of the reception/welcome room.
7. Kitchen requirements (sink, waterpoint, cleaning cupboard)	✓	This will be provided within the reception/welcome room
8. Requirement for lockers and cloak room	✓	This will be provided within the new storage room. Additional coat hooks will be provided through the rooms.
9. Requirement for a self-contained WC	✓	A DDA compliant WC will be provided as shown on the plan.
10. Requirement for access to multiple WCs	✓	Access will be provided to 5 WCs within the ground floor public accessible space
11. Concerns with the proposed storage location were raised. The preferred location for new storage is in the back gallery space outside of the demise in the new lobby area	✓	The storage area will be provided as shown on plan.
12. Back gallery space should be included and used as admin/WC/BoH/kitchen space	✓	The storage area will be provided as shown on plan.
13. Lack of community notice board	✓	This will be provided as shown on plan
14. Lack of external signage and notice board	✓	This will be provided as shown on the plan

COMMENTS FROM PREVIOUS MEETINGS



KITCHENETTE



LOCKERS / CLOAKS & FILING CABINETS

Item No. 12.	Classification: Open	Date: 16 June 2020	Meeting Name: Cabinet
Report title:		Gateway 3 Housing Major Works Contracts	
Ward(s) or groups affected:		All	
From:		Councillor Kieron Williams, Housing Management and Modernisation	

FOREWORD – COUNCILLOR KIERON WILLIAMS, CABINET MEMBER FOR HOUSING MANAGEMENT AND MODERNISATION

The COVID-19 crisis has forced local authorities to make unexpected changes to the way we work across the board – and the way we service our major works and estates maintenance contracts are no different.

In Southwark, three of these contracts are due to come to an end this year, but in order to ensure a comprehensive and competitive procurement process to take place during and after the pandemic, we are proposing that the current contracts are extended to 2022. This is to ensure we can continue to provide necessary repairs and maintenance for residents of our estates and council homes throughout this period.

Since 2010, these three partnerships have served us well, enabling the rollout of our Warm, Dry and Safe and QHIP schemes and allowing our partners to develop a good understanding and intuitional knowledge of the needs of our estates and communities. This has resulted in tenant satisfaction levels in 2019/20 of over 96%. Additionally, they achieved excellent scores in terms of apprentices and training opportunities (provided employment/ training for 30 local people), and cleaner, greener, safer (10/10 for achieving FORS accreditation).

RECOMMENDATIONS

1. That cabinet approves the variation of Contract area 3, Camberwell and Peckham contract to Engie Regeneration Ltd (formerly Keepmoat Regeneration (Apollo) Ltd) (Engie), to extend the term of the contract for a period of two years from 14 June 2020 at an estimated maximum cost of £50m per annum, making a revised contract value of £550m for twelve years.
2. That cabinet approves the variation of Contract area 4, Nunhead, Peckham Rye and Dulwich contract to A&E Elkins Ltd (A&E Elkins) to extend the term of the contract for a period of two years from 14 June 2020 at an estimated maximum cost of £25m per annum, making a revised contract value of £290m for twelve years.
3. That cabinet approves the variation of Contract area 5, Borough-wide street properties, temporary accommodation and major voids contract to Saltash Enterprises Ltd (Saltash) for a period of two years from 14 June 2020 at an estimated maximum cost of £15m per annum, making a revised contract value of £90m for twelve years.

BACKGROUND INFORMATION

4. On 26 March 2010, the Executive approved the award of five partnering contracts for major works for a period of five years with the option to extend for a further five years, subject to appropriate reviews of value for money and performance, although no reference was made as to the number of extensions that could be incorporated within this five years. Reserve contractor arrangements were also approved.
5. The contract areas were as follows:

Contract
Contract area 1 – Borough and Bankside
Contract area 2 – Bermondsey and Rotherhithe
Contract area 3 – Camberwell and Peckham
Contract area 4 – Nunhead, Peckham Rye and Dulwich
Contract area 5 – Borough-wide street properties, temporary accommodation and major voids

6. Two contracts were ended in 2012 and 2013. The reserve contractor arrangements were therefore put in place for the majority of the programmes to cover contract areas 1 and 2 - A&E Elkins took over the majority of programmes for contract area 1 with the remainder of the work being individually tendered and Engie took over all the programmes for contract area 2. It is worth noting that from 16 February 2016 contract areas 1 and 2 are dealt with under the council's major works constructor framework (the framework).
7. A Gateway (GW) 3 report was approved on 16 July 2015 to extend contract areas 3, 4 and 5 for three years and for A&E Elkins and Engie to be reserve contractors for contract areas 1 and 2. A subsequent GW3 report was approved on 19 September 2017 to exercise the option to extend contract areas 3, 4 and 5 for two years giving an expiry date of 13 June 2020.
8. This GW3 report is now seeking approval for a two year extension to all 3 contracts to guarantee service continuity by ensuring the council has extra resources available in addition to the framework during the Covid-19 situation, and to help cover any potential delays in completing the new procurement and to monitor performance. The contractors are happy to receive a shorter notice period than would usually be given under their contracts.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

9. The nature of this proposed variation is to extend each contract for a further two years. The revised completion date will be 13 June 2022. The reason for the extension is to help cover delays in completing the new procurement. As a landlord, the council needs to have as many resources as possible available to ensure work continuation during and post Covid-19. The partnering contracts cover areas 3 to 5 of the borough, and the current contractors are familiar with these areas as these contracts have been in place for 10 years.
10. An advantage of the partnering contracts is that they enable a quick process to get contractors on site, allowing the council to take fast action in issuing urgent

orders to the contractors for example, works on Ledbury Estate. One specific advantage of the partnering contracts, especially during Covid-19, is that orders for work can be made quickly and efficiently, as a wide range of works both internal and external are covered in the partnering contract. Design decisions are made by each contractor initially and then confirmed by the professional technical services advisors jointly and speedily without the need for further tendering. The council has been working with these current contractors for 10 years now which has meant the contractors understand the requirements of the council's extensive and varied stock and health, safety and other requirements, particularly during the Covid-19 period. This effective working relationship is especially important given the current strain on the construction industry, uncertainty on how long the impact of Covid-19 will last and the potential of a second wave of Covid-19 and therefore provides a strong degree of resilience to the council during Covid-19. This will be particularly true during the winter period when the construction industry is likely to be under even more strain. The contractors are already working with suppliers and sub-contractors to prepare them for dealing with Covid-19 and post the Covid-19 period and having a range of available contractors to work with the council to deal with resourcing issues in advance is a great benefit.

11. The partnering contracts also include a number of other benefits. These include training opportunities for the local community, community initiatives provided for by the contractors, and some unseen hidden goodwill benefits such as having a contractor nearby if issues arise after the end of the usual defects periods. The three current contractors already have in place, or are preparing risk assessments for the various types of works in the partnering contracts, for contracts which they currently have onsite or which they are preparing to go back onto site. This level of preparation will be a strong advantage to the council during and post the Covid-19 period.
12. The council has a major works framework in place, which consists of Lot 1 for contracts up to £3.5m which has 6 framework contractors and Lot 2 which is for schemes over £3.5m and also has 6 framework contractors. These frameworks expire in February 2021 and are used in the north of the borough. The major works framework process requires a mini competition amongst the framework contractors, with an evaluation on each tender submission and approval sought before the contractors are able to start on-site. This framework will therefore allow the council flexibility in future procurement options for the next two years to ensure consistent quality and value for money, before the new contracts are put in place. The council is also considering the use of an outside framework, such as South East Consortium, as this would provide a variety of procurement options. This may be utilised should works be delayed or prevented, due to labour shortage as a result of Covid-19, which may be exacerbated by self isolating contractors, furlough of staff, shortage of supplies, or it not being financially viable for companies to stay afloat.
13. The council is procuring new contracts as detailed in paragraphs 21 and 22 below.
14. The estimated value of this proposed variation to the Engie contract is £100m, combined with the actual value of the approved initial 5 year contract term of £225m, and previous contract extension values of £225m, this brings the estimated total to £550m.

15. The estimated value of this proposed variation to the A&E Elkins contract is £50m, combined with the actual value of the approved initial 5 year contract term at £120m, and previous contract extension values of £120m, this brings the estimated total to £290m.
16. The estimated value of this proposed variation to the Saltash contract is £30m, combined with the actual value of the approved initial 5 year contract term of £30m, and previous contract extension values of £30m, this brings the estimated total to £90m.
17. This gives a total estimated variation at a maximum per annum of £90m per year between the three partnering contractors. It is unlikely that this full variation figure will be used, but given the current uncertainties with Covid-19 and the construction industry, it is felt that it is best to extend the contracts for this amount to allow for both known works, and also unforeseen eventualities which may occur due to Covid-19, or for other health and safety reasons, for example, fire safety or structural works.

Reasons for Variation

18. These partnering contracts have greatly contributed in helping the council deliver its Warm, Dry and Safe (WDS) programme and Quality Homes Investment Programme (QHIP). Price harmonisation and use of supply chains has also continued to allow for continuity of materials and value for money in the contracts and bench marking will be used with the 'call-off' contracts let under the framework that was put in place to continue to ensure this remains the case.
19. Currently, all three contractors are performing well and their Key Performance Indicator (KPI) scores are very good and have been for some years. KPIs are measured across a range of areas, including contractors' performance on time for both internal and external works, value for money, and resident satisfaction. Between 2014/15 to date, all three contractors consistently achieved resident satisfaction percentages of more than 90%, across a total of more than 9500 survey returns. All three contractors had tenant satisfaction levels in 2019/20 of over 96%. As well as tenant satisfaction being over 96% on average they also achieved excellent scores in terms of apprentices and training opportunities in 2019/20 (provided employment/ training for 30 local people), and cleaner, greener, safer (10/10 for achieving FORS accreditation). Since 2014/15, the three contractors have provided more than 300 employment opportunities for local people as they are expected to provide one year's apprenticeship or equivalent for each £1m worth of expenditure. Each year, the contractors have met their KPI for internal works, more often than not installing kitchens, bathrooms and electrics below target time across more than 9000 jobs.
20. The framework was set up on 16 February 2016 and runs in parallel with the partnering contracts providing further capacity and acting as additional security should issues arise with any partnering contractor. The partnering contracts enable the council to deliver works quicker and the KPI scores show how effective the contractors are in performance.

Future Proposals for this Service

21. It is anticipated that the new major works contracts will be in place by February 2022 to cover the whole of the borough. An extension to June 2022 is being

sought for the partnering contracts, as this will enable the existing contractors to assist potential new contractors whilst they mobilise, particularly if there are different contractors who are new to these areas. It also allows some flexibility in the event that there are delays with the new procurement. Should the new contracts be in place sooner than June 2022, these contracts can be terminated in accordance with the termination provision in the contracts unless the need arises that the council needs to issue urgent orders to these contractors to ensure works are delivered.

22. The new procurement process is currently underway and a significant amount of work has been done already on preparing documentation such as specifications and example projects. Given the current situation with Covid-19, there will need to be some soft market testing carried out in order to evaluate the viability of the market before tenders can go out as most companies and local authorities will begin procuring on a larger scale much later this year which could result in fewer tender submissions being received for this new procurement. A GW1 report is being prepared for cabinet in the near future, to update the proposals for the types of contract to be let, and the procurement process. At this time, it is difficult to give exact timescales because of the need to deal with current and urgent Covid-19 related issues and it is anticipated that the procurement will take at least 18 months to procure. It is considered prudent to ensure that the council, as a landlord, has as many resources available to assist it to ensure work continuation during and post Covid-19 whilst new contracts are procured and operational.

Alternative Options Considered

23. This is covered in paragraphs 9-12.

Identified risks for the Variation

24. The table below identifies the risks associated with this extension, the likelihood of occurrence and the control in place to mitigate the risks.

R/N	Risk Identification	Likelihood	Risk Control
R1	Contractors do not want to extend the contracts and/or are unable to deal with new workload	Low	All three companies have confirmed their readiness and capability to deliver the contract extension. There will be monitoring reports to DCRB and CCRB as part of the contract management and monitoring of these contracts on a yearly basis.
R2	Decline in contractors performance	Low	The performance of the three contractors is monitored but in the unlikely event of their performance falling below the standard required, the 'termination at will' clause will be used if required.
R3	Contractors go in to administration or liquidation.	Low	The framework means that there are additional resources available to be used to reduce any delay times should such a situation occur. Financial checks will also be carried

R/N	Risk Identification	Likelihood	Risk Control
			out on the contractors to ensure they are still financially viable.
R4	Procurement for new contracts doesn't meet timetable	Medium	This is the reason for a 24 month extension beyond the current date, and the termination clauses may be operated in the event that the new contracts are in place before 13 June 2022.
R5	Possible risk of procurement challenge	Low	<p>Given the need for the council to have as many resources available, as a landlord, to assist it to ensure work continuation during and post Covid-19 whilst new contracts are procured and operational, Regulation 72(1) (c) of the Public Contracts Regulations 2015 (EU regulations) will be relied upon for this variation.</p> <p>This regulation will require a notice to be published in OJEU.</p>
R6	Possible risk of non-recovery of leaseholder service charges	Medium	<p>Home ownership will serve additional section 20 notices, as the council is required to consult on long term agreements.</p> <p>All leaseholders in the areas of the borough affected will be written to inviting observations, and a decision will then be made if an application needs to be made to the First Tier Tribunal for dispensation. Works packages will not be ordered which involve potential leaseholder charges until this matter is fully confirmed.</p>
R7	Covid-19 implications	Medium	<p>If any new packages of works are ordered whilst Covid-19 is still a challenge, packages will be let to ensure that there is no possibility for claims by contractors, for example, for additional preliminaries costs due to delays on contracts. Standard Covid-19 implications which apply to all construction works, such as social distancing, will be covered by specific risk assessments on each site.</p> <p>The council is working with contractors to determine the best way they can achieve training targets with students not physically able to</p>

R/N	Risk Identification	Likelihood	Risk Control
			attend college during the Covid-19 period.

Policy implications

25. These contracts help deliver on one of the council's key Fairer Future commitments by providing quality kitchens and bathrooms to all residents.

Contract management and monitoring

26. The performance of the contractors continues to be monitored by the investment team. Each project manager in the investment team or other departmental officers using these contracts provide a quarterly monitor on the performance of each contractor they use and there are specific KPIs in the contract in the areas of time, cost and quality. KPIs are produced for all firms on a quarterly basis and these show that all are performing very well, as set out above. One additional benefit of partnering is that, in practice, the contractors will also deal with issues that arise after the 12 month defects liability period when each scheme has ended. These contracts, whilst they are predominately design and build contracts, have all their design and works proposals examined and checked by either one of the council's lead designers or by one of the council's two technical services firms.
27. Spend and performance on all contracts is monitored by the Head of Investment and monitored regularly as part of Housing and Modernisation's key KPI's. There will be monitoring reports to DCRB and CCRB as part of the contract management and monitoring of these contracts on a yearly basis. Concerns were expressed by some leaseholders in particular as regards value for money obtained through these contracts. A report was therefore commissioned by an independent quantity surveyor in October 2014 which confirmed that the prices obtained through the current contracts match those that can be obtained through individual tendering and bench marking will continue. The price harmonisation and supply chain will continue for the proposed two year extension.

Community impact statement

28. Having a consistent set of contractors working in the borough improves the quality of service and ensures consistent and comprehensive work within the community. The contractors all provide training and apprenticeship opportunities as well as sponsoring many community initiatives and schemes. All three contractors have specific targets related to apprentices and training whereby they have to provide one apprentice or training equivalent for each £1m of work undertaken. In addition, they support a whole variety of community initiatives such as communal garden schemes, sports schemes, cycling learning and repairs, events for elderly residents, and Christmas parties.

Social Value considerations

29. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and

environmental benefits that may improve the well being of the local area can be secured. The social value considerations delivered are set out below.

Economic considerations

30. There are no specific economic considerations to this report.

Social considerations

31. Engie, A&E Elkins and Saltash employees and those of their subcontractors are paid in accordance with the London Living Wage and have equalities policies that conform to the council's standards. The application of these policies is reviewed for compliance as part of the contracts' annual review. Each of them is required to employ apprentices and provide training and employment opportunities for Southwark residents. They are required to employ one year of apprenticeship or equivalent employment and training opportunities for each one million pounds of expenditure. The contractors are currently reviewing how the current covid-19 situation impacts this requirement. It is anticipated that online training and training onsite should be able to cover the majority of appropriate training requirements. As per paragraph 24, this will be monitored. They must comply with the requirements of the Employment Relations Act 1999 (Blacklists) Regulations 2010 ("the Blacklists Regulations) and shall ensure that it will not during the Term/Contract Period/provision of the Works be a party to or concur in any discriminatory employment practice which could be construed as blacklisting or boycotting any person who has sought employment with the contractors in breach of the Blacklists Regulations.

Environmental/Sustainability considerations

32. There are no specific environmental or sustainability considerations at this stage.

Financial Implications

33. The report recommends the extension of the three major works partnering contracts to Engie, A&E Elkins Limited and Saltash Enterprises Limited for two years from 14 June 2020 to 13 June 2022. The estimated value of these contracts over two years is £180m, and will help deliver the QHIP programme. The delivery of this programme and the housing investment programme as a whole is subject to the availability of resources to fund it.

Investment Implications

34. The value of these contracts will be charged directly to the respective projects.

Legal Implications

35. Please see the comments from the Director of Law and Democracy.

Consultation

36. There was extensive consultation with leaseholders as part of the statutory process. In addition a tenants and a resident's representative were on the final tender evaluation panel as part of the original evaluation process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

37. This reports seeks Cabinet approval to extend the three housing major works contracts with Engie Regeneration Ltd, A&E Elkins Ltd and Saltash Enterprises Ltd for a further period of two years from June 2020 for the reasons set out in paragraphs 8 to 12 of this report. There are risks associated with further extending these contracts, which are set out, together with mitigating action, in paragraph 24.
38. As outlined in the financial implications section of this report, the value of works to be awarded during the extension period is estimated at £180m. This is subject to the availability of resources to fund the Housing Investment Programme and the programming of major works, both of which may be adversely affected by the impact of COVID 19.

Head of Procurement

39. This report is seeking cabinet approval to extend three major works partnering contracts for a 2 year period from 14 June 2020.
40. The report summarises the context and rationale for these contract extensions explaining that new contracts are currently being prepared and are timetabled to be in place in February 2022. Extending these contracts should allow for continuity whilst this procurement exercise is conducted.
41. The report confirms that the performance to date of the three contractors on this contract has been good. There are management and monitoring arrangements in place which should go some way to ensuring that the required level of contract performance is maintained in these final two years. It would appear that there is no reason why the council should not continue with these arrangements for the recommended extension period.
42. The report also confirms that officers will closely monitor the impact of the Covid 19 pandemic in relation to ensure that construction works are conducted in the safest possible way in accordance with regularly updated government guidance.

Director of Law and Democracy

43. This report seeks the cabinet's approval to 3 major works contracts which are being performed by Engie (contract area 3), A&E Elkins (contract area 4) and Saltash (contract area 5). This report sets out the extent of the extension and the reason why an extension of 2 years is necessary. As the values of the proposed variations exceed £15m, this is a strategic procurement under contract standing orders and approval is therefore reserved to cabinet.
44. The nature of this variation is such that it is subject to the tendering requirements of the Public Contracts Regulations 2015 (PCR 2015). Regulation 72(1)(c) of PCR 2015 permits contracts to be modified, where the need has been brought about by circumstances which a diligent contracting authority could not have foreseen, the modification does not alter the overall nature of the contract and any increase in price does not exceed 50% of the value of the original contract. The justifications for relying on regulation 72 are noted in paragraphs 9 to 12.

Paragraph 21 of this report confirms that a new procurement exercise for this contract is anticipated to commence in September 2020 with the aim for new contracts to be in place from February 2022.

45. Cabinet is advised that when relying on any ground for exemption from the requirements of PCR 2015, there is a potential risk of challenge on the basis that the council does not have sufficient grounds to justify negotiations in these circumstances. However, given the Covid-19 pandemic is an unrepresented situation that could not be foreseen, soft market testing needs carrying out to test the viability of the market before procuring new contracts and the uncertainty around the viability of the construction industry coupled with the need, as a landlord, to ensure it has as many resources available as possible, it is considered that the risk is low.
46. CSO 2.3 requires that a variation decision may only be made if the expenditure involved has been approved. Paragraph 33 of this report confirms the financial implications of these variations.

Director of Exchequer (for housing contracts only)

47. The current partnering contract is a qualifying long term agreement (QLTA) under the terms of the Commonhold and Leasehold Reform Act 2002. This means that notices were served prior to entering into the agreement under Section 20 of the Landlord and Tenant Act 1985, which complied with the requirements of schedule 2 of the regulations. The schedule 2 requirements were for a 2 stage consultation process on the terms of the agreement and an OJEU compliant tendering process on the contract rates.
48. This secured the council's ability to recover service charge costs on packages of work to be let under the agreement without further tendering and requiring a shorter Section 20 consultation process under schedule 3 of the regulations on each package.
49. Where a QLTA is not in place landlords are required to consult leaseholders on packages of work under schedule 4 of the regulations. This is a two stage consultation process which requires that leaseholders are given the opportunity to nominate a contractor to tender for the package of work, and that competitive quotes for the work are obtained from at least two contractors, including any nominated contractor.
50. The Section 20 notices served on the partnering agreement identified a term of five years with an option to extend for a further 5 years. This term has now expired. Since the QLTA is no longer valid, service charges arising from packages let under the agreement will not be secure unless the council complies with Section 20 or obtains dispensation on the requirements from the First Tier Property Tribunal. Compliance with Section 20 on the proposal to extend is not possible since there will be no opportunity for leaseholders to nominate contractors or for the council to undertake a tendering process. The alternative route of schedule 4 – tendering individual packages either in the market or through the framework – are not considered to be viable in the current environment.
51. In order to ensure that the council's financial interests are protected, notices will be served on all leaseholders in the areas of the borough where the extended agreements are proposed. The notices will set out the council's proposal to

extend the QLTA, and the terms under which it is doing so. An application will be made to the First- tier Property Tribunal for dispensation from the full requirements of Section20 on the extension.

52. If dispensation is granted the council will be able to service charge costs arising from packages let under the agreement subject to the service of notices under schedule 3 of the regulations on those leaseholders affected by that package of work.
53. If dispensation is not granted it will not be possible to secure the service charge costs unless the work is separately tendered and the relevant statutory consultation is carried out under schedule 4, or notice is served under schedule 3 and dispensation is granted through the Tribunal on each package of work.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Gateway 2 'open' report - Housing Major Works Contracts – approved 26 March 2010	160 Tooley Street	Everton Roberts, 0207 525 7221
http://moderngov.southwark.gov.uk/documents/g3262/Public%20reports%20pack%20Friday%2026-Mar-2010%2012.30%20Executive.pdf?T=10 (pages 3-22)		
Gateway 3 'open' report – Extension Approval Housing Major Works Contracts 16 July 1015	160 Tooley Street	Everton Roberts, 0207 525 7221
http://moderngov.southwark.gov.uk/documents/s55697/Record%20of%20Decision.pdf		
Gateway 3 'open' report – Extension Approval Housing Major Works Contracts 19 September 2017	160 Tooley Street	Everton Roberts, 0207 525 7221
http://moderngov.southwark.gov.uk/documents/s70970/Report%20Gateway%203%20Variation%20Decision%20-%20Housing%20Major%20Works%20Contracts.pdf		

APPENDICES

No	Title
None	None

AUDIT TRAIL

Cabinet Member	Councillor Kieron Williams, Housing Management and Modernisation	
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation	
Report Author	David Hodgson, Director of Asset Management	
Version	Final	
Dated	4 June 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	Yes	Yes
Cabinet Member	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		4 June 2020

Item No. 13.	Classification: Open	Date: 16 June 2020	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval Abbeyfield Estate HINE (Maydew House) works Procurement of contractor for Stage 1 (pre-construction services)	
Ward(s) or groups affected:		North Bermondsey	
Cabinet Members:		Councillor Kieron Williams, Housing Management and Modernisation, and Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD - COUNCILLOR KIERON WILLIAMS, CABINET MEMBER FOR HOUSING MANAGEMENT AND MODERNISATION AND COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES

This report outlines the next stage of our ambitious plans for Maydew House and the surrounding site. Southwark Council is committed to delivering 11,000 new council homes by 2043 and we will have delivered or be building 2,500 of these by 2022. As such, Maydew is a key component of our long term plan to expand and enrich our estates. This site was home to 144 council properties. We are seeking to fully refurbish these and add an additional 111 council homes, alongside estate improvements and a new community space to replace the Bede Centre. The new site will have improved access to Southwark Park and include new landscaping around Thaxted Court to ensure families have complete access to safe and clean green spaces. We are absolutely committed to social housing in Southwark, and these plans will deliver another Great Estate for the residents of our borough.

This report appoints a contractor to begin finalising the design work, reviewing costings on a transparent, open-book basis and revealing any additional survey work that may be required ahead of construction beginning on site. This is a necessary phase in which we move closer towards the refurbishment of Maydew House and its return to the heart of our community in Bermondsey.

RECOMMENDATIONS

1. That cabinet approve the award of the pre-construction services for Abbeyfield Estate High Investment Need Estate (Maydew House) works to Bouygues UK Ltd for a period of 12 weeks from July 2020.
2. That cabinet notes that a separate GW2 report will be presented in autumn 2020 for the award of the main works contract which is highly likely to be the same contractor as detailed in paragraphs 18-19 of this report.

BACKGROUND INFORMATION

3. Cabinet approved the Gateway 1 report procurement strategy on 1 March 2018 for an EU restricted tender procedure.
4. In March 2019 the council revised the Maydew HINE scheme to have all of the dwellings tenanted which will mean 144 refurbished existing units and 111 new tenanted units. The building costs are to be part funded by a grant from the Greater London Authority (GLA).
5. The proposed scheme is the redevelopment of the Abbeyfield Estate in two phases. Phase I comprises of works to the base of Maydew House (currently empty) to relocate the Bede Centre (local community charity), the re-siting of the main entrance from the current podium level to the ground level. An additional five storeys will be constructed on top of Maydew House, the existing 144 flats within the building will be fully refurbished, soft and hard landscaping to the block surrounds will be created, the entrance to Thaxted Court will be repositioned in order to enhance the interaction between the park and housing and additional access will be created directly into Southwark Park.
6. Once Phase I is completed, Phase II will start, approximately spring 2023. The council's aims and objectives for Phase II of the scheme are as follows:
 - To demolish the then vacant Bede Centre and to provide 87 new residential properties.
 - To provide high quality shared and private amenity space by enhancing current landscaped areas adjacent to Maydew House and Thaxted Court.
 - To ensure a safe and secure development for existing and new residents.
 - To enhance the character, use and appearance of the site and surrounding area.



Diagram 1 – Existing

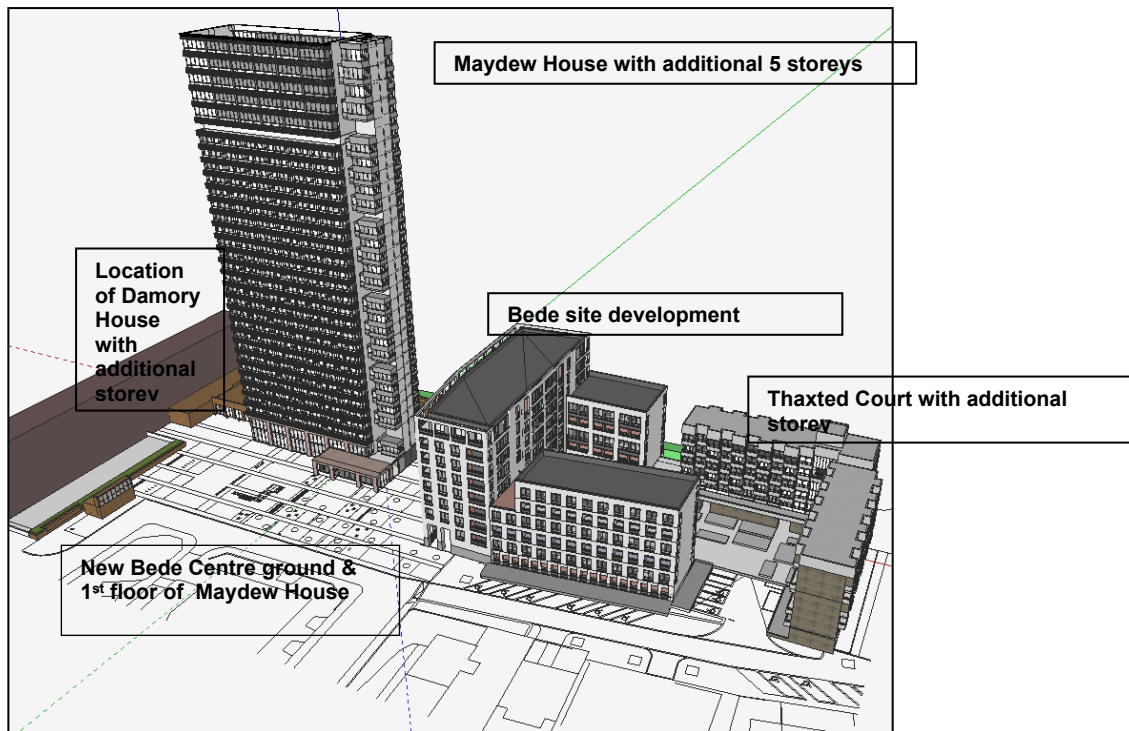


Diagram 2 - Proposed

7. Total number of dwellings (excluding Damory House and Thaxted Court as these are part of another scheme) demonstrated as follows:

Original Tenanted dwellings	139
Original Leasehold dwellings	5
Total number of dwellings	144
New units	24
Total number of dwellings in refurbished Maydeu	168
Bede site development new tenanted units	87
Total units in scheme	255

Procurement project plan (Key Decision)

- 8.

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	10/03/2020
Briefed relevant cabinet member (over £100k)	01/04/2020
Approval of Gateway 1: Procurement Strategy Report	13/03/2018
Invitation to tender	06/09/2019
Closing date for return of tenders	29/11/2019
Completion of evaluation of tenders	18/03/2020
DCRB Review Gateway 2:	11/05/2020

Activity	Completed by/Complete by:
CCRB Review Gateway 2:	14/05/2020
Notification of forthcoming decision – despatch of Cabinet agenda papers	26/05/2020
Approval of Gateway 2: Contract Award Report	16/06/2020
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24/06/2020
Alcatel Standstill Period (if applicable)	30/06/2020
Contract award	02/07/2020
Add to Contract Register	02/07/2020
Contract start	27/07/2020
Publication of award notice in Official Journal of European (OJEU)	27/07/2020
Publication of award notice on Contracts Finder	27/07/2020
Contract completion date	23/10/2020

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to properties on the Abbeyfield Estate in the Rotherhithe area. There are no leaseholders affected by the works: The address details are as follows:

Block Address
1-144 Maydew House, Abbeyfield Road Bede Centre, Abbeyfield Road

10. The intended outcome of this procurement is for the council to obtain fully developed design and a robust contractor's proposal and pricing document, delivering the following for the contract:
- Full design and build responsibility in accordance with the council's design requirements and proposals
 - An extensive customer care requirement throughout the defects liability stage of the works
 - Complete and fully compliant safety management systems
 - Full and complete local resident and community awareness and management of expectations
 - To be completed on time and to the council's expectations and budget.
11. With this two stage process, the first stage required the tenderers to provide their requirements in relation to overheads, profit and preliminaries on the project and to price a cost plan based on an elemental schedule with quantities, for the scheme. The benefit of this process is that it reduces the amount of work tenderers have to put into the scheme as part of the first stage process, as the measuring is taken out of their hands. It ensures returns are based on rates for direct comparison and it enables a

decision to be taken on the preferred contractor to take to the next stage. The decision will also be based on the contractor who has really understood the scope of the work, priced the scheme competitively and demonstrated this with their return. The aim is to ensure that the council has some control of the outcome of the second stage negotiations. This process enabled the council to encourage more contractors to tender.

12. This outcome will be based upon the council's detailed employer requirements which were included in the tender documents and the detailed design brief developed in consultation with Haworth Tompkins, the appointed architects for design services for this project.
13. The scope of the pre-construction services (PCSA) are described below:
 - to work with the council on an open book basis to procure any surveys or investigations required to mitigate any risks associate with the existing building, ground conditions, below ground services and other areas of project risk
 - validate and adopt the Stage 4+ design - (At stage 4 all the design information required to manufacture and construct the project is completed)
 - agree scope of subcontract packages
 - agree list of at least three sub-contractors for each of the elemental works packages
 - prepare subcontractor tender packages clearly setting out scope of each subcontract including preparation of pricing document as required
 - send out tenders to at least three subcontractors and obtain a lump sum price for the works packages
 - review subcontractor tender returns and make recommendation
 - lead on value engineering exercise where sub-contractor packages exceed budget
 - once all the subcontract packages have been returned confirm lump sum cost for completing the works in accordance with the employer's requirements.

Policy implications

14. These 111 new homes are in line with the council's principles and visions for a new housing strategy which is aimed at increasing the availability, affordability and quality of homes in the borough. The new homes will play a key role in assisting the council to achieve its target of building 11,000 new homes by 2043. The programme has a short term objective of 2,500 homes by 2022.
15. This scheme is also designed to deal with work to meet the Quality Homes Investment Programme (QHIP) which includes works to maintain decency and deliver the council's commitment to a quality kitchen and bathroom.

Tender process

16. As noted in the Gateway 1 the procurement of this contract was by way of an EU restricted procedure. This is a two stage tender and companies interested in tendering were required to formally express an interest, satisfactorily pass the prequalification stage in order to proceed to the invitation to tender stage.
17. The procurement followed standard procedures and working practices to allow the early involvement of the contractor by means of a transparent, two-stage process, comprising:

Stage 1 (pre-construction services)

- fully developing the consultant's design proposals from RIBA stage 4 onwards
- packaging and competitively tendering the works on an open book basis
- submitting contractor's proposals and pricing document, including the proposed contract sum, for decision by the council (this report).

Stage 2 (construction) – (subject to a separate Gateway 2 approval)

- carrying out and completing the works in compliance with the contract documents for:
 - the enabling works (where necessary)
 - the main works

18. With this two stage approach to procurement, the contractor appointed for the pre-construction services will highly likely also be appointed for the main works contract, subject to the formal decision of the council to proceed. The main works will be subject to a separate GW2 report as the preferred contractor will further develop the design, carry out further investigations and contractors proposals and a more comprehensive build price is finalised demonstrating value for money. The contractor will also input into the de-risking process pre contract.
19. As outlined in the Gateway 1, a Prior Information Notice (PIN) setting out details of the planned procurement was issued on 20 November 2018 and two bidders' days were held on 13 December 2018 and 23 January 2019.
20. The contract was advertised by way of a notice published in the Official Journal of the European Union (OJEU), Contracts Finder and ProActis (the councils E-procurement portal) on 17 April 2019 with a closing date of 5 June 2019.
21. 12 contractors responded at the PQQ stage.
22. Following an individual review of each submission, the Evaluation Panel members met on 19 July 2019 to review and moderate the PQQ scores.
23. The selection process followed was an evaluation of each contractor's economic and financial standing and their technical knowledge, accreditation, experience and ability and capacity to do the work. Two contractors did not complete the PQQ or provide any supporting documentation.
24. In accordance with the process detailed in the Invitation to Tender (ITT), ProActis, on 6 September 2019 with a submission deadline of 25 October 2019.
25. The tender process was managed by Southwark Council, with all documentation, queries and clarification being issued and received via ProActis.
26. Notification was received from one contractor on the 27 September 2019 that they were withdrawing from the tender process due to a change in the company's focus.
27. Following this both the sixth and seventh ranked contractors at PQQ stage were contacted and invited to participate. One contractor confirmed that they would like to participate and the other contractor declined. This left five contractors in the tender process.

28. As a consequence of the change in tenderers the tender return deadline was extended until 29 November 2019 1pm.
29. By the ITT deadline all the contractors responded via ProActis to the first stage tender within the timescales.

Tender evaluation

30. The project evaluation panel consisted of the following panel members:

Organisation	Members
Southwark Council	Head of Investment
Southwark Council	Design & Delivery Manager North - Investment
Southwark Council	Project Manager - Investment
Calfordseaden LLP	Employers Agent
Calfordseaden LLP	Quantity Surveyor

31. In accordance with the Gateway 1, the tenders were to be evaluated on the following basis:

Evaluation Model	Maydew House construction	Bede Site redevelopment
Price 70%	weighting	Weighting
	62%	38%
	Further weighting for each	
	OHP-19.2%	
	Prelims - 40.8%	
	Cost plan - 40%	
Quality 30%		

32. However due to complications in scoring price this was revised at the PQQ stage where the tenders were evaluated on the most economically advantageous tender applying the criteria of financial and economic standing technical ability and cost, including the overall cost to the council. Tenderers with the lowest submitted total target price received the maximum price score 70% (this was not further evaluated on overhead profits and preliminaries as detailed in paragraph 32). Maydew House and the Bede Site redevelopment were scored individually and then weighted 62% Maydew House and 38% Bede Site redevelopment with quality making up 30% of the score.
33. All tenderers were invited to clarification meetings on 29 January 2020 where they were able to give a short presentation on their submission with qualitative and quantitative clarifications raised and discussed during the meeting.

Pricing evaluation

34. The tenderer with the lowest cost received a maximum of 70% with the other tenderers scoring proportionately lower marks through the following calculation:

$$\frac{\text{Lowest submitted total price}}{\text{}} \times 70 \%$$

Tenderer's submitted total price

35. Tender submissions were received from 5 contractors.

Quality evaluation

36. The quality response (30%) was composed of seven questions, each scored out 5. The questions where as follows:

- Method Statement 1: Resources (Weighting 10%)
- Method statement 2 : Design Delivery (Weighting 10%)
- Method Statement 3 : Contract Delivery Maydeu House Refurbishment (Weighting 30%)
- Method Statement 4 : Contract Delivery Bede Site Redevelopment (Weighting 20%)
- Method Statement 5: Quality Control and Compliance (Weighting 25%)
- Method Statement 6: Community Engagement (Weighting 5%)
- Method Statement 7: London Living Wage - Pass/Fail.

37. These method statements, once approved by the council, will be incorporated into the contract PCSA and the main contract as the contractor's planned way of working/operating throughout the contract period.

38. The criteria of the scoring is as follows:

Assessment	Score	Interpretation
Excellent response	5	Demonstration by the Applicant of exceptional level of ability, understanding, experience, skills, resource, and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured. Response identifies factors that demonstrate ability and experience in offering added value, with good evidence to support the response
Good response	4	Demonstration by the Applicant of a good level of ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured. Response identifies factors that demonstrate ability and experience in offering added value, with good evidence to support the response
Satisfactory response	3	Demonstration by the Applicant of satisfactory level of ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured, with sufficient evidence to support the response
Less than satisfactory response	2	Some minor reservations of the Applicant's relevant ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the

Assessment	Score	Interpretation
		contract being procured, with insufficient evidence to support the response
Poor response	1	Some serious reservations of the Applicant's relevant ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured, with no evidence to support the response
Unacceptable or no response given	0	Does not comply and/or insufficient information provided to demonstrate that the Applicant has the ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured

39. Following an individual review of each quality submission, the evaluation panel members met on 22 January 2020 to review and moderate the quality scores.

Price and quality evaluation summary

40. The figures have been considered for the tender scoring weighted 70% price. This score was added to the weighted scoring of 30% for quality.

	Bouygues
Quality 30%	24%
Price 70%	70%
Overall weighted Score	94%
Overall position	1

41. It is therefore recommended that the council awards the PCSA to Bouygues as their bid represents best value for money
42. From stage one of this two stage tender the binding contractual figures for the second stage of the process are the preliminaries, the cost for the PCSA, the overhead and profit percentages.

Plans for the transition from the old to the new contract

43. Not applicable.

Plans for monitoring and management of the contract

44. The contract will be managed on a day to day basis by a team within Calfordseaden including building surveyors, clerk of works, structural and mechanical engineers, Fire Safety Surveyors and Quantity Surveyors (QS). Finances will be managed by Calfordseaden's QS with an overview by council officers.
45. In addition to the professional staff provided by Calfordseaden, there will be a contract manager, a customer relationship officer and a project manager from the council's Investment team allocated to this scheme, supported by Mechanical and Electrical engineers and Fire Safety Surveyors from the engineering team within Asset

Management. The investment team will monitor both the external and internal professional staff and the successful contractor's performance and arrange regular meetings with the residents' project team at which contractor performance will be discussed.

46. The officer team detailed above will report on a monthly basis to a project board comprising the director of asset management, head of investment and the investment delivery manager.
47. This project board will scrutinise performance against; programme, spend forecast, income levels, resident satisfaction and completions as well as ratify decisions made by the site team within the previous period and ensure the project as a whole remains within identified acceptable parameters.
48. Resident involvement in the monitoring of the project will be via the resident project team which has been established and meets regularly and incorporates residents who have expressed an interest in returning to the refurbished block and as well as residents from the neighbouring blocks.

Identified risks for the new contract

49. The table below identifies a number of risks associated with this contract, the likelihood of occurrence and the control in place to mitigate the risks:

R1	Poor performance or poor quality workmanship of successful contractor when awarded.	Low	Regular meetings to review performance schedule from the outset of the work with successful contractor. Establish processes of quality control and works inspections before sign off. The contractor will be managed by an experienced team led by Calfordseaden whose recent experience includes the Bermondsey Spa Regeneration project for Hyde Housing
R2	Risk of challenge	Low	A thorough analysis has been carried out by the cost consultant and adjustment agreed through post clarification correspondence. Quality scoring was assessed individually , then agreed by consensus by all members of the evaluation panel
R3	Supplier insolvency	Low	A credit check has been carried out and the recommended contractor has met the financial criteria
R4	Covid -19 Delays – Impact on delivery of PCSA stage	Med	The site is vacant however the contractor will have to submit proposals to ensure adequate social distancing for site personnel and visitors in line with the government guidelines

50. The risk assessment at gateway 1 stage concluded that a performance bond and parent company guarantee, was needed for this contract. It is confirmed that the successful bidder will provide these and the costs are included in the cost of the tender.

Other considerations

Health and safety plan

51. The CDM 2015 regulations require a developed health and safety plan to be in place prior to commencement of works and the appointment of the principal designer at scheme inception. It is confirmed that the principal designer role will be provided by Calfordseaden who were appointed on 24 April 2018. Works will not commence on site until it is confirmed that the health and safety plan is sufficiently developed for the type of works proposed. This will include government advice for Covid-19

Design specification compliance

52. This report confirms that, where applicable, this scheme is designed in compliance with the council's design specification.

Decent homes

53. Once all works are completed under this scheme, all properties will achieve the Government's Decent Homes standard.

Leasehold implications

54. There are no leaseholders affected by these works.

Community impact statement

55. Southwark is a borough with high levels of deprivation, low income levels and high levels of housing need. Southwark's Housing Strategy 2009-16 identified a shortage of affordable housing in the borough, particularly larger homes. Households from black and ethnic minority communities tend to be those living in overcrowded, poor quality housing.
56. Cabinet agreed a new vision for Southwark through its 2013 to 2043 housing strategy which included a principle to use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
57. The proposal to increase the supply of affordable, good quality homes will benefit households in need from all Southwark communities, and will increase the Housing options available for older people and people with disabilities.
58. Those households in the vicinity of the new developments may experience inconvenience and disruption whilst works are taking place but such communities will benefit in the long term from the provision of new homes. Particularly as 50% of these homes will be let to existing families from the local area subject to an agreed local lettings policy.
59. Local residents will continue to be consulted at each stage of the development proposals as outlined in the Charter of Principles agreed by cabinet in November 2014.

Social value considerations

60. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.
61. The councils approach to procurement of design, development and construction process will ensure a requirement to maintain and improve the sustainability of each tendered project.
62. A low energy, efficient and cost effective building engineering services design that keeps running costs to a minimum will be an essential component of the project brief. Key considerations will include;
 - Consideration of whole life-cycle costs
 - Sustainable sourcing
 - Incorporation of environmentally benign heating and lighting provision
 - Provision of facilities and equipment to encourage the re-use and recycling of materials including, where practical, water recycling.
 - Ensuring projects achieve Code of Sustainable Homes criteria or any successor requirement.
63. The appointed contractor will be participating in a local employment and training initiative in line with Southwark Economic Wellbeing Strategy 2012-20. The initiative will generally conform to any Local Government policy including requirements set-out by the Homes and Community Agency and/or Greater London Authority that generally will encompass the Contractor, wherever possible, to employ local subcontractors and labour and shall involve the training and employment of local people. Such employment and training will be relevant to the needs of the local community.

Economic considerations

64. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that payment of the LLW by the successful contractor for this contract will result in quality improvements for the council. These should include a higher calibre of multi-skilled operatives that will contribute to the delivery of works on site and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required. This will also be reflected in the contract conditions. As part of the tender process, bidders were 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.
65. The council will also ensure that the contractor submits data to demonstrate that they are compliant with the gender pay gap and payment differential.
66. The council will be seeking the appointed contractor to participate in local employment initiative. The initiative will generally conform to any Local Government policy that generally will encompass the Contractor, wherever possible, to employ local

subcontractors and labour and shall involve the training and employment of local people. Such employment and training will be relevant to the needs of the local community. The contract will require the successful contractor to provide apprenticeships.

Social considerations

67. The new housing will provide high quality affordable housing for local people in need of accommodation. 50% of these homes will be made available to existing families in need on an agreed local lettings policy. The remainder will be made available to other households in need of accommodation from the council's housing register.
68. The new rented homes will be let at social rent levels.
69. Those tenants who were required to move to allow for the works will have the right to return to Maydew House.
70. The council can exclude companies who break the law by blacklisting or have not put into place genuine actions concerning past black listing activities. The council can require "self cleaning" which enables a potential contractor to show that it has or will take measures to put right its earlier wrongdoing and to prevent them from re-occurring and to provide evidence that the measures taken by the economic operator are sufficient to demonstrate it has:
 - "owned up": clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities.
 - "cleaned up": taken concrete technical, organisational and personal measures that are appropriate to prevent further criminal offences or misconduct, and
 - "paid up": paid or undertaken to pay compensation in respect of any damage caused.
71. The council has requested the necessary information from recommended contractor (using the council's standard documentation in relation to blacklisting) and they have confirmed that they are not in breach of the requirements under Regulations 3(1) of the Employment Relations Act 1999 (Blacklisting) Regulations 2010. The contract conditions also includes an express condition requiring compliance with the Blacklisting Regulations and include a provision to allow the contract to be terminated for breach of these requirements.
72. The contractor is obliged to work with council approved local employment and skills agencies to recruit borough residents into construction industry apprenticeships. They will provide a minimum of one apprentice year per £1m of contract spend. The contractor will be obliged to meet this requirement during the construction phase of the contract.

Environmental/sustainability considerations

73. In line with the Energy and Carbon Reduction Strategy, the council will work towards the target reduction rate for new council build homes of 15% by 2022.
74. The council will aspire to achieve Code for Sustainable Homes Level 5, and therefore have to reduce carbon emissions, conserve fuel and energy as set out in Building Regulations (Part L) Value the Environment.

75. Specifications outline that there should be an efficient approach to waste management. At design stage there was direction for designers to exercise reasonable skill and diligence in the selection of materials. At construction stage contractors are required to minimise construction waste and maximise the use of recyclable/ reusable products and materials.
76. Specifications stipulated within the Employers Requirements will ensure that the development activity is controlled in a way that positively contributes to achieving sustainability.
77. At design stage, requirements were in place to meet sustainability specifications including the following:
- Energy efficiency
 - Reduce carbon emissions
 - Conserve water and energy
 - Mitigate flooding risk
 - Safeguarding biodiversity.
78. During construction the recommended contractor will be required to adhere to guidelines outlined in the London Construction Guide which include and are not restricted to the following
- Procuring and using material sustainably
 - Selecting materials with low lifecycle impacts
 - Using local materials
 - Use of materials with high recycling
 - Meet minimum standards set out in Building Regulations.
79. The council's approach to procurement of the design, development and construction processes will ensure a requirement to maintain and improve sustainability to the project
80. The homes will have to achieve the Code for Sustainable Homes Level 5 (CfSH5); measures will have to be taken at all stages of development to achieve this.

Market considerations

81. The successful tenderer is a private organisation, that operates out of the UK and is supported by its parent group which operates in 100 countries.
82. The successful tenderer has over 1300 employees.
83. The successful tenderer has a national area of activity.
84. Discussions will take place with the successful tenderers on implementing the local labour, local supply and apprenticeships scheme requirements

Staffing implications

85. The staff resources deployed to this procurement is sufficient to meet the proposed timetable.
86. The project will be resourced by existing staff, within existing budgets.

87. Officer time relating to the management of this project is funded from the capital budget for individual projects.
88. Management of this project is funded from the capital budget for individual projects.

Financial implications

89. The works identified in this report form part of the Housing Investment Capital programme. The scheme will be funded from HRA resources allocated to fund the HINE programme. The budget will initially come from the following capital budget allocations:
- 'Abbeyfield WDS (Maydew) - Refurb and rooftop':
 - 'Bede New Build'.

Second stage appraisal

90. A credit check was carried out 6 May 2020 for both short version and long version. The short version presents the high-level information of turnover, score, likelihood of failure and credit level. The long version provides extensive detail of the company's financial history, analysis and any associations with ultimate global owner & subsidiaries. The recommended contractor has met the financial criteria

Legal implications

91. Please see concurrent from the Director of Law and Democracy.

Consultation

92. Extensive consultation has been carried out with local residents, councillors and other stakeholder since the first options appraisal in 2011. They have been consulted at each stage of proposals. Ward Councillors are being fully briefed prior to any public consultation and their comments and feedback incorporated in any proposals. Council Officers have met and will continue to meet with T&RA groups following Councillor briefings.
93. Further to the consultation undertaken as reported in the Gateway 1, the following further consultation has taken place:

- | | |
|--------------------|---|
| • 4 December 2017 | Meet with Director of the BEDE |
| • 1 February 2018 | Councillor Briefing |
| • 27 February 2018 | Damory & Thaxted Residents update letter |
| • 12 April 2018 | Damory & Thaxted Residents Drop-in |
| • 5 July 2018 | Damory & Thaxted leaseholders meeting |
| • 24 July 2018 | Damory & Thaxted Residents Drop-in |
| • 1 August 2018 | Bradley House Residents (Substation) |
| • 12 October 2018 | Meet with Director of the BEDE |
| • 7 November 2018 | Damory & Thaxted Residents update letter |
| • 20 December 2018 | Bradley House Residents (Substation) |
| • 6 March 2019 | Meet with Nick Dunne from BEDE |
| • 13 March 2019 | Damory & Thaxted Residents update letter |
| • 22 May 2019 | Damory&Thaxted and Maydew returnees Drop-in |

- 19 July 2019 Meet Director of the BEDE
- 25 September 2019 First Resident Project Group(RPG) with Open Communities
- 15 November 2019 update to RPG from Open Communities
- 16 March 2020 Meet with Director of the BEDE

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 20/022)

94. This report is requesting Cabinet to approve the award of the pre-construction services for Abbeyfield Estate High Investment Need Estate (Maydew House) works to Bouygues UK Ltd for a period of 12 weeks from July 2020.
95. The financial implications section provides details on how these costs are to be funded. Any other costs connected with this contract are to be contained within existing departmental revenue budgets. There is an estimated resource shortfall for the Housing Investment Programme over the life of the programme.
96. This is the first stage of a large project, which is intended refurbish and bring back in to use 144 homes in Maydew House, develop a further 111 new council homes and provide other improvements for residents on the estate.
97. There is also likely to be further demand on the capital programme as a consequence of local or national demands for resources following the tragic Grenfell fire and programme may be disrupted by the ongoing COVID 19 pandemic. It is, therefore, important that the cost of these works is carefully monitored and that accurate forecasting is in place.
98. Any variation or extension of the contract beyond the scope of this report will require further approval in line with the council's procurement protocols

Head of Procurement

99. This report is seeking cabinet approval to award a pre-construction services contract for Abbeyfield Estate (Maydew House) to Bouygues UK Ltd.
100. The report details the procurement process that was followed namely the OJEU restricted procedure agreed by cabinet in the Gateway 1 procurement strategy on 1 March 2018.
101. Paragraphs 16 - 42 describe the tender process and how submissions were evaluated, which was on the basis of award to the most economically advantageous tender (MEAT) using a 70/30 price quality split. This followed the pre-qualification stage where five contractors were shortlisted to tender. The report confirms that in line with the methodology Bouygues UK Ltd submitted the second lowest price bid but with the best quality resulting in the highest combined score.
102. Paragraphs 44 to 48 detail the monitoring and management arrangements that will be in place during the life of the contract including resident involvement.
103. The report also confirms that officers will closely monitor the impact of the Covid 19 pandemic in relation to the financial health of Bouygues UK Ltd and ensure that

operationally, delivery is conducted in the safest possible way in accordance with government guidance.

Director of Law and Democracy

104. This report seeks the Cabinet's approval for the appointment of Bouygues UK Limited to provide pre-construction services for the Abbeyfield Estate (Maydew House).
105. Paragraph 17 of this report states that the procurement allowed for early involvement of the contractor by means of a transparent two stage process comprising the pre-construction services (stage 1) and the main works (stage 2). This report deals with the stage 1 process whilst the stage 2 of the process will be subject to a separate Gateway 2 report. Paragraph 11 of this report sets out the reasons for using a two stage approach and paragraph 13 clearly sets out the scope of the pre-construction services.
106. Paragraphs 30 to 42 of this report details the tender evaluation process based on a price quality ratio of 70:30 respectively. Whilst Bouygues submitted the second lowest price bid, they had the highest quality score and on a combined score for price and quality, Bouygues was ranked as the highest scoring bidder. Paragraph 41 of this report confirms that Bouygues' bid represents best value and as such is recommended for award of the PCSA.
107. Contract Standing Order 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved, or on behalf of the council. Paragraph 89 of this report confirms how the proposed PCSA will be funded.

Director of Exchequer

108. The five original leasehold properties in Maydew House have been bought back and the building is fully decanted. There are therefore no leaseholder implications with regards to Section 20 consultation or service charge recovery in respect of the proposed works to Maydew House.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 - Procurement Strategy Approval - Abbeyfield Estate HINE (Maydew House) works	Housing & Modernisation – Major Works Tooley Street	Cheryl Phillips 020 7525 3848
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s74557/Report%20Gateway%201%20-%20Procurement%20Strategy%20Approval%20Abbeyfield%20Estate%20HINE%20Maydew%20House%20works.pdf		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Kieron Williams, Housing Management and Modernisation and Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Dave Hodgson, Director of Asset Management	
Report Author	Cheryl Phillips, Project Manager	
Version	Final	
Dated	4 June 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	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		4 June 2020

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Paula Thornton Tel: 020 7525 4395

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Johnson Situ		Others	
Kieron Williams		Louise Neilan	
Ian Wingfield		Paula Thornton, Constitutional Officer	
Leanne Werner		Total: 6	
Peter Babudu		Dated: 1 June 2020	
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