

Council Assembly

Budget and council tax setting meeting

Wednesday 23 February 2022
7.00 pm
Council Offices, 160 Tooley Street, London SE1 2Q

Councillors are summoned to attend a meeting of the Council to consider the business contained herein

Eleanor Kelly
Chief Executive

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.

Babysitting/Carers allowances

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Access

The council is committed to making its meetings accessible. Further details on building access, translation, provision of signers etc for this meeting are on the council's web site: www.southwark.gov.uk or please contact the person below.

Contact

Virginia Wynn-Jones or Andrew Weir on 020 7525 7055 or 020 7525 7222 or email: virginia.wynn-jones@southwark.gov.uk; andrew.weir@southwark.gov.uk; constitutional.team@southwark.gov.uk

Date: 11 February 2022



Council Assembly

Budget and council tax setting meeting

Wednesday 23 February 2022
7.00 pm
Council Offices, 160 Tooley Street, London SE1 2QH

Order of Business

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

1. PRELIMINARY BUSINESS

1.1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

1.2. ANNOUNCEMENTS FROM THE MAYOR, MEMBERS OF THE CABINET OR CHIEF EXECUTIVE

To receive any announcements from the Mayor, members of the cabinet or the chief executive.

1.3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE MAYOR DEEMS URGENT

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

1.4. 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.

1.5. MINUTES

1 - 27

To approve as a correct record the open minutes of the council assembly meeting held on 24 November 2021.

2. REPORTS

2.1. POLICY AND RESOURCES STRATEGY 2022-23 - REVENUE BUDGET

To follow

2.2. SETTING THE COUNCIL TAX 2022-23

To follow

2.3. CAPITAL STRATEGY AND TREASURY MANAGEMENT STRATEGY 2022-23 28 - 59

2.4. ADOPTION OF THE SOUTHWARK PLAN 2022 60 - 73

2.5. APPOINTMENT OF LOCAL AUDITOR

To follow

3. AMENDMENTS

Any member of the council may submit an amendment to a report or motion on the agenda. The amendments will be circulated to all members in a supplemental agenda.

ANY OPEN ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING

EXCLUSION MOTION (IF NECESSARY)

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

“That under the access to information procedure rules of the Southwark constitution, 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 section(s) 1 – 7 of paragraph 10.4 of the procedure rules.”

PART B – CLOSED BUSINESS

ANY CLOSED ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING



Council Assembly (Ordinary meeting)

MINUTES of the Council Assembly (Ordinary meeting) held on Wednesday 24 November 2021 at 7.00 pm at Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT:

The Worshipful the Mayor for 2021-22, Councillor Barrie Hargrove (Chair)

Councillor Evelyn Akoto	Councillor Richard Livingstone
Councillor Humaira Ali	Councillor Rebecca Lury
Councillor Peter Babudu	Councillor Alice Macdonald
Councillor Maggie Browning	Councillor Eliza Mann
Councillor Radha Burgess	Councillor James McAsh
Councillor Victor Chamberlain	Councillor Hamish McCallum
Councillor Sunil Chopra	Councillor Darren Merrill
Councillor James Coldwell	Councillor Adele Morris
Councillor Stephanie Cryan	Councillor Graham Neale
Councillor Helen Dennis	Councillor Margy Newens
Councillor Dora Dixon-Fyle MBE	Councillor David Noakes
Councillor Nick Dolezal	Councillor Leo Pollak
Councillor Karl Eastham	Councillor Sandra Rhule
Councillor Gavin Edwards	Councillor Catherine Rose
Councillor Paul Fleming	Councillor Jane Salmon
Councillor Tom Flynn	Councillor Martin Seaton
Councillor Renata Hamvas	Councillor Andy Simmons
Councillor Jon Hartley	Councillor Michael Situ
Councillor William Houngho	Councillor Charlie Smith
Councillor Sirajul Islam	Councillor Cleo Soanes
Councillor Peter John OBE	Councillor Leanne Werner
Councillor Nick Johnson	Councillor Dan Whitehead
Councillor Eleanor Kerslake	Councillor Kath Whittam
Councillor Sarah King	Councillor Bill Williams
Councillor Sunny Lambe	Councillor Kieron Williams
Councillor Richard Leeming	Councillor Ian Wingfield
Councillor Maria Linforth-Hall	

1. PRELIMINARY BUSINESS

1.1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Jasmine Ali, Anood Al-Samerai (on maternity leave), Jack Buck, Lorraine Lauder (on long term sickness), Vikki Mills, Damian O'Brien, Jason Ochere and Victoria Olisa.

Apologies for lateness were received from Councillors Karl Eastham, Paul Fleming, and Rebecca Lury.

1.2 ANNOUNCEMENTS FROM THE MAYOR, MEMBERS OF THE CABINET OR CHIEF EXECUTIVE

The Mayor announced the sad death of Bill Skelly, Mayor of Southwark from 1997-1998.

Councillors Ian Wingfield and David Noakes gave tribute. The meeting held a minute's silence in his memory.

Councillor Evelyn Akoto, Councillor Leanne Werner, Councillor Kieron Williams and Councillor Maria Linforth-Hall commemorated the 16 Days of Activism against gender-based violence starting on 25 November 2021.

1.3 NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE MAYOR DEEMS URGENT

At this point, the programme motion was agreed:

The order of business and timings for the evening will be as follows:

Time	Business
19:00 – 19:10	1. Preliminary business and announcements
19:10 – 19:25	Late Motion 7 - Transport for London funding
19:25 – 19:30	2.2 Public question time <ul style="list-style-type: none"> Emma Dobinson
19:30 – 20:30 (25 minutes – 4 minutes' speech)	Themed debate 3.1 Community Evidence <ul style="list-style-type: none"> Emma Trueman, Global Generation Jack Skillen, Team London Bridge Southwark Youth Parliament Jeremy Brackpool Alan Jones, Sustainable Energy 24 (SE24)

(7 minutes)	3.2 Motion on the Theme
(5 minutes)	1. Councillor Helen Dennis, Cabinet member for Climate Emergency and Sustainable Development
(20 minutes)	2. Councillor Adele Morris, opposition spokesperson, to speak on the motion and move Amendment A
(3 minutes)	3. Themed debate open to all other councillors
	4. Cabinet member's right of reply to the debate
20:30 – 21:00	4. Deputation requests <ul style="list-style-type: none"> • Living Streets and Southwark Cyclists • Pauline Nandoo, Southwark Day Centre for Asylum Seekers • Hadi Sharifi, British Afghan Society
21:00 – 21:20	Motion 2 - Responding to the Afghan Refugee Crisis and Supporting Refugees and Asylum Seekers (cross-party)
21:20 – 21:55	5.1 Members' Question Time
(5 minutes)	• Late questions
(15 minutes)	• Members' questions to the leader
(15 minutes)	• Members' questions to the cabinet
21:55 – 22:15	5.2 Motions
	Motion 1 - A Roadmap for Clean Streets in Southwark
	Motion 3 - Refusing Unsafe Building Developers
	Motion 4 - Youth Democracy
	Motion 5 - UNESCO World Heritage Status for Borough, Bankside and the Wider Area
	Motion 6 - Centenary Celebrations for Ada and Alfred Salter (cross-party)
22:15*	6. Reports
	6.1 New civic award - Diversity
	6.2 Treasury management - mid-year update 2021-22
	6.3 Waiver of six month councillor attendance rule - section 85 of local government act 1972
	6.4 Re-appointment of independent person
22:15*	Closed session (only if required for debate)
	8 Re-appointment of independent person

* subject to the guillotine rule; maximum 15 minutes debate per item.

Note: Any time left remaining on any item will be rolled into the next items.

That the meeting be conducted as follows:

Guillotine

To extend the guillotine by 15 minutes to 10.15pm

Item 3 - Themed debate

Community Evidence Submissions

To receive submissions from the groups listed in the themed section of the agenda:

- Emma Trueman, Global Generation
- Jack Skillen, Team London Bridge
- Southwark Youth Parliament
- Jeremy Brackpool
- Alan Jones, Sustainable Energy 24 (SE24)

Format

A four minute presentation from the group.

Themed debate

To run as listed in the timings above.

Item 4 - Deputations

That the meeting agree to hear deputations from:

- Living Streets and Southwark Cyclists
- Pauline Nandoo, Southwark Day Centre for Asylum Seekers
- Hadi Sharifi, British Afghan Society

(Five minutes to speak; deputation question to relevant cabinet member, one question from each group)

Item 5.2 General motions:

Each motion to have a single debate, subject to the guillotine.

That the meeting agree to **vary the order of business** to hear Motion 2 after item 4: Deputation requests.

That the meeting agree to **accept** late Motion 7.

That the meeting agree to **vary the mover** of Motion 3 to Councillor Dan Whitehead

That the meeting agree to **vary the seconder** of Motion 5 to Councillor Damian O'Brien

That the meeting agree to **vary the seconder** of Motion 6 to Councillor Eliza Mann

That the meeting agree to **vary the mover** of Amendment F to Councillor Nick Johnson

That the meeting agree to **vary the seconder** of Amendment F to Councillor Hamish McCallum

1.4 DISCLOSURE OF INTERESTS AND DISPENSATIONS

The following councillors were granted a dispensation by the monitoring officer to vote on item 5.2, Motion 3 and Amendment C:

Councillors Humaira Ali, Peter Babudu, Jack Buck, Victor Chamberlain, Sunil Chopra, Karl Eastham, Richard Leeming, Eliza Mann, James McAsh, Hamish McCallum, David Noakes, Damien O'Brien, Jane Salmon and Dan Whitehead.

The following councillors declared a disclosable pecuniary interest in Motion 3 and Amendment C: Councillor Stephanie Cryan, as a leaseholder of Optivo Housing, and Councillor Sandra Rhule, as a resident in Optivo Housing.

1.5 MINUTES

RESOLVED:

The minutes of the ordinary meeting of council assembly held on 14 July 2021 were agreed as a correct record with two amendments:

Duncan Whitfield was granted an OBE, not an MBE
Councillor Humaira Ali gave her apologies by reason of self-isolation due to Covid-19.

2. ISSUES RAISED BY THE PUBLIC

2.1 PETITIONS

There were no petitions.

2.2 PUBLIC QUESTION TIME

(See page 1 of supplemental agenda 1 and additional papers circulated at the meeting)

There was one question from the public, the answer to which had been circulated before the meeting. The public questioner did not ask a supplemental question.

3. THEMED DEBATE

3.1 COMMUNITY EVIDENCE

The meeting agreed to receive submissions from the following:

Emma Trueman, Global Generation

The representative spoke to the meeting for four minutes.

Jack Skillen, Team London Bridge

The representative spoke to the meeting for four minutes.

Southwark Youth Parliament

The representatives spoke to the meeting for four minutes.

Jeremy Brackpool

The representative spoke to the meeting for four minutes.

Alan Jones, Sustainable Energy 24

The representative spoke to the meeting for four minutes.

3.2 MOTION ON THE THEME

The cabinet member for the climate emergency and sustainable development, Councillor Helen Dennis, presented the motion in the themed debate.

Councillor Adele Morris, the majority opposition group spokesperson, responded to the motion and proposed Amendment A.

Following debate (Councillors Margy Newens, James McAsh, Graham Neale, Sunil Chopra, Humaira Ali, James Coldwell, Victor Chamberlain, Hamish McCallum and Kieron Williams), Councillor Helen Dennis responded to the debate.

Amendment A was put to the vote and declared to be Lost.

The motion was put to the vote and declared to be Carried.

RESOLVED:

Climate Justice: A Green Future For All

1. Council Assembly notes:

- a) That the climate crisis requires urgent global action to keep warming below 1.5 degrees and to avoid the catastrophic consequences of temperatures rising beyond this, as set out by the Inter-Governmental Panel on Climate Change (IPCC).
- b) That the UK along with other wealthier countries has a particular responsibility to reduce emissions, being responsible for a larger proportion of both current and historic emissions, and notes the government's legally binding target to reduce emissions by 78% by 2035 and to be net zero by 2050, along with this borough's ambition to be a carbon neutral borough by 2030.
- c) That in a warming world, Southwark is particularly vulnerable to extreme weather events and to flooding, as an urban borough which is bordered by the Thames in the north with flat and low-lying land beneath this, with 60% of residents living less than 10 metres above sea level.
- d) That according to a recent global survey three quarters of young people now feel frightened about their future as a result of climate change. In London, 82% of residents are concerned about climate change, with 66% saying they have become increasingly concerned in the last year.
- e) That UK government plans including their Net Zero Strategy, are too little, too late, and fail to provide adequate funding for local authorities to deliver on a just transition, especially in the area of social housing decarbonisation which could help reduce fuel bills for residents.
- f) That the government's record speaks for itself: scrapping the planned zero carbon homes standard, ending the feed-in tariff, continuing to pursue oil and gas exploration, a dodgy trade deal with Australia, and a failed Green Homes Grant. Failing to regulate properly and invest, leaving everything to the whim of the market. And a Prime Minister who doesn't think twice about taking a private jet to Cornwall.
- g) That the recent Spending Review barely mentioned climate change, whilst halving air passenger duty for domestic flights and freezing fuel duty, just days before COP26 began.

2. Council Assembly further notes:

- a) That despite a lack of leadership from government, local communities and local authorities are stepping up to make ambitious commitments to

bring about change.

- b) That Southwark declared a climate emergency in 2019, accelerating work that was already underway to reduce emissions, and that the council's operational emissions have already halved since 2018.
- c) That the council has published its Climate Change Strategy and Action Plan, with 85 priority actions which will put us on the path towards net zero by 2030.
- d) That we have already made excellent progress on much of this, including:
 - i. Buildings – installing water-source heat pumps on three of our estates to serve over 2100 homes; bringing forward new passivhaus council homes in Rotherhithe; delivering retrofit work to street properties and the Tustin towers; greening our council buildings including by installing heat pumps in libraries; strengthening our planning policies through the New Southwark Plan and establishing a new Green Buildings Fund to retrofit our community buildings.
 - ii. Transport – doubling cycle storage to 500 hangars next year, delivering 4 kilometres of cycleways, installing over 260 electric vehicle charging points with more planned this year; 36 school streets and 11 street space schemes to promote active travel; and major upgrades to London Bridge, Denmark Hill, Elephant and Castle and Peckham stations.
 - iii. Natural environment – planted over 8,000 new trees last year alone, supported biodiversity through its 'no-mow' policy, creating 200 new food growing plots on estates, opened the new Elephant Park, invested in renewing Burgess Park, Camberwell Green and Dickens' Fields, started to consult on Bramcote Park, and retained 30 Green Flag parks – the most in inner London. Through the New Southwark Plan, the council is creating 17 new sites of importance for nature conservation, ensuring biodiversity net gain in development, and creating 11 hectares of new protected open space.
 - iv. Circular and Green Economy – pledged to create 5000 green jobs between now and 2030; ended the pension fund's direct investments in fossil fuels with a target to be 100% fossil fuel free by 2030; and maintained one of the best recycling rates in inner London, up from the 6th worst recycling rate in the country in 2010.

- v. Renewable and Sustainable Energy – rolled out LED street lighting, switched to 100% renewable electricity in council buildings, supported the expansion of South East London Combined Heat and Power (SELCHP), sought to maximise renewable energy generation through new developments, and have started to install solar photovoltaic systems on council buildings.
 - e) We are investing an additional £25 million of capital funding into carbon reduction projects which will include among other things, electrification of our council fleet, further decarbonisation of council buildings including leisure centres when these are brought in house, and the expansion of measures to support the borough's climate resilience.
 - f) That the council is supporting a citizens' jury on climate change, which will bring together a group of people who are representative of the borough's demographics to make recommendations on how the borough can further respond to the climate emergency.
 - g) That the analysis underpinning the Climate Strategy and Action Plan estimates that capital investment of £3.92 billion is required for Southwark alone and that the government must therefore demonstrate its seriousness to this agenda by fully partnering with and resourcing local authorities.
 - h) That the lack of a long-term funding settlement with TfL is damaging to our efforts to become a carbon neutral borough, putting important projects on hold such as the Bakerloo Line Extension, the Rotherhithe Bridge, bus service enhancements and electrification, and active travel infrastructure.
3. Council Assembly celebrates and thanks:
- a) The community organisations and projects who have worked hard to bring down carbon emissions locally and protect Southwark from climate change; we applaud you and are grateful to be hearing from some of these groups today.
4. Council Assembly resolves to call on Cabinet to:
- a) Continue working with the community and local businesses to build upon Southwark's climate action plan and ensure collectively we are doing everything we can with the resources we have to achieve net zero by 2030. This work must have a strong focus on decarbonising Southwark's buildings, and moving away from petrol and diesel vehicles.

- b) Go further in addressing and resourcing action to address the related ecological emergency, building on the existing Southwark Nature Action Plan, to see further flourishing of nature and biodiversity across the borough.
- c) Review Southwark's planning policies in line with our aim to be a carbon neutral borough by 2030, including through the establishment of a local carbon offset price.
- d) Work to implement all the recommendations of Southwark's Climate Change Citizens Jury within the council's capacity, and work with all concerned stakeholders to respond to the Jury's recommendations.
- e) Protect Southwark residents from the impacts of climate change by bringing forward an Adaptation Plan in 2022 which will consider:
 - i. An increased population due to climate refugees and displaced citizens.
 - ii. The urban heat island effect which we are already experiencing in London.
 - iii. Flooding and other extreme weather.
 - iv. Public health risks including new diseases.
 - v. Water scarcity and food shortages for residents.
- f) Strengthen its lobbying efforts, working with the Local Government Association and networks like UK100, to push the government for the more ambitious national action and funding that is urgently needed to address the climate emergency.

4. DEPUTATIONS

As part of the programme motion the meeting agreed to hear deputations from:

Living Streets and Southwark Cyclists

The group's representatives spoke to the meeting for five minutes.

Two members asked questions of the deputation.

Pauline Nandoo, Southwark Day Centre for Asylum Seekers

The group's representatives spoke to the meeting for five minutes and thereafter asked a question of the cabinet member for equalities, neighbourhoods and leisure.

Two members asked questions of the deputation.

Hadi Sharifi, British Afghan Society

The group's representatives spoke to the meeting for five minutes and thereafter asked a question of the cabinet member for equalities, neighbourhoods and leisure.

Two members asked questions of the deputation.

5. ISSUES RAISED BY MEMBERS

5.1 MEMBERS' QUESTION TIME

There was one late question to the leader from Councillor Hamish McCallum, the written response to which was circulated by email before the meeting. There were two supplemental questions.

There were 28 members' questions, the written responses to which were circulated by email before the meeting. There were nine supplemental questions.

5.2 MEMBERS' MOTIONS

Motion 1: A roadmap for clean streets for Southwark

This motion was considered after the guillotine having fallen.

There was one amendment to the motion.

Amendment B was put to the vote and declared to be carried.

The substantive motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. Council assembly observes that:
 - a) The UK has significant issues with rubbish. According to Greenpeace, the country produces more plastic waste per person than any other country bar the US. Official statistics revealed that

the UK only recycled around 44% of waste in 2018, below the EU average. The German rate was 67%.

- b) Charity Keep Britain Tidy estimates that two million pieces of rubbish are dropped every day across the country. The street cleaning cost of this is £1bn annually. On average, 14 calls a day are made to the RSPCA regarding wildlife harmed by litter.
- c) Seven million tonnes of food and drink are thrown away each year, most of which could have been consumed. Experts say that food waste contributes 8-10% of global greenhouse gas emissions
- d) In an article earlier this year, the Sunday Mirror reported that fly-tipping in Britain has jumped by more than 500%. This has a large impact on the environment as damaged fridges and freezers let out ozone-harming gases.

2. Council assembly notes that:

- a) Since 2010, the Labour administration has turned around a falling recycling rate, cleaned our streets and maintained a high rate of collection. The last set of formally published results were for 2019/20 when we achieved a 35.14% recycling rate. The recycling rate achieved was the best of the 13 inner London councils.
- b) Since Labour took control of the council, Southwark has had ambitious recycling targets and the council's recycling rates are a huge improvement on the pitiful Liberal Democrat/Conservative record from pre-2010, when the council had the sixth worst recycling rate in the country.
- c) The council's waste management team has taken significant steps to tackle fly tipping in the borough, including the setting up of a new fly tipping task force. Between April and September 2021, 98.6% of fly tipping incidents were cleared within 24 hours of reporting to the council's waste management team.
- d) During the Covid-19 pandemic, there was significant staff absence from the waste management team, as staff were either unwell or isolating. Despite these significant challenges, and more latterly the impact of the HGV driver shortage, the full range of waste collection services have continued to be deployed throughout. The waste collections teams have worked hard under unprecedented conditions to ensure the mainstay of the collection services were kept operational.

- e) The waste management team has now recovered to its pre-pandemic level of performance and is delivering higher overall performance, with missed collections now at below 50 per 100,000, which is on target.
 - f) Councillors across the borough are supporting fantastic initiatives to reduce litter on our streets and in our parks, including by working with organisations such as Plastic Free East Dulwich and Plastic Free Peckham and via the Empowering Communities Programme.
3. Council assembly calls on the cabinet to:
- a) To continue to be ambitious for recycling in Southwark and maintain our place as one of the highest recycling rates in inner London
 - b) When the new Environment bill becomes law, to utilise the new powers to further maximise the recycling rate.
 - c) To investigate the use of new technology to improve waste collection and recycling rates, including recycling of food waste.
 - d) To investigate new means of creatively reducing, collecting and disposing of food and garden waste including incentivising, supporting and encouraging an increase in home composting by residents across the borough.
 - e) To improve accessibility and ease of use of Southwark's reuse and recycling centre in order to make disposing of waste easier, specifically by making such adjustments with the purpose of making the centre more accessible for residents who are digitally excluded and those who do not have access to a car.
 - f) To implement the plan to improve bin collection rates, including improvements to IT reporting systems, so residents are able to easily report missed bin collections, and more effective monitoring of problem areas to prevent repeat missed bin collections.

Motion 2: Responding to the Afghan Refugee Crisis and Supporting Refugees and Asylum Seekers

This motion was considered prior to the guillotine having fallen.

Councillor Dora Dixon-Fyle moved the motion. Councillor David Noakes seconded the motion.

There were no amendments to the motion.

Following debate (Councillors Alice Macdonald, William Houngho), the motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. Council assembly notes:

- a) Afghanistan has undergone a devastating and avoidable tragedy and continues to face a humanitarian and political crisis. Our thoughts are with all those forced to flee their homes, with the families and loved ones of those killed and wounded and those who are suffering in and still trying to escape Afghanistan - including the families of many Southwark residents. We continue to have particular concern for women and girls and for Afghan people who have supported the British civil and military authorities in their country in various ways.
- b) More than 15,000 Afghans were evacuated to the UK before 31 August. The majority of those refugees have since been placed in bridging hotels – 30 % have been placed in bridging hotels in London – including here in Southwark.
- c) London boroughs have been integral to providing wraparound support. Without the work of local government, thousands of Afghans would not have had their basic needs met and children would not be accessing play and education. It is equally clear that without local government, resettlement will be impossible.
- d) In the context of a decade of cuts to local government funding and drastic cuts imposed on our own budget in Southwark, it is imperative that government provides adequate funding to councils to support refugees and does not let the burden fall on already stretched local authorities.
- e) That beyond the recent Afghanistan crisis - London boroughs are already supporting thousands of asylum seekers in contingency hotels. This includes Southwark where there has been a lack of meaningful consultation and coordination with Southwark Council.

2. Council assembly further notes that Southwark Council:

- a) Has a long and proud history of supporting people fleeing persecution overseas and is committed to becoming a Borough of

Sanctuary.

- b) Has committed to welcome Afghan refugees to our borough under the new Afghan Citizens Resettlement Scheme (ACRS) and is in the process of identifying long-term accommodation. We are proud to have worked through London Councils to agree and sign up to the principle of all London boroughs providing long term homes.
- c) Had already committed to participate in the previous Afghan Relocations and Assistance Policy (ARAP) and have resettled families through the Syrian Vulnerable Persons Resettlement Scheme.
- d) Is already providing wraparound support to Afghan refugees placed by the Home Office in temporary hotel accommodation in our borough. We are working with local partners and Afghan community leaders to provide the appropriate support including mental health provision, English language lessons, co-ordinating school places for children, help registering with a GP and enabling access to our libraries and leisure centres.

3. Council assembly thanks

- a) All the voluntary and community organisations and residents who have offered their support and donated time, money and energy to make refugees welcome. This includes Panjshir Aid, Community Southwark, the Southwark Day Centre for Asylum Seekers and Refugees, Little Village, the Red Cross, the Southwark Refugees and Communities forum and many more.
- b) Our local Members of Parliament - Neil Coyle, Harriet Harman and Helen Hayes and their staff for all their work to support Afghan refugees and their families.

4. Council assembly calls on the British Government to:

- a) Provide greater clarity to Afghan refugees about their future in the UK and resolve delays in the process to match Afghan families with accommodation identified by local authorities. People are stuck in hotels - including here in Southwark - with no idea how long they will be there or a say over their future.
- b) Provide adequate resources to local authorities to support refugees in the short and the long term. This must include finalising the funding for the wraparound support in bridging hotels, and ensuring that local authorities are paid for supporting all bridging hotel

residents, including British nationals.

- c) Provide British nationals with resettlement support aligned with ARAP and ACRS, and address concerns around homelessness applications.
- d) Ensure that boroughs are consulted on the processes involved in standing down bridging hotels.
- e) Work with local authorities to achieve a more equitable asylum system and end the hostile environment.
- f) Keep UK borders open to receive asylum seekers from Afghanistan and not deport any undocumented Afghans in accordance with the United Nations High Commissioner for Refugees (UNHCR) non-return advisory. Immediately expand eligibility for family reunion enabling family members who have relatives in the UK to travel safely to join them and quickly decide all asylum claims from Afghans who have arrived in the UK independently, including reviewing previously refused claims.
- g) Abandon their damaging plans to introduce a two tier refugee system under the Nationality and Borders Bill. The government should treat each arrival in the UK based on their needs not how they got here and provide proper support to people in need of sanctuary. The UK must adhere to Article 31 of the Refugee Convention that prohibits penalties being imposed on Refugees who enter or are present in a country without authorisation.

5. Council assembly calls on the cabinet to:

- a) Continue to support refugees and asylum seekers in Southwark.
- b) Call on the government to provide the resources required and to provide clarity on the status of and future of the resettlement scheme.
- c) Continue to work with London Councils to coordinate support and ensure that councils across London as well as the UK are all playing an equal part in responding to this international emergency.
- d) Continue to work with local organisations and community leaders to support refugees in our Borough and respond to their needs.

At the conclusion of the debate on the Motion, the meeting held a minute's silence in memory of all those who lost their life in the channel tragedy earlier in the day.

Motion 3: Refusing Unsafe Building Developers

This motion was considered after the guillotine having fallen.

There was one amendment to the motion.

Amendment C was put to the vote and declared to be carried.

The substantive motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. Council assembly notes:

- a) The significant financial and health impacts of the building safety crisis on thousands of Londoners.
- b) Although changes are being touted, support from central government for properties with dangerous cladding has to date been wholly insufficient to deal with the building safety crisis.
- c) That the UK Government must do more to protect leaseholders in the building safety crisis and must ensure remediation work is completed as soon as possible on all affected properties.

2. Council Assembly acknowledges that:

- a) The council has been lobbying for building safety reforms and an end to the cladding scandal for a number of years, including lobbying for increased funding for retrofitting social housing to comply with fire and building safety legislation in the 2021 Spending Review.
- b) The council is the largest landlord of high rise blocks in England with 170 residential buildings of 18m or higher. The safety of our residents is our absolute priority and a Building Safety programme is being implemented with a learning and discovery pilot taking place at Andoversford Court in Peckham.
- c) The council is working closely with the Department for Levelling Up, Housing and Communities and the London Fire Brigade to ensure that private landlords remove aluminium composite material (ACM) cladding from their blocks. We are also using our powers to serve enforcement notices on building owners where remediation actions are not taken.

- d) The council have been working closely with the Salmon Youth Centre in Bermondsey, supporting them in their successful application to the Building Safety Fund to remove cladding and acknowledges the support of the Leader of the Council in contacting the Secretary of State on their behalf.

3. Council Assembly also acknowledges that:

- a) Southwark, like the rest of London, is facing a housing crisis, with 16,000 households in the borough on our waiting list, including 3,200 who are homeless and living in temporary accommodation.
- b) We are reliant on the social housing sector and housing associations to deliver the homes our residents need.
- c) Whilst action is needed urgently on building safety, it is wrong to pit the interests of people who are in urgent need of new homes against the needs of leaseholders who are facing unfair costs of building safety work. Both of these groups need solutions which can ultimately, only be provided by central government, including greater funding.

4. Council Assembly therefore resolves to:

- a) Continue to work with London Councils and the GLA to put pressure on government to do more to protect leaseholders, to ensure that they do not bear the cost of the building safety works and to provide funding to ensure that remediation works can be completed as soon as possible.
- b) Actively engage with our local MPs to push for amendments to the Building Safety Bill to protect leaseholders from additional costs and to establish a new public works agency to oversee cladding remediation.
- c) Continue to support leaseholders in Southwark who are affected by the building safety crisis, including carrying out enforcement of landlords not complying with the removal of cladding.

Motion 4: Youth Democracy

This motion was considered after the guillotine having fallen.

There was one amendment to the motion.

Amendment D was put to the vote and declared to be lost.

The substantive motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. Council assembly notes:

- a) Young people aged 16-24 are the age group that is least likely to vote in elections, as demonstrated by the turnout of 47% amongst 18-24 year olds compared to 74% amongst the over 65s at the 2019 general election.
- b) Despite these low election turnout figures, young people today are often leading the fight on the important political issues of our times, such as the climate school strikes and the Black Lives Matter movement.
- c) The Elections Bill 2021 includes provision for the requirement of photographic ID at polling stations, which is likely to act as a form of voter suppression, particularly amongst groups who are already the least likely to vote.

2. Council assembly welcomes the fact that:

- a) In July 2021, Southwark Council created the Southwark Youth Parliament, which is for young people aged 14 to 19. Two candidates from each Southwark school and two candidates from ten community areas were successfully elected, along with Southwark's first-ever Youth Leader and Deputy Youth Leader.
- b) The Welsh government has successfully lowered the voting age to 16 in Wales via the Local Government and Elections (Wales) Act 2021. This meant 16 and 17 year olds in Wales were able to participate in the recent Senedd and local council elections in May 2021.

3. Council assembly believes:

- a) Young people's participation in politics is essential to our democracy.
- b) More needs to be done to support young people to engage in politics on a local and national scale.

4. Council assembly calls on the cabinet to:

- a) Continue to support the good work of Southwark's Youth Parliament.

- b) Put in place measures to make voter registration easy and accessible for all Southwark residents ahead of any future elections, in an effort to increase voter turnout.
5. Council assembly calls on the government to:
- a) Support legislation that would lower the voting age to 16 across the UK, as is already the case in Scotland and Wales.
 - b) Support the provision of high quality Citizenship education in all schools, including appropriate training for teachers and discreet curriculum time.
 - c) Abandon the flawed Elections Bill, which will act to deter voter turnout through the introduction of ID requirements at polling stations.

Motion 5: Support for Borough, Bankside and the Wider Area

This motion was considered after the guillotine having fallen.

There was one amendment to the motion.

Amendment E was put to the vote and declared to be carried.

The substantive motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. Council assembly notes that:
- a) Southwark is home to some of the UK's most significant cultural and historical locations in Bankside, Borough and North Bermondsey.
 - b) The area's history goes back to the earliest days of London, with Anglo-Saxon and Roman settlements. It has historic links with the lives and works of Chaucer, Shakespeare, and Dickens. This rich historic heritage continues with Shakespeare's Globe and the remains of the Rose Theatre.
 - c) The area is still a cultural hub for London. In 2019, the Tate Modern was the second most visited attraction in England with six million visitors.

2. Council assembly identifies that:

- a) The Covid-19 pandemic has affected the area and its businesses. In October 2020, Better Bankside Business Improvement District said that footfall was about half what the area experiences for that time of year.
- b) There is a need to continue to support the area and its businesses recover from the pandemic. Continuing to promote the area's heritage and associated tourism will play a part in any such revival.
- c) Throughout the Covid-19 pandemic the council has provided a large amount of support for business across the borough. In Borough and Bankside, 428 business were supported to the value of £3.64 million.
- d) We must continue to protect and celebrate its historic cultural heritage.
- e) There are a number of heritage protections in place for Bankside. In addition to the listed buildings and scheduled Monuments, we also have the Borough High Street Conservation Area and the Thames Policy Area.
- f) Southwark Council's Culture and Events team has directly invested over £13.3million in our cultural and heritage offer since 2010, in addition the sector has received funding from several non-culture specific grant programmes.
- g) The council has been able to open the Southwark Heritage Centre and Walworth Library at a time that other local authorities are reducing their commitment to funding heritage projects.
- h) Southwark Council takes its role as the custodian of the historic environment very seriously. Southwark has stated its vision is to preserve, conserve, celebrate and enhance Southwark's unique, but also fragile and irreplaceable historic environment. The Heritage Supplementary Planning Document (SPD) plays a vital part in designing a heritage strategy for Southwark that identifies what people value about their heritage and how it plays an active role in community life. The council welcomes proposals from the local community for locally listed buildings, in line with the criteria set out in the Heritage SPD.
- i) Southwark is a rich ecological resource with its parks and open

spaces home to various species of birds, fish, mammals, wildflowers and invertebrates. The New Southwark Plan introduces 21 new Sites of Importance for Nature Conservation (SINCs) to protect the future ecological diversity of Southwark.

- j) The council has supported cultural institutions within that area including bringing the Africa centre to Southwark, which the council has given assistance in growing the centre from their HQ building to include arches on the Low Line; supporting the Central School of Ballet; and are collaborating with community groups to deliver a new permanent LGBTQ+ centre at Bankside.

3. Council assembly calls on cabinet to:

- a) Launch and deliver a cultural recovery plan ensuring that Southwark continues to be a borough for cultural excellence; collect, conserve and celebrate our local history for future generations and enable all of our diverse communities to have access to cultural opportunities while protecting, preserving and growing our cultural venues, spaces and provision.
- b) Continue to support business and cultural institutions in Borough and Bankside and across the whole of Southwark. The council must continue to champion the role heritage plays in Southwark's cultural life while reaffirming that it is the basis of Southwark's distinct character and allure.
- c) Continue to acknowledge the great benefit in the many diverse voices through musical, literary and artistic creative events that are delivered through cultural groups, open spaces, libraries, heritage centres, museums, theatres, galleries and venues across Southwark.
- d) Continue the Council's work in supporting heritage and culture with the understanding that history, and how people interpret the value of historic places, looks very different depending upon who you are and where you are looking.
- e) Continue to amplify the many different voices that contribute to making Southwark so special, including social, communal, cultural, economic, spiritual, political, activist, artistic, and literary experiences and these reflect personal matters of belief, gender, sexuality, race, ethnicity, age, mobility. All have equally important histories that must be preserved, recorded and protected.

Motion 6: Centenary Celebrations for Ada and Alfred Salter

This motion was considered after the guillotine having fallen.

There were no amendments to the motion.

The motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. Council assembly notes:

- a) 2022 marks the centenary of Ada Salter becoming Mayor and Dr Alfred Salter being elected MP. The Salters were a legendary and much loved couple, who became famous locally and nationally.
- b) Ada left a well off home in the Midlands to do social work amongst the city slums. Alfred gave up a brilliant medical career to become a local doctor. Together they dedicated their lives to the people of Bermondsey and Rotherhithe.
- c) Their pioneering work on the environment, housing and public health was transformational. Ada's Beautification Committee planted 9,000 trees and filled public spaces with flowers, playgrounds, music and sport. She designed model council housing and supported women factory workers. Alfred promoted free medical treatment, a solarium, a convalescent home for mothers, and health education by cinema vans on the streets. As Quakers, they both campaigned tirelessly for peace.
- d) The Salters' key issues – environment, housing and public health – are even more crucial today, as we face a climate crisis, worldwide homelessness and a global pandemic.

2. Council assembly welcomes the fact that:

- a) Community activists have set up a Salter Centenary Project to celebrate the Salters' vision and continue their inspiring legacy.
- b) Dame Judi Dench has become their patron, giving her support as a fellow Quaker and enthusiastic environmentalist.
- c) The project will create and support events and activities in the spirit of Ada and Alfred, so their principles are carried forward into the future.

3. Council assembly calls on the cabinet to:

- a) Celebrate the inspiration of Ada and Alfred Salter in their centenary year by providing resources, for instance to organise a Salter exhibition from the local studies archives.
- b) Support the Salter Centenary Project in its community activities, such as environmental plans for greening the area.
- c) Invite civic representatives and residents from Ada's home town of Raunds to join the centenary celebrations.

Motion 7: Transport for London funding

This motion was considered prior to the guillotine having fallen.

Councillor Michael Situ moved the motion. Councillor Kath Whittam seconded the motion.

There was one amendment to the motion. Councillor Nick Johnson moved Amendment F. Councillor Hamish McCallum seconded Amendment F.

Following debate (Councillors Catherine Rose, Ian Wingfield, Peter John), Amendment F was put to the vote and declared to be lost.

The motion was put to the vote and declared to be carried.

Note: This motion will be referred as a recommendation to the cabinet for consideration.

1. This Council Assembly is appalled by the Government's lack of concern for the future funding of London's transport system. With less than three weeks to go before the emergency deal with Transport for London (TfL) expires on 11 December 2021, there is still no certainty on long-term funding.
2. Council assembly believes that:
 - a. This continued uncertainty poses a grave threat to Londoners' jobs, livelihoods and health; the delivery of new homes; and efforts to address the climate emergency. Not only is the capital struggling to emerge from the Covid-19 pandemic both socially and economically but TfL itself has lost valuable traveller revenue which undercuts its business model.
 - b. The alternative to guaranteed funding would be drastic cuts in

public transport services, such as:

- i. An 18% cut in bus services leading to a withdrawal of 100 routes and less frequent services on 200 more;
 - ii. A 9% cut in underground services – resulting in reduced maintenance and the scrapping of the Bakerloo Line extension;
 - iii. Stopping the introduction of new electric buses;
 - iv. Cutting funding to local road improvements – including no more cycle lanes and 20mph zones, and the closure of Rotherhithe Tunnel;
 - v. And a consequent increase in bus and tube fares.
- c. The effect of these cuts would cause widespread disruption and gridlock across the capital, unfairly punishing millions of Londoners, and would put both London's and the national economic recovery at risk. Without urgent Government investment to plug a £1.9 billion funding gap there will be a resultant 'managed decline' in services creating a 'vicious circle' of under-investment and service cuts resulting in an infrequent and unreliable transport system.
3. London's public transport system desperately needs a proper funding settlement from the Government. It is vital to the national recovery from Covid-19, and it is vital to creating a sustainable, green future. London's commuters and key workers deserve a world-class public transport system - not drastic cuts and fare hikes.
4. This Council Assembly therefore calls upon the Leader and the Cabinet to liaise with the Mayor for London, the GLA and London Councils to lobby the Government to guarantee the future funding settlement for TfL.

6. REPORTS FOR DECISION

6.1 NEW CIVIC AWARD - DIVERSITY

After debate (Councillor Alice Macdonald), the recommendations were put to the vote and declared Carried.

RESOLVED:

1. That further to a motion agreed by council assembly in July 2019, council assembly agreed to create an additional new Civic Award, which specifically

and additionally recognises and values the importance of enabling Southwark to be a welcoming, inclusive, fair, tolerant, cohesive and integrated borough, which values and celebrates the rich diversity of the borough and promotes good community relations, so that all feel welcome, safe and included. One award is to be made each year based on the criteria set out in paragraphs 11-14 of the report.

2. To agree that Southwark Together be the name of the new Civic Award.

6.2 TREASURY MANAGEMENT - MID-YEAR UPDATE 2021-22

The recommendations were put to the vote and declared Carried.

RESOLVED:

1. That council assembly note the 2021-22 mid-year treasury management update report and that:
 - all treasury management activity was undertaken in compliance with the approved treasury management strategy and within the council's prudential indicators, as Appendix A
 - the balance outstanding on all external debt as at 30 September 2021 was £826m.
 - in the six months to 30 September 2021 the average investment balance was £179m and the balance of investments at 30 September 2021 stood at £143m.

6.3 WAIVER OF SIX MONTH COUNCILLOR ATTENDANCE RULE - SECTION 85 OF LOCAL GOVERNMENT ACT 1972

The recommendations were put to the vote and declared Carried.

RESOLVED:

1. That in accordance with Section 85 of the Local Government Act 1972, council assembly approved Councillor Anood Al-Samerai's non-attendance at meetings until 1 April 2022 on the grounds of parental responsibility (maternity leave).
2. That in accordance with Section 85 of the Local Government Act 1972, council assembly approved Councillor Lauder's non-attendance at meetings until the end of the 2021/22 municipal year (5 May 2022) on the grounds of continued ill health.

6.4 RE-APPOINTMENT OF INDEPENDENT PERSON

The recommendations were put to the vote and declared Carried.

RESOLVED:

1. That council assembly approved the re-appointment of the independent person named in the closed report for a further period of three years.

7. AMENDMENTS

The amendments are set out in supplemental agenda no. 2.

8. RE-APPOINTMENT OF INDEPENDENT PERSON - CLOSED

The decision was as per item 6.4.

The meeting closed at 10.30 pm.

CHAIR:

DATED:

Item No: 2.3	Classification: Open	Date: 23 February 2022	Meeting Name: Council Assembly
Report title:		Capital Strategy and Treasury Management Strategy 2022-23	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

That council assembly notes:

1. That the council continues to invest in an ambitious long-term capital programme that provides significant ongoing benefits throughout the Borough, and revenue streams to support council services.

That council assembly approves:

2. The Capital Strategy 2022-23 at Appendix A.
3. The Treasury Management Strategy Statement 2022-23 at Appendix B
4. The Investment Management Strategy 2022-23 at Appendix C
5. The Minimum Revenue Provision Statement 2022-23 at Appendix D
6. The Prudential Indicators for 2022-25 at Appendix E

BACKGROUND INFORMATION

7. Southwark council has a long tradition for investing in local infrastructure and facilities that support the development of the borough for the benefit of residents and businesses. This investment has been sustained throughout the recent period of austerity, and has fundamentally supported the generation of new financial resources from council tax, retained business rate growth and new homes bonus. These revenue streams have helped to support basic council services and continued capital investment will seek to enhance this income further.
8. Each year, council assembly agrees an annual strategy covering the management of council debt, capital and treasury investments. The strategy is to be agreed following consultation with the audit, governance and standards committee.

9. Treasury management is the management of the authority's cash flows, borrowing and investments. The council is exposed to financial risks from treasury management activities including possible losses associated with council investment and the potential for increased borrowing costs arising from market movements. The identification, monitoring and control of financial risks are therefore a crucial part of the financial management and governance arrangements of the council.
10. Since 2019-20, the council has been required to produce a capital strategy report (Appendix A) providing a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how any associated risks are managed and the implications for future financial sustainability.
11. The ongoing impact on the UK from coronavirus, combined with higher inflation, higher interest rates and the country's trade position post-Brexit, will remain major influences on the Authority's treasury management strategy for 2022-23.
12. Under financial delegation, the strategic director of finance and governance is responsible for all executive and operational decisions on treasury management. This treasury management strategy, together with supporting prudential indicators and policies will ensure that these responsibilities can be carried out effectively.

KEY ISSUES FOR CONSIDERATION

Borrowing strategy and debt management activity and position

13. The council's debt management strategy is to pursue a policy of internal borrowing, which is the use of existing reserves and balances to temporarily fund capital expenditure, where possible, rather than the use of external borrowing.
14. The use of internal borrowing allows the council to minimise unnecessary external borrowing costs by only borrowing when needed for liquidity, or to benefit from advantageous borrowing rates. Efficient use of existing council resources to fund capital expenditure through internal borrowing also reduces the council's counterparty risk inherent in the investment of cash balances.
15. Since 2017-18 however, it has been necessary to borrow to finance the capital programme and maintain minimum cash balances.
16. In the financial year to 31 March 2021, the council borrowed £65m from the PWLB (£20m @ 1.97% £20m @ 1.96% and £25m @ 1.87% with maturity terms of 45, 46 and 49 years respectively).

17. In December 2021, the council borrowed a further £50m of long-term debt from the PWLB (20m @ 1.60% £20m @ 1.58% and £10m @ 1.57% with maturity terms of 39, 40 and 41 years respectively).
18. Drawing of long-term borrowing has been supplemented by a continuation of short-term borrowing from other local authorities to reduce the overall debt interest expense for the council. The level of short-term borrowing from other local authorities as at 31 December 2021 was £197m. The weighted average rate of interest for current short-term debt held by the council as at 31 December 2021 is 0.1%.
19. The council has an ambitious capital programme for both General Fund and Housing Revenue Account capital expenditure, including substantial delivery of new homes and regeneration schemes, as set out in the approved Capital Programme.
20. Projections for this capital expenditure and financing, as well as long term cash flow forecasts, indicate that the council may require £1bn of additional borrowing by the end of 2025.

Public Works Loan Board

21. With the exception of £7m of long-term debt from the Mayor of London's Energy Efficiency Fund (MEEF), all historical long-term debt for the council have been drawn from the PWLB. Future borrowing could come from a variety of different sources including banks, other financial institutions and local authorities but the PWLB remains the council's preferred lender. Any borrowing decision will be made in consideration of capital and cash flow forecasts, market conditions, interest rate expectations and with respect to associated risks. The council will also utilise the advice of its external treasury advisor - Arlingclose.
22. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The council intends to avoid this activity in order to retain its access to PWLB loans.

Proposed Investment Strategy

23. The council's investment objectives for treasury management are to preserve principal, provide liquidity and secure a return on investments consistent with the prior objectives of security and liquidity. This is in line with investment guidance produced by the Ministry of Housing, Communities and Local Government (MHCLG) now rebranded Department for Levelling Up, Housing and Communities (DLHC).
24. The annual investment management strategy 2022-23 is attached at Appendix C. The strategy will allow investment across highly rated sovereigns, banks and other corporates, quasi-sovereigns, covered bonds whilst limiting excessive exposure to market volatility, and maintaining the overarching objective of ensuring appropriate security

and liquidity. External fund managers will be utilised to implement the strategy when appropriate.

25. In considering the investment strategy for 2022-23 the council has taken advice from the external treasury advisor, in addition to ongoing engagement with the council's external fund managers, to ensure that any investment limits and restrictions remain appropriate to meet the investment objectives.
26. The Bank of England recently increased the base interest rate from 0.1% to 0.25% in December 2021. With inflation currently above 5%, and expected to reach 6% in April, gradual interest rate rises could be on the cards for 2022. Arlingclose is forecasting that Bank of England Bank Rate will rise to 0.5% between January and March 2022 and then stabilise. The risks to this forecast are judged to be initially weighted to the upside, but becoming more balanced over time.
27. The investment strategy for the council for 2022-23 is proposed to remain unchanged as it is considered overall to be well structured to limit any undue risks to the security of assets and preservation of liquidity whilst also allowing the council and delegated managers to access suitable investment opportunities.

Minimum Revenue Provision

28. Each year, the General Fund sets aside sums known as the minimum revenue provision (MRP) to reduce its borrowing liabilities. The HRA may also set aside sums to reduce its own borrowing liabilities. The policy for MRP is set out in Appendix D and complies with the guidance issued by MHCLG in 2018.
29. Government guidance on the MRP requires that the general fund set aside prudent sums to reduce debt and long term liabilities (such as PFI schemes) arising from capital spend and that the council produces a statement on its MRP policy. MRP costs fall on revenue budgets and runs on for many years into the future, usually over the period to which the capital item provides an economic benefit or the duration of the revenue grant supporting the expenditure.
30. Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, a local authority is required to charge a minimum revenue provision annually to its revenue account in respect of capital financing obligations that arise in that year or arose in any prior year. Capital financing obligations represent debt or long-term liabilities taken to fund capital expenditure.
31. A council may not change the total MRP it is liable for but may prudently modify the timing of payments to improve affordability and take account of individual spend and financing characteristics.

Prudential Indicators

32. Local authority borrowing, investment and capital finance activity is supported by the Prudential Code for Capital Finance and Treasury Management in the Public Services Code of Practice and Guidance published by the Chartered Institute of Public Finance and Accountancy, backed by the Local Government Act 2003. The codes introduced a series of indicators and limits, which the council assembly should agree annually.
33. The indicators for approval relate to 2022-23 to 2024-25 and are set out at Appendix E. The indicators are of a technical nature and include a self-imposed authorised limit on debt, which the council assembly must determine each year. Approval will ensure that the council meets its obligations under the 2003 Act and that the strategic director of finance and governance can carry out their financial responsibilities in this area.

SUPPLEMENTAL ADVICE FROM OTHER OFFICERS

Director of Law and Governance

34. The constitution determines that agreeing the treasury management strategy is a function of the council assembly and that review and scrutiny of strategies and policies is the responsibility of the audit and governance committee.
35. Financial standing orders require the strategic director of finance and governance to set out the treasury management strategy for consideration and decision by council assembly, and report on activity on a quarterly basis to cabinet and at mid and year-end to council assembly. Furthermore, all executive and operational decisions are delegated to the strategic director of finance and governance.
36. The Local Government Act 2003 and supporting regulations require local authorities to determine annual borrowing limits and have regard to the Prudential Code for Capital Finance, and the Treasury Management in the Public Services Code of Practice and Guidance, published by the Chartered Institute of Public Finance and Accountancy, when considering borrowing and investment strategies, determining or changing borrowing limits or prudential indicators.
37. Section 15(1) of the 2003 Act requires a local authority “to have regard (a) to such guidance as the Secretary of State may issue”. This guidance is found in the Ministry of Communities and Local Government Guidance on Local Authority Investments updated February 2018 and there is statutory guidance on the Minimum Revenue Provision (MRP) produced under amendments made to section 21(1A) of the 2003 Act by section 238(2) of the Local Government and the Public Involvement in Health Act 2007.

38. Members are advised to give approval to the recommendations, ensuring continuing compliance with Government guidance and CIPFA's codes.

BACKGROUND DOCUMENTS

Background Papers	Held at	Contact
None		

APPENDICES

No.	Title
Appendix A	Capital Strategy 2022-23 to 2031-22
Appendix B	Treasury Management Strategy 2022-23
Appendix C	Annual Investment Management Strategy 2022-23
Appendix D	Annual Minimum Revenue Provision Statement 2022-23
Appendix E	Prudential Indicators - 2022-25

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Tim Jones - Departmental Finance Manager	
Version	Final	
Version Date	1 February 2022	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of law and governance	Yes	Yes
Strategic director of finance and governance	N/A	N/A
Cabinet Member	Yes	Yes
Report sent to constitutional team		1 February 2022

APPENDIX A**CAPITAL STRATEGY
2022-23 – 2030-31****1. INTRODUCTION AND BACKGROUND**

This Capital Strategy is an overarching document which sets the policy framework for the development, management and monitoring of capital investment. The strategy focuses on core principles that underpin the council's capital programme; its short, medium and long-term objectives; the key issues and risks that will impact on the delivery of the programme; and the governance framework required to ensure the capital programme is delivered and provides value for money for residents of Southwark.

The capital strategy aligns with the priorities set out in the Borough Plan and other key council strategies. The strategy is integrated with the medium-term financial strategy and treasury management strategy.

2. CORE PRINCIPLES THAT UNDERPIN THE CAPITAL PROGRAMME

The key principles for the capital programme are summarised below:

- Capital investment decisions reflect the aspirations and priorities included within the Borough Plan and supporting strategies;
- Schemes to be added to the capital programme will be subject to a gateway process, prioritised according to availability of resources and scheme specific funding, fairer future for all commitments and factors such as legal obligations, health and safety considerations and the longer-term impact on the council's financial position;
- The cost of financing capital schemes, net of revenue benefits, are profiled over the lifetime of each scheme and incorporated into the annual policy and resources strategy and budget;
- Commissioning and procuring for capital schemes will comply with the requirements set out in the council's constitution, financial regulations and contract standing orders.

Risk review is an important aspect of the consideration of any proposed capital or investment proposal. The risks will be considered in line with the risk management strategies we have in place and commensurate with the council's low risk appetite. Subject to careful due diligence, the council may consider a moderately higher level of risk for strategic initiatives, where there is a direct gain to the council's revenues or the ability to deliver its statutory duties more effectively and efficiently.

3. GOVERNANCE FRAMEWORK

The council's constitution requires the Council Assembly to agree the capital strategy and programme at least once every four years and in the event of a significant change in circumstances. The reports from the chief finance officer will

consider the compliance of proposed schemes in the programme with the medium term financial strategy, the capital resources available to the council, the revenue implications of the proposed capital expenditure, and any other relevant information.

Democratic decision-making and scrutiny processes provide overall political direction and ensure accountability for investment in the capital programme. These processes include:

- Council Assembly approves the Borough Plan which sets out the strategic priorities for the council;
- Council Assembly is ultimately responsible for approving the Capital Strategy, Treasury Management Strategy and capital programme;
- Cabinet receives regular capital monitoring reports, approves variations to the programme and considers new bids for inclusion in the capital programme;
- Portfolio holders are assigned projects in line with their responsibilities;
- Scrutiny committees can call in Cabinet reports, receive and scrutinise reports;
- All projects progressing to the capital programme follow the constitution, and financial regulations;
- The capital programme and capital expenditure is subject to internal and external audit.

Approval to spend on individual capital schemes will only be given once procedural guidelines have been complied with and assessed to the satisfaction of the strategic director of finance and governance.

Senior officer teams exist within directorates to monitor the delivery of the directorate capital programme. Directorate management teams must consider and recommend all additions, variations to their directorate capital programme before being agreed by the strategic director of finance and governance and then by cabinet.

4. CAPITAL INVESTMENT PRIORITIES AND PLANS

The capital programme for the council is a long-term ambition, with the lifetime of new and existing assets stretching far into the future. The obligation for maintaining and improving council dwellings and operational buildings is very long-term and as such will be considered accordingly in financial and asset management planning.

Capital investment plans are driven by the Borough Plan, the council's key strategic document that sets out the council's vision, ambitions, values and priorities. Council assembly agreed a refreshed 2018-2022 Council Plan in November 2020, and that it would be referred to as the Borough Plan. The refreshed plan includes the following key capital commitments:

- Increase the number of council homes in Southwark, with at least 1,000 more built or on site by 2022
- to retrofit council homes to make them greener

- to Improve the reliability and energy efficiency of the heat networks that serve our council homes
- to deliver quality new homes for residents on the Aylesbury Estate
- Work with the community to agree major improvements to the Tustin Estate
- Refurbish and expand Maydew House, increasing the number of council homes and providing new council rented key worker homes
- Restore the Walworth Town Hall with a new publicly accessible and protected community space
- to deliver a new library and GP health centre on the Aylesbury estate
- to open a new, modern leisure centre at Canada Water by 2023
- to plant 10,000 new trees by 2022
- to open a new library and heritage centre on the Walworth Road
- to open two nursing homes
- to build extra care housing

The council will continue to prioritise work to tackle the Climate Emergency and more detail about the council's action to reduce carbon and improve the environment is set out in the Climate Emergency strategy. The refreshed plan includes a commitment to making Southwark a Low Traffic Borough with more space for walking and cycling.

The application and planning for capital expenditure obligations and objectives can be considered over short, medium and long-term time horizons. Long-term forecasts are not easily predicted and the accuracy of all financial estimates will be limited. However, long-term forecasting is valuable in informing strategic plans taking account of the cumulative sustainability and affordability of existing and planned investment, which will need to be repaid over future periods. For major projects and investments, the funding and financial implications need to be planned well in advance. The council maintains an approved capital programme that covers a ten-year period. Prudential indicators for capital expenditure and financing are set out in Appendix E.

5. TREASURY MANAGEMENT

Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of resources will be met by prudential borrowing. The council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Each year the council assembly agrees an annual treasury management strategy covering the management of council's debt and cash investments (Appendix B).

6. ASSET MANAGEMENT PLANNING

Cabinet approved the new Asset Management Plan in January 2021. The Plan sets out the council's ambitions for existing stock and future investment decision-making. It was developed in consideration of the new Borough Plan and how the decisions that the council take around property can help to achieve these, prioritising climate change and recognising the hugely important role in providing and building stable communities.

The Council's future asset management decision-making will follow a clear and robust process, ensuring that decisions are aligned to corporate ambitions and are in the best interests of the Borough as a whole.

The new Asset Management Plan sets a policy framework for the efficient stewardship of the authority's property assets. It emphasises the strategic significance of a multi-billion pound property portfolio deployed in, and aligned to, the fulfillment of the Council's corporate priorities.

It is supplemented by a Commercial Property AMP, adopted in 2016, to provide additional detail in respect of this important part of the estate, which generates incomes that fund council services, whilst contributing to our borough's vibrancy and all levels of its economy.

The way in which the council uses scarce resources is a fundamental theme for the new Asset Management Plan. In the current financial climate AMP 2021 envisages only essential, affordable investment aligned to strategic priorities:

- Acquisitions of land for new buildings
- Acquisitions of new stock of dwellings
- Investment opportunities within the existing stock
- Investing in the future of Canada Water
- Securing sustainable, high quality employment opportunities;
- Securing economic and infrastructure investment
- Delivering a sustainable response to Climate Emergency and achieving Carbon Net Zero for Southwark by 2030

The council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to prevailing market conditions.

7. COMMERCIAL ACTIVITY AND INVESTMENT PROPERTY

Returns from property ownership can both be income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is considered in assessing the attractiveness of a property for acquisition. However, yield is rarely the sole or primary objective of property acquisitions.

Historically, property has provided strong investment returns in terms of capital

growth and generation of stable income. However, property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. The investment appraisal, external professional advice, local strategic knowledge (ensuring all investments are in Southwark) and risk assessment ensure that commercial investments remain proportionate to the size of the council and that the revenue impact can be managed, should expected yields not arise.

The strategy makes it clear that the council will continue to invest prudently to take advantage of opportunities as they present themselves, supported by our robust governance process.

The council is mindful that PWLB loans are not available to local authorities planning to buy investment assets primarily for yield.

8. LOANS AND OTHER LIABILITIES

The council has discretion to make loans for a number of reasons, primarily for economic development. These loans are treated as capital expenditure.

By advancing loans to other bodies, the council is exposing itself to the risk that the borrower defaults on repayments. The council must therefore ensure that these loans are prudent and that the risk implications have been fully considered, and that the cumulative exposure of the council is proportionate and prudent.

The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans are agreed by Cabinet and will be subject to close, regular monitoring.

In addition to debt liabilities set out in the treasury management strategy, the council is committed to making future payments to cover any pension deficit. The pension fund is subject to a triennial valuation and the revenue implications are built into the Medium Term Financial Strategy.

9. REVENUE BUDGET IMPLICATIONS

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (or debt repayment in HRA) are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream, i.e. the amount funded from council tax, business rates and general government grants (see Prudential Indicators).

Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend up to 50 years into the future. Capital investment decision-making is not only about ensuring that the initial allocation of capital funds meets corporate and service

priorities but also ensuring that the asset is fully utilised, sustainable and affordable throughout its whole life. This overarching commitment to long- term affordability is a key principle in any capital investment-appraisal decision. In approving the inclusion of schemes and projects within the capital programme, the strategic director of finance and governance must be satisfied that the proposed capital programme is prudent, affordable and sustainable.

10.KNOWLEDGE AND SKILLS

The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

The council establishes project teams from all the professional disciplines across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

Internal and external training is provided for members to ensure they have up-to-date knowledge and expertise to understand and challenge capital and treasury decisions taken by the strategic director of finance and governance.

TREASURY MANAGEMENT STRATEGY STATEMENT 2022-23

Introduction

1. Treasury management is the management of the authority's cash flows, borrowings and investments. The council is exposed to financial risks from treasury management activities, including possible losses associated with the council's investments and potential for increased borrowing costs arising from market movements. The identification, monitoring and control of financial risks are a crucial part of the financial management and governance arrangements of the council.
2. Treasury risk management is carried out within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services Code of Practice (the CIPFA Code) which requires the council to approve a treasury management strategy before the start of each financial year. This report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in the Capital Strategy.
4. Under financial delegation, the strategic director of finance and governance is responsible for all executive and operational decisions on treasury management. This treasury management strategy, together with supporting prudential indicators and policies will ensure that these responsibilities are, carried out effectively.

Economic Context

5. The ongoing impact of coronavirus on the UK, combined with higher inflation, higher interest rates, and the country's trade position post-Brexit, will remain major influences on the council's treasury management strategy for 2022-23.
6. The Bank of England (BoE) increased Bank Rate from 0.1% to 0.25% in December 2021. With the increased uncertainty and risk that the new covid variant presents, the BoE revised down its estimates for December quarter GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. UK CPI for November 2021 was 5.1% year on year, up from 4.2% in the previous month, the 6th successive month of inflation.
7. The 5-year UK benchmark gilt yield began the quarter at 0.62% before rising to 0.82%. Over the same period, the 10-year gilt yield fell from 1% to 0.97% and the 20-year yield declined from 1.35% to 1.20%.

The Sterling Overnight Rate (SONIA), which has replaced LIBOR averaged 0.07% over the quarter to December 2021.

Net Borrowing Position

8. As at 31 December 2021, the council held £874m of borrowing and £197m of investments.
9. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, known as internal borrowing.
10. The Council has an increasing CFR due to its ambitious capital programme. Based on current forecasts there is an estimated need to borrow up to £1bn by 31 March 2025.

Balance Sheet Summary

	2020-21 Actual £m	2021-22 Forecast £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
General Fund CFR	699	728	835	872	875
HRA CFR	521	621	964	1,138	1,242
Total CFR	1,220	1,349	1,799	2,010	2,117
Less: Other debt liabilities*	-91	-86	-101	-96	-91
Borrowing CFR	1,129	1,263	1,698	1,914	2,026
Less: External Borrowing**	-891	-831	-708	-688	-667
Internal Borrowing / (Over Borrowing)	238	432	990	1,226	1,359
Less: Usable reserves	-343	-293	-263	-243	-223
Less: Working capital	-47	-47	-47	-47	-47
(Investments)/New Borrowing	-152	92	680	936	1,089
Net Borrowing Requirement	-739	-923	-1,388	-1,624	-1,756

*Leases and PFI liabilities that form part of the Authority's total debt

**Shows only loans to which the Authority is committed

Borrowing strategy and debt management activity and position

11. 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.
12. The use of internal borrowing allows the council to minimise unnecessary external borrowing costs, by only borrowing when needed for liquidity, or to benefit from advantageous borrowing rates. Borrowing in advance of need from a cash flow perspective creates a 'cost of carry' which is the difference between the short term investment income earned through holding cash balances compared against longer term external debt financing costs
13. Efficient use of existing council resources to fund capital expenditure through internal borrowing also reduces the council's counterparty risk inherent in the investment of cash balances.

14. Liability Benchmark

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as the forecast balance sheet table above, but that cash and investment balances are kept to a minimum level of £140m at each year-end. This amount includes the Council's strategic investment portfolio of £100m, and a liquidity balance of £40m, to maintain sufficient liquidity.

	2020-21 Actual £m	2021-22 Forecast £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
Borrowing CFR	1,129	1,263	1,698	1,914	2,026
Less: Usable reserves	-343	-293	-263	-243	-223
Less: Working capital	-47	-47	-47	-47	-47
Minimum Investment Balance	140	140	140	140	140
Liability Benchmark	879	1,063	1,528	1,764	1,896

The liability benchmark suggests the Council will require a minimum level of borrowing in 2022-23 of £465m (£1,528m less £1,063m). The actual level of borrowing at year-end depends on whether the Council's spending plans proceed as planned and on the actual timing of borrowing.

15. The extent of internal borrowing and the need to refinance scheduled debt repayments, together with potential for interest rate rises in the current financial year, indicated the need for long-term borrowing. The council therefore borrowed £50m from the Public Works Loans Board (PWLb) in December 2021, with maturity terms ranging from 39 to 41 years at approximately 1.6%.
16. Drawing of long-term borrowing has been supplemented by a continuation of short-term borrowing from other local authorities, to reduce the overall debt interest expense for the council. The level of short-term borrowing from other local authorities as at 31 March 2021 was £197m.
17. This approach to short-term borrowing has continued during 2021-22, with the balance of short-term borrowing from local authorities as at 31 December 2021 being £140m. The weighted average rate of interest on existing short-term borrowing is 0.1%, which is significantly less than long-term rates of borrowing.
18. Officers regularly monitor current and forecast interest rates to determine the appropriateness of the internal and short term borrowing approach, so that the reduction in current borrowing costs from use of internal balances is not offset by higher borrowing costs in the future.
19. The Covid-19 pandemic has had a significant impact on capital programme delivery in 2021-22, deferring spend to future periods. The re-profiling of capital expenditure into future years has allowed the council to defer external borrowing, reducing the interest cost associated with debt financing.

20. With the exception of £7m of long-term debt from the Mayor of London's Energy Efficiency Fund (MEEF), all historical long-term debt for the council has been drawn from the PWLB. Future borrowing could come from a variety of different sources including banks, other financial institutions and local authorities but the PWLB remains the council's preferred lender.
21. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The council intends to avoid this activity in order to retain its access to PWLB loans.
22. All borrowing decisions will be made taking into consideration capital and cash flow forecasts, market conditions, interest rate expectations and the associated risks. The council will also utilise the advice of its external treasury advisor - Arlingclose.
23. The council's outstanding debt portfolio, used to fund historical capital expenditure, stood at £688m as at 31 March 2021 with £496m attributable to the HRA and £192m to the general fund.
24. The weighted average rate of interest for the council's debt portfolio is 3.4% as at 31 December 2021, 0.1% less than the rate at 31 March 2021.

Investment Position and Activity

25. The council holds sizable investment balances, representing income received in advance of expenditure plus balances and reserves held. Investments as at 31 December 2021 were £197m (£151m at 31 December 2020).
26. Council resources that are not immediately required for current expenditure are invested in money market instruments in accordance with the MHCLG (now rebranded DLUHC – Department for Levelling Up, Housing & Communities) 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.
27. Council investments are managed both in-house and delegated to two external fund managers: Alliance Bernstein and Aberdeen Standard (formerly Aberdeen Asset Management).
28. The focus for in-house investment is to meet variable near-term cash liquidity requirements, principally using money market funds and other highly secure, liquid financial instruments.
29. Any surplus cash resources not required in the short term to fund council activities is placed with the council's two external fund managers. The fund managers invest for a longer term in UK government gilts, supranational bank bonds, certificates of deposits issued by major banks/ building societies and other financial instruments.

30. The use of fund managers has the advantage of diversification of investment risk, coupled with the services of professional fund managers, which over the longer-term, provides enhanced returns within the council's risk appetite. Although investments can be redeemed from the fund managers at short notice, the intention is to hold them for the medium term. Their performance and suitability in meeting the council's investment objectives are regularly monitored.
31. The distribution of council investments across counterparties by rating and maturity as at 31 December 2021 is set out in the table below:

	AAA		AA		A		BBB		Total	
Investment Maturity Profile	£m	%	£m	%	£m	%	£m	%	£m	%
Up to 1 Year	24.8	23.6	17.1	16.3	26.9	25.7	5.8	5.6	74.6	71.2
1 - 2 Years	11.3	10.7	8.4	8.0	3.4	3.2	0.0	0.0	23.1	21.9
2 - 5 Years	3.6	3.4	3.7	3.5	0.0	0.0	0.0	0.0	7.3	6.9
Total	39.7	37.7	29.2	27.8	30.3	28.9	5.8	5.6	105.0	100.0

32. The annualised rate of return for council treasury management assets for the first nine months of the financial year was 0.03%. To analyse the treasury management portfolio, the council measures the return against SONIA and one to three year gilt index. For the equivalent period the benchmark index annualised return was -0.23% indicating an outperformance of 0.26%.
33. 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.
34. The priorities for treasury management investment are, in order of priority, security, liquidity and yield. The objective therefore is to ensure that funds are available to meet council liabilities as they fall due.
35. Our advisors expects Bank Rate to rise to 0.50% in Q1 2022 and then remain there. Risks are initially weighted to the upside, but becoming more balanced over time.
36. It is important that the treasury management strategy is suitably flexible such that the council can take advantage of market opportunities and maintain appropriate asset diversification within the portfolio to best support the council's revenue budget, whilst retaining the overriding objectives of security and liquidity.
37. The 2021-22 investment strategy, agreed by Council Assembly in February 2021 allowed for enhanced flexibility in the implementation of the investment strategy for the council such that there is no requirement to change it further at this time.

THE ANNUAL INVESTMENT MANAGEMENT STRATEGY 2022-23

BACKGROUND

1. The guidance on local government investments produced by the Ministry of Housing, Communities and Local Government (MHCLG) as updated in February 2018, requires that local authorities produce an annual investment strategy. The guidance promotes prudent management of investments with security and liquidity as priorities, while also considering yield.
2. Investments held as part of the council's pension fund are managed under a separate regulatory framework and are outside the scope of this strategy.
3. Investments held for service purposes or for commercial profit are considered within the capital strategy.

INVESTMENT OBJECTIVES

4. The council's treasury investment objectives are to preserve principal, provide liquidity and secure a reasonable return.
5. The council holds cash in the normal course of its business and any cash not immediately required for settling council liabilities should be invested until needed. Investments should be managed prudently and fall within two categories: specified investments and non-specified investments, as set out in government guidance. Specified investments are investments up to one year, as detailed below, with high liquidity and credit quality. Non-specified investments, as set out below, are investments that exceed one year and are potentially more responsive to liquidity, credit and market factors.
6. Prudent exposure to non-specified investments can help raise the overall level and diversification of investment returns over the long term and so should be considered as part of an investment strategy, having regard to prevailing credit and market conditions. Investment exposure shall be diversified and managed with due care and attention.
7. All investments will be denominated in GBP sterling, comply with credit standards and investment limits. Exposure to share capital that is treated as capital expenditure is outside the scope of this strategy.
8. The strategic director of finance and governance is responsible for this strategy and its management. Fund managers may be appointed to assist in advising or executing elements of the strategy.

SPECIFIED INVESTMENTS

9. Specified investments shall consist of investments with a remaining term of up to one year in the following categories. Actual exposure shall be subject to investment limits, be managed prudently and have regard to prevailing credit and market conditions.

Specified investments - in sterling, meeting credit standards and with remaining life not longer than 1 year	
A	Term deposits, notice accounts, certificates of deposits, commercial paper, notes, collateral backed lending, bills, bonds (including covered bonds) issued or guaranteed by: the UK government, supranational banks, foreign governments, quasi-sovereigns, UK local authorities, banks or UK building societies.
B	Money market funds and short duration low volatility enhanced cash funds rated AAA/Aaa/AAA (Fitch/Moody's/S&P) with stable or variable net asset values.

NON-SPECIFIED INVESTMENTS

10. Non-specified investments shall consist of investments with a remaining term exceeding one year in the following categories of investments. Actual exposure shall be subject to investment limits, be managed prudently and have regard to prevailing credit and market conditions.

Non-specified Investments - in sterling, meeting credit standards and with remaining life longer than 1 year	
A	Term deposits, notice accounts, certificates of deposits, commercial paper, notes, collateral backed lending, bills, bonds (including covered bonds) issued or guaranteed by: the UK government, supranational banks, foreign governments, quasi-sovereigns, UK local authorities, banks or UK building societies, pooled multiasset income funds.

CREDIT STANDARDS

11. Credit risk, the risk that an entity with which investments are held fails to meet its obligations to investors, shall be contained and credit ratings consulted.
12. The minimum credit ratings are set out in the tables and paragraphs below. While these ratings indicate a low risk of default and are well above the minimum regarded as investment grade, they may not always keep up with developments in turbulent markets. Therefore, in managing exposure, attention should also be paid to developments in the financial and credit markets. Rating definitions are set out below.

Minimum Credit Rating Criteria

Minimum long term rating from one of the three rating agencies		
Fitch Ratings	Moody's Investor Services	Standard & Poor's
A-	A3	A-

13. Credit requirements shall not apply to investments issued or guaranteed by the UK Government, nationalised entities, UK local authorities, the council's clearing bank (RBS) or the cash manager custodian bank (BNY Mellon). Local authorities are not usually rated, but the Local Government Act 2003 provides sanctions in the event that an authority fails to meet its liabilities to lenders.
14. Ratings shall be reviewed frequently and at least monthly. In the event of significant adverse rating changes, investments may be recalled prior to maturity where it would be prudent to do so.
15. The strategic director of finance and governance shall have discretion to vary minimum rating and limits in response to market developments, cash flow volatility or operational requirements where prudent to protect the council's interests.

INVESTMENT LIMITS

16. Investment exposure shall be subject to the following limits.

Investment limits, subject to overall constraints and minimum ratings		
	Issuer/Institution	Upper limits (percent or amount of council investment portfolio)
A	UK National Government	No limit
B	UK Local Authorities	Up to 1 year £10m per issuer maximum 25% in total
C	Foreign sovereigns, supranational banks and quasi-sovereigns, minimum rating AAA/Aaa/AAA	Up to 5.5 years 20% per issuer
D	Foreign sovereigns, supranational banks and quasi-sovereigns, minimum rating AA-/Aa3/AA-	Up to 5.5 years 12.5% per issuer
E	Foreign sovereigns, supranational banks and quasi-sovereigns minimum rating A1-/A3/A-	Up to 1 year; 5% per issuer
F	Banks and building societies Minimum rating AAA/Aaa/AAA	Up to 5.5 years 20% per issuer
G	Banks and building societies minimum rating AA-/Aa3/AA-	Up to 3 years 12.5% per issuer

Investment limits, subject to overall constraints and minimum ratings		
	Issuer/Institution	Upper limits (percent or amount of council investment portfolio)
H	Banks and building societies long term rating A-/A3/A-	Up to 1 year; 5% per issuer
I	Other Corporate Entities long term rating AA-/Aa3/AA-	Up to 3 years 10% per issuer
J	Other Corporate Entities long term rating A-/A3/A	Up to 1 year; 5% per issuer
K	Money market funds above £1,000m in holdings	£50m per fund
L	Short duration low volatility enhanced cash funds	£10m per fund maximum 20% in total
M	Sterling government money market funds above £200m in holdings	£50m per fund
N	Multi asset income pooled fund	£10m in total
O	Royal Bank of Scotland (NatWest) and Bank of New York Mellon (custodian)	Up to 3 months £75m per issuer
Overall portfolio: maximum above 1 year maturity 65% maximum weighted average maturity 2.5 years (the maturity of floating rate instruments is treated as the next interest re-set date)		

RATING DEFINITIONS

17. Ratings are research based opinions of rating companies (Fitch Ratings, Moody's and Standard & Poor's) on the ability of an entity or security to meet financial commitments such as interest, preferred dividends and repayment of principal in accordance with their terms. Ratings do not constitute recommendations to buy, sell or hold any security, nor do they comment on the adequacy of market price, or the suitability of any security for a particular investor.
18. Fitch Long Term Ratings are shown below

AAA	Highest credit quality. AAA ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events
AA	Very high credit quality. AA ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A	High credit quality. A ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
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19. The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories.

20. The Fitch Short Term Ratings are shown below

F1	Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.
F2	Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments
F3	Fair short-term credit quality.

21. Moody’s Long Term Ratings are shown below

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.

22. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa.

23. Moody’s short-term ratings are opinions of the ability of issuers to honour short-term financial obligations and are shown below.

P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
P-2	Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

24. Standard and Poor’s (S&P) Long Term Rating

AAA	An obligation rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
AA	An obligation rated AA differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
A	An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic

	conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
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25. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.
26. Standard and Poor's (S&P) Short Term Ratings are shown below

A-1	A short-term obligation rated A-1 is rated in the highest category by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
A-2	A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2022-23

Background

1. Minimum Revenue Provision (MRP) is a statutory requirement to make a charge to the council's General Fund as provision for the repayment of the council's past capital debt and other credit liabilities.
2. The Local Government Act 2003 requires local authorities to have regard to the Department for Housing, Communities and Local Government *Guidance (now known as Department for Levelling Up, Housing and Communities - DLUHC) on Minimum Revenue Provision*.
3. The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by government grant, reasonably commensurate with the period implicit in the determination of that grant.
4. The Guidance requires the council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. This forms part of the Treasury Management Strategy considered by Council Assembly annually.
5. A prudent level of MRP on any significant asset or expenditure may be assessed on its own merits or in relation to its financing characteristics in the interest of affordability or financial flexibility.
6. The strategic director of finance and governance has delegated responsibility for implementing the Annual Minimum Revenue Provision Statement and executive, managerial, operational and financial discretion to determine MRP and any practical interpretation issues.
7. The strategic director of finance and governance may make additional revenue provisions, over and above those set out, and set aside capital receipts, balances or reserves to discharge financing liabilities for the proper management of the financial affairs of the HRA or the general fund..

General Fund Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008

8. In relation to capital expenditure for which support forms part of the calculation of revenue grant by the government or any capital expenditure incurred before 1 April 2008, the MRP shall be calculated in accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2003 as if it had not been revoked. In arriving at that calculation, the capital financing requirement may be adjusted as described in the guidance.

9. In addition, the calculation method and the rate or the period of amortisation referred to in the guidance may be varied by the strategic director of finance and governance in the interest of affordability.
10. The methodology applied to pre-2008 debt, is on an annuity basis, calculated over the 40 years remaining as at 31 March 2018 (within the pre-2008 debt portfolio the final loan of which is due for repayment in 2057-58).

General Fund Self- Financed Capital Expenditure from 1 April 2008.

11. Where capital expenditure incurred from 1 April 2008 is on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset. The calculation method and the rate or the period of amortisation shall be determined by the strategic director of finance and governance.
12. The strategic director of finance and governance shall determine how much and which capital expenditure is funded from borrowing and which from other sources. Where expenditure is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply, nor shall any annual MRP apply where spend is anticipated to be funded from capital receipts or grants due in the future but which is in the meantime funded from borrowing (subject to a maximum of three years or the year the receipt or grant is actually received, if sooner).
13. The asset life method shall also be applied to borrowing to meet expenditure from 1 April 2008 which is treated as capital expenditure by virtue of either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations. The strategic director of finance and governance shall determine the asset life. When borrowing to construct an asset, the asset life may be treated as commencing in the year the asset first becomes operational and postpone MRP until that year.
14. Where capital expenditure involves repayable loans to third parties the council may make nil MRP where the capital receipts arising from principal repayments are applied to reduce the capital financing requirement.
15. Where capital expenditure involves a variety of different types of works and assets, the period over which the overall expenditure is judged to have benefit over shall be considered as the life for MRP purposes. Expenditure arising from or related or incidental to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself. An estimate of the life of capital expenditure may also be made by reference to a collection or grouping of expenditure type or types.

PFI, leases

16. In the case of finance leases, on balance sheet private finance initiative contracts or other credit arrangements, MRP shall be the sum that writes

down the balance sheet liability. These are being written down over the PFI contract term.

17. Where former operating leases have been brought onto the balance sheet on 1 April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

The Annuity Method

18. The annuity method makes provision for an annual charge to the General Fund which takes account of the time value of money (whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). This re-profiling of MRP therefore conforms to the MHCLG (now DLUHC) "Meaning of Prudent Provision" which provide that "*debt [should be] repaid over a period that is reasonably commensurate with that which the capital expenditure provides benefits*".

Prudential Indicators 2021-22 – 2023-24

1. The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure

2. The Authority's planned capital expenditure and financing may be summarised as follows. Further detail is provided in Month 8 Capital Monitoring for 2021-22 as reported at Cabinet on 2 February 2022.

2020-21 Actual £m	Capital Expenditure and Financing	2021-22 Forecast £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
118	General Fund	107	168	75	34
215	HRA	247	571	389	248
333	Total Expenditure	354	739	464	282
13	Capital Receipts	70	85	61	56
101	Capital Grants	56	98	84	15
74	Revenue and Reserves	72	72	72	72
10	External Contributions	12	16	16	11
135	Funded by Borrowing	144	468	231	128
333	Total Financing	354	739	464	282

Estimates of Capital Financing Requirement

3. The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.
4. The introduction of International Financial Reporting Standard 16 'Leases' (IFRS 16) on 1 April 2022, is likely to necessitate a change in the accounting treatment for certain council leases. Existing leases may need to be reclassified leading to an increase in the council's reported CFR.
5. The CFR is forecast to rise over the next three years as capital expenditure financed by debt is outweighed by resources set aside for debt repayment. See table below.

2020-21 Actual £m	Capital Financing Requirement	2021-22 Forecast £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
699	General Fund	728	835	872	875
521	HRA	621	964	1,138	1,242
1,349	Total CFR	1,349	1,799	2,010	2,117

Gross Debt and the Capital Financing Requirement

6. In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. Actual external borrowing is expected to remain well under this value.

31-03-21 Actual £m	Debt	31-03-22 Forecast £m	31-03-23 Estimate £m	31-03-24 Estimate £m	31-03-25 Estimate £m
886	External Borrowing	985	1,408	1,780	1,997
91	Other Long Term Liabilities	86	101	96	91
977	Total Debt	1,072	1,510	1,876	2,088

7. Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt

8. The operational boundary is based on the Authority's estimate of the most likely (i.e. significantly prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

2020-21 £m	Operational Boundary	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
1,336	Borrowing	1,033	1,458	1,824	2,038
90	Other Long-Term Liabilities	86	101	96	91
1,426	Total Debt	1,120	1,560	1,920	2,130

Authorised Limit for External Debt:

9. The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003 / Local Government Finance Act. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

2020-21 £m	Authorised Limit	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
1,637	Borrowing	1,274	1,823	2,303	2,589
126	Other Long-Term Liabilities	86	101	96	91
1,763	Total Debt	1,360	1,925	2,400	2,680

Ratio of Financing Costs to Net Revenue Stream

10. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

2020-21 Actual	Ratio of Financing Costs to Net Revenue Stream	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
4%	General Fund	5%	6%	7%	7%
8%	HRA	10%	12%	13%	13%

Debt Limits

11. There are three debt related treasury activity limits. The purpose of these is to manage the overall risk for the authority and limit the exposure to any adverse movement in interest rates. Debt shall be subject to the following limits:

Debt limits	
Upper limits on fixed interest rates	100%
Upper limits on variable interest rates	20%

Debt maturity profile limits	Lower Limit	Upper Limit
Under 12 months	0%	35%
12 months and within 24 month	0%	35%
24 months and within 5 years	0%	50%
5 years and within 10 years	0%	75%
10 years and above	25%	100%

Adoption of the CIPFA Treasury Management Code

12. The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services Code of Practice*. It fully complies with the Code's recommendations.

Item No. 2.4	Classification: Open	Date: 23 February 2022	Meeting Name: Council Assembly
Report title:		Adoption of the Southwark Plan 2022	
Ward(s) or groups affected:		All	
From:		Director of Planning and Growth	

RECOMMENDATIONS

That Council Assembly:

1. Adopts the Southwark Plan 2022 at Appendix A;
2. Rescinds the Southwark Plan 2007, the Core Strategy 2011, the Aylesbury Area Action Plan (2010), the Peckham and Nunhead Area Action Plan (2014) and the Canada Water Area Action Plan (2015);
3. Notes the Inspector's Report to the Southwark Plan 2022 at Appendix B and the Main Modifications (and appendices) at Appendix C.
4. Notes the Consultation Report on the Main Modifications provided at Appendix D.
5. Notes the Integrated Impact Assessment (Appendix E), Equalities Impact Assessment (Appendix F) and Habitats Regulations Assessment (Appendix G) which support the adoption of the plan.

BACKGROUND INFORMATION

Background to the Southwark Plan 2022

6. The council have been preparing the New Southwark Plan as the new local plan for Southwark. Upon adoption, it will be known as the Southwark Plan 2022. The Southwark Plan 2022 is a statutory planning document that will provide an overarching strategy for managing growth and development across the borough for the next 15 years. The plan will set out how we will deliver further regeneration and wider improvements to our borough in the years to come.
7. The Southwark Plan 2022 explains our strategy for regeneration from 2019 to 2036. It will:
 - Set policies to support the provision of new homes including 11,000 new Council homes

- Protect our existing schools, youth and community facilities in the borough and provide more where this is needed
 - Protect local businesses and attract more businesses into the borough to increase job opportunities
 - Support our high streets and increase the range of shops to increase their vitality
 - Direct growth to certain areas of the borough, predominantly in the Old Kent Road, Elephant and Castle, Canada Water, East Walworth, Blackfriars Road, Bankside and along the River Thames where there is greater public transport accessibility
 - Introduce policies to improve places by enhancing local distinctiveness and protecting our heritage assets
 - Set policies to provide more green infrastructure, tackle the climate emergency and to promote opportunities for healthy activities
 - Designate or extend a number of new public open spaces and require the creation of new public open space on a number of strategic site allocations across the borough
8. The Southwark Plan 2022 is a spatial plan. Not only does it set out planning policies to guide development but it also explains how development will be delivered and may inform future decisions about investment in infrastructure. The Southwark Plan 2022 will form part of Southwark's development plan along with the London Plan. It is a regeneration strategy for Southwark and will be used to make decisions on planning applications.

Key policy changes

9. The Southwark Plan 2022 includes strategic development targets for the delivery of homes, jobs and office and retail floorspace. Policy also sets out our spatial strategy and where we expect different types of development and require open space to come forward in each of the vision areas in the borough. The plan will deliver the following targets:
- 40,035 homes between 2019 and 2036 (2,355 new homes per annum), this includes 10,217 homes on small sites between 2019 and 2036 (601 new homes per annum).
 - 11,000 council homes will be delivered by 2043 as part of the overall housing target
 - 58,000 total jobs between 2019 and 2036 including at least 1,000 new green jobs through the Southwark Green New Deal¹. The targets for the distribution of jobs are:

Borough, Bankside and London Bridge Opportunity Area	10,000
Elephant and Castle Opportunity Area	10,000

¹ The council now has a higher target of 5,000 new green jobs in the climate strategy and action plan (2021)

Canada Water Opportunity Area	20,000
Old Kent Road Opportunity Area	10,000
Other town centres	8,000

- 460,000 sqm office floorspace between 2019 and 2036 (equating to around 35,500 jobs). Around 80% of new offices will be delivered in the Central Activities Zone. Additional offices will be delivered in the Canada Water and Old Kent Road Opportunity Areas and in town centres;
- 90,000sqm additional employment floorspace between 2019 and 2036 outside the CAZ including industrial, distribution, hybrid and studio workspace;
- 76,670 sqm net new retail floorspace between 2019 and 2036 (6,560sqm convenience retail, 42,130sqm comparison goods retail, 27,980sqm food and beverage). The targets for the distribution of the retail floorspace are:

Elephant and Castle Major Town Centre	10,000sqm
Peckham Major Town Centre	7,000sqm
Canada Water Opportunity Area	40,000sqm
CAZ and district and local town centres	19,670sqm

- The growth of other activities that create successful places such as places to work, leisure, arts and culture, sports, schools, health centres and tourist activities. We will encourage developments to focus on the strengths of places that make the different areas of the borough distinctive and respect and integrate with the local and historic context and communities.
 - The location and design of new development contributing to securing our targets of carbon neutrality by 2030 and net zero carbon by 2050;²
 - Increase the provision of open space in the borough by requiring the provision of 11 hectares of new open space as identified in site allocations along with the designation of MOL, BOL and OOS as identified on the Policies Map.
10. The Plan introduces a fast track route for developments delivering 40% social rented and intermediate housing with a policy compliant mix (minimum 25% social rented and minimum 10% intermediate) and in the Aylesbury Action Area Core delivering 60% social rented and intermediate housing with a policy compliant mix (in accordance with Table 2 in the Southwark Plan 2022), where the scheme does not have to follow a viability tested route to encourage an increase in the provision of affordable housing.
11. It introduces the requirement for all development that proposes housing to provide affordable housing or a payment in lieu towards the delivery of council

² This target means the Plan will contribute to securing the national net zero target by 2050 and the borough target of doing all we can to be net zero by 2030.

homes. The Plan also includes the requirement for the provision of a minimum of 35% affordable housing on direct let student housing schemes, as well as the provision of 27% of student rooms at affordable student rent (defined by the Mayor of London), subject to viability. Nomination schemes for student housing are required to provide a minimum of 35% of rooms at affordable student rent (defined by the Mayor of London), subject to viability.

12. The Plan introduces the requirement for at least 10% or more affordable workspace on developments proposing 500sqm GIA or employment floorspace.
13. The climate change target for this Plan is to be net zero by 2050 as set out in the Climate Change Act 2008. The council has declared a Climate Emergency with the ambition to reach carbon neutrality by 2030. This plan is a stepping stone towards meeting this 2030 ambition and there is a climate change thread throughout the Plan to address climate change. The Southwark Plan 2022 requires the reduction of emissions by 100% on 2013 regulations for residential developments, and 40% for non-residential, and there will be an early review of the Plan to encourage greater on site carbon reduction performance and ensure the carbon offset price fully covers off setting costs.
14. While the Southwark Plan 2022 must be in general conformity with the London Plan and the National Planning Policy Framework, it can adapt some of these policies to reflect specific issues in Southwark. It will replace the Core Strategy (2011), the saved Southwark Plan (2007), the Aylesbury Area Action Plan (2010), the Peckham and Nunhead Area Action Plan (2014) and the Canada Water Area Action Plan (2015).
15. The Southwark Plan 2022 at Annex 5 sets out the policies and site allocations from the Area Actions Plans that the Southwark Plan 2022 is replacing.
16. A review of all of the policies in the Area Action Plans ('AAPs') took place and they have been replaced in the Southwark Plan 2022 with more up to date policies. In the Aylesbury AAP there were two policies in the AAP which provided higher standards. These were the family homes and the space standards. Therefore these have been brought into the plan. There is also a modification to reduce the parking standards requested by TfL to enable general conformity with the London Plan.
17. A review of all of the site allocations in the AAPs took place, the Council set out the current status of each site in the AAPs to decide which sites should be taken forward in the Southwark Plan 2022. The Council removed all of the sites that are being built or that were completed from the list to take forward to the Southwark Plan 2022. All of the other sites that were in the AAPs have been included in the Southwark Plan 2022 where necessary. A site allocation for the Aylesbury Area Action Core has been added to the Southwark Plan 2022 at the Main Modifications which sets out the development requirements in the Action Area Core, to ensure the delivery of homes and social rented homes and it also includes design guidance, including tall building guidance as set out in the Area

Action Plan. Some of the smaller sites from the Area Action Plans have not been included as they can come forward as windfall sites through the development management policies in the Southwark Plan 2022.

18. Further information on the rescinding of the AAPs is set out in EIP211³ - Rescinding Note and EIP202a – Aylesbury Background Paper.

KEY ISSUES FOR CONSIDERATION

Southwark Plan 2022

19. The Southwark Plan 2022 contains the following sections.

Area Visions

20. Area Visions provide the strategic vision for the future of Southwark's distinct places. They set out key infrastructure enhancements, opportunities for public realm and transport improvements and growth opportunities. Area Visions also identify the character of different places to be renewed, retained or enhanced. Development proposals should be within the context of the relevant Area Vision and should demonstrate how they contribute towards the strategic vision for that area.

Strategic Targets

21. The strategic development targets policy set out the targets the Plan seeks to achieve for the delivery of homes, jobs and office and retail floorspace. The Southwark's Places policy also sets out our spatial strategy and where we expect different types of development and require open space to come forward in each of the vision areas in the borough.

Strategic Policies

22. Strategic policies are borough-wide policies which set out the council's strategy to work with local people to improve neighbourhoods and create new opportunities for the future. The Southwark Plan 2022 contains six strategic policies to deliver the Borough Plan's values and priorities spatially ('Homes for all', 'Southwark Together', 'A great start in life', 'A green and inclusive economy', 'Thriving neighbourhoods and tackling health inequalities' and 'Climate Emergency').

Development Management Policies

23. Development management policies are detailed planning policies which are used to assess planning applications.

³ EIP document numbers relate to Examination in Public documents available on the NSP Examination website

Site Allocations

24. Site Allocations are planning policies which apply to potential development sites of strategic importance. Site Allocations are needed to ensure that when strategic sites come forward for redevelopment they integrate into their surroundings and contribute towards meeting the local area's spatial needs. Site allocations are also needed to demonstrate the Southwark Plan 2022 has been developed in conformity with the London Plan, which requires boroughs to identify strategic development sites which can meet housing targets and future infrastructure and land use needs.
25. Site Allocations set out land use requirements that must be provided as part of any redevelopment alongside other acceptable land uses. Site Allocations may specify development provides new public open space, public access routes or social infrastructure, such as health or education facilities. Site Allocations are not required for sites which are likely to be redeveloped acceptably under the development management policies of the Southwark Plan 2022.

Monitoring Framework

26. A comprehensive monitoring framework has been prepared to accompany the plan which will be used to monitor development coming forward in the borough.
27. This monitoring framework details the data we will collect and publish working towards a new digital monitoring system. Monitoring data and results will be published in the Authority Monitoring Report (AMR). The AMR sets out the type and amount of development and conservation taking place in Southwark. It sets out an evaluation of whether planning policies are making a difference and lets us assess how the policies can be improved by future plan making. These will enable us to measure our progress and success, ensuring we track and evaluate changes that make Southwark successful, such as full employment, health improvements, a more skilled labour market and places that are safe and clean.
28. This framework replaces the monitoring frameworks in the Aylesbury Area Action Plan, Canada Water Area Action Plan and Peckham and Nunhead Area Action Plan. Where there are relevant indicators from the AAPs they have been carried forward into this framework.

Inspector's Report

29. The Inspector's report contains their assessment of the New Southwark Plan in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). It considers:
 - whether the Plan's preparation has complied with the duty to co-operate;
 - whether the Plan is compliant with the legal requirements; and

- whether it is sound as set out in the National Planning Policy Framework (NPPF) 2021 (paragraph 35) which is clear that in order to be sound, a Local Plan should be positively prepared, justified, effective and consistent with national policy.
30. The Report concludes that the Duty to Cooperate has been met and that with the recommended main modifications set out in the Appendix, the New Southwark Plan satisfies the requirements referred to in Section 20(5)(a) of the 2004 Act and is sound.
31. The Main Modifications are provided at Appendix C, these have been incorporated into the Southwark Plan 2022 at Appendix A.
32. Following the Main Modifications consultation (6 August to 24 September 2021) the Inspectors have made further amendments to a number of the policies, these are:
- Old Kent Road area vision – amended Bakerloo Line Extension Phase 2 developments from 2023-2027 to post 2023
 - Policy P5 (Student homes) – amended wording to include subject to viability and amended the wording to be clear on affordable student rooms
 - Policy P55 (Protection of amenity) – moved the additional text that was added to the reasons in the main modification to the policy itself
 - Policy P28 (Strategic Protected Industrial Land), P29 (office and business development) and P30 (affordable workspace) - amended the wording slightly of the additional clause relating to using conditions to restrict changes of use within Class E to ensure that the use of conditions meets the tests set out in national policy.
 - Policy IP3 (CIL and S106 planning obligations) – amended to clarify in the policy that the term ‘policy requirements’ would include the ‘must’ and ‘should’ requirements set out in the individual site allocation policies.
 - NSP51 (land between St Thomas Street, Fenning Street, Melior Place and Snowfields) –added medical or healthcare uses as options to the site requirements.
 - NSP71 (Aylesham Centre and Peckham Bus Station) – changed the capacity back to an indicative capacity of 850 homes rather than the minimum capacity of 700 – this will be updated again in the housing trajectory.
 - Policy P17 (efficient use of land) - changed to “optimises land use” instead of “optimises the efficient use of land”.
 - Policy P18 (listed buildings and structures) – changed conserve and enhance to conserve or enhance.
 - Policy P19 (conservation areas) – changed conserve to preserve and changed character and appearance to character or appearance
 - Policy P21 (borough views) – changed development must to development should.

33. The numbering of the policies and site allocations have been updated throughout the Southwark Plan 2022 to take account of any modifications, including new policies or amendments to the site allocations. Therefore the final numbering will differ from the policy and site allocation references in Paragraph 32, the Inspector's Report and the Main and Additional Modifications and the supporting documents (Integrated Impact Assessment, Equalities Impact Assessment and Habitats Regulation Assessment).

Consultation on the New Southwark Plan

34. There have been several stages of consultation between 2013 and 2021. Details of the public consultation carried out to date are set out in the Consultation Report at Appendix D.
35. The New Southwark Plan was submitted to the Planning Inspectorate for Examination in January 2020. As part of the Examination in Public another consultation was carried out from August to October 2020, which allowed the council to gain feedback on changes to the plan which were recommended by the Inspectors (EIP27A and B, Council's Proposed Changes to the Submitted New Southwark Plan, August 2020).
36. The public hearings took place virtually from 23 February – 11 March 2021 and 19 April – 30 April 2021. Following these hearings, The Inspectors wrote a post hearings letter on 28 May 2021 and under Section 20(7)(c) of the Planning and Compulsory Purchase Act (2004). The Council asked the Inspectors to recommend Main Modifications to ensure the Plan is sound. The Main Modifications comprised the Council's Proposed Changes to the Submitted New Southwark Plan and any changes required for soundness or arose during the Examination in Public, The Council consulted on the Main Modifications for 7 weeks as recommended by the Inspectors from 6 August 2021 to 24 September 2021.
37. The consultation sought comments only relating to the main modifications however additional modifications were also published.
38. "Main modifications" are material changes to the submitted Plan which are necessary to make it sound and legally compliant. Main modifications can only be recommended by Inspectors at the request of the Local Planning Authority.
39. "Additional modifications" (minor modifications) are proposed non-consequential amendments to the Plan not necessary for soundness. These generally involve changes that enhance the clarity of the plan without materially affecting the implementation of plan policies and to provide factual updates. The examination does not concern itself with 'additional modifications' and these changes are a matter for the Council to make to its plan. The Inspectors advised that when consulting on proposed main modifications, the Council also publishes a schedule of its additional modifications for completeness. Additional Modifications were published at the same time.

40. The Inspectors have considered all duly made representations on the Main Modifications to the New Southwark Plan. 68 representations were received to the Main Modifications to the New Southwark Plan. Summaries of the consultation representations received and the council's response to the representations (based on the Inspectors report) are attached at Appendix D.

Weighting of the Southwark Plan 2022

41. Paragraph 48 of the NPPF states that decision makers may give weight to relevant policies in emerging plans according to the stage of preparation of the emerging plan, the extent to which there are unresolved objections to the policy and the degree of consistency with the Framework.
42. The Inspectors issued their Inspector's Report setting out the Main Modifications required to the New Southwark Plan which have been incorporated into the Plan at Appendix A. Cabinet then recommended the plan for adoption by Council Assembly at the Cabinet meeting of 7 December 2021. The Inspectors confirmed the Plan was sound subject to the Main Modifications, and the plan is at an advanced stage so it can be afforded 'substantial' weight in decision making. Since the Cabinet decision of 7 December 2021, the Southwark Plan 2022 policies have been applicable to all new applications which were submitted after 8 December 2021. This has been updated on the planning pages of the council's website.
43. The recommendation to Council Assembly is that the plan is adopted on 23 February 2022 replacing the saved policies of the 2007 Southwark Plan, the 2011 Core Strategy, the Aylesbury Area Action Plan 2010, the Peckham and Nunhead Area Action Plan 2014 and the Canada Water Area Action Plan 2015. The plan will then have full weight and the development plan documents listed above will be formally rescinded.

Next Steps

44. The adopted Plan will be referred to as 'the Southwark Plan' (2022).
45. Following adoption, the plan will be reviewed and updated on an ongoing basis to take into account any changing circumstances affecting Southwark or any changes in regional and national policy as required. Additional or updated Supplementary Planning Documents may be prepared to support the delivery of the plan's policies. This will be determined through an updated Local Development Scheme.

Plan Review

46. The Inspector's Report identifies areas where some issues would be monitored upon implementation of the plan and any changes to policies required would be

appropriate in a future plan review. The Inspectors identified the following potential areas:

- Gypsies and Travellers – if required to take into account a London wide approach
- House boats - to respond to both the Council's emerging evidence and any wider London approach on the matter
- Elephant and Castle site allocations - long-term effects of the Covid19 pandemic on the demand for commercial floorspace and whether this points to an alternative strategy or more flexible approach to the mix of uses on allocated sites in this part of the Borough
- Climate change – responding to the changing context on climate change as part of plan review
- Retail - ongoing monitoring and the usual processes of plan review will inform the appropriate timing as to when the Plan's retail policies should be revisited
- It would be a matter for plan review as to whether further specificity is required to guide tree lined new streets in the Borough
- Transport policies - the monitoring framework will provide for measuring the effectiveness on transport policies in the Southwark Plan 2022 and whether further intervention/mitigation would be necessary as part of the plan review process.
- Monitoring the phased delivery of the Canada Water Masterplan.

Community Impact Statement/Equalities (including socio-economic impacts) Impact Statement

47. The Public Sector Equality Duty (PSED) contained in Section 149 (1) of the Equality Act 2010 imposes a duty on public authorities (including the Council to have, in the exercise of their functions, due regard to three “needs” which are central to the aims of the Act

- a) The need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- b) The need to advance equality of opportunity between persons sharing a relevant protected characteristic and persons who do not share it. This involves having due regard to the need to:
 - Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
 - Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

- c) The need to foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.
- 48. The protected characteristics are: race, age, gender reassignment, pregnancy and maternity, disability, sexual orientation, religion or belief, sex, marriage and civil partnership.
- 49. The purpose of the Southwark Plan 2022 is to facilitate development growth in the borough and deliver the vision of the principles and values in the Borough Plan, ensuring that community impacts are taken into account. The Southwark Plan 2022 is supported by an Equalities Impact Assessment which was taken into account in the Examination in Public as part of the supporting documentation to the plan. This has been reviewed as part of each stage of the Southwark Plan 2022 preparation and the final version (February 2022) supports the adoption of the plan.

Health impact statement

- 50. The purpose of the Southwark Plan 2022 is to facilitate development growth in the borough and deliver the vision of the principles and values in the Borough Plan, ensuring that health impacts are taken into account. Strategic Policy SP5 (healthy active lives) sets out how we will seek to maintain and improve the health of our residents, encouraging healthy lives by tackling causes of ill health and inequalities. This will be achieved through the policies in the Plan, including Policy P44 (healthy developments) which sets out the requirements for developments to encourage healthy lifestyle choices.
- 51. The Southwark Plan 2022 is supported by an Equalities Impact Assessment which was taken into account in the Examination in Public as part of the supporting documentation to the plan. This has been reviewed as part of each stage of the Southwark Plan 2022 preparation and the final version (February 2022) supports the adoption of the plan. This sets out potential health impacts, both positive and negative, of the policies of the Plan.

Climate change implications

- 52. The Net Zero Carbon target for this Plan as set out in the Climate Change Act (2008). The Council has declared a Climate Emergency with the ambition to reach carbon neutrality by 2030. This Plan is a stepping stone towards meeting this 2030 carbon neutrality target. There is a climate change thread running throughout the Plan to mitigate against and adapt to address climate change. The Southwark Plan 2022 requires the reduction of emissions onsite by 100% on 2013 Building Regulations for major residential developments, and 40% for major non-residential. There will be an early review of the Plan to set out greater requirements for climate change mitigation and adaptation, including on

site carbon reduction performance targets for small sites, exploration of embodied and whole lifecycle carbon, review of the heating and cooling and heat and energy sources onsite and reuse and retrofitting. The implementation of this Plan to deliver greater carbon reductions will be supported by upskilling officers and provision of guidance to deliver more sustainable development.

Financial Implications

53. There are no immediate resource implications arising from this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance (SH/02/22)

54. As explained in the Background section to this report, the Southwark Plan 2022 is a statutory planning document and the Council must therefore have regard to the statutory framework for local plans set out in the Planning and Compulsory Purchase Act 2004 ('the Act') and the Town and Country Planning (Local Planning) (England) Regulations 2012 made under the Act.
55. In accordance with Section 20(5) of the Act the Inspectors have now issued their report which is included at Appendix B of this report following the conclusion of the independent examination held this year. The Inspectors have concluded that, subject to the inclusion of the Main Modifications included in *this* report at Appendix C, the Southwark Plan 2022 meets the legal requirements prescribed in Section 20(5) including that it is in general conformity with the London Plan and is sound and that the Council has fulfilled its duty to co-operate in relation to preparation of the Plan (Section 33A of the Act). The Southwark Plan 2022 is therefore now capable of adoption by the Council.
56. Cabinet has already agreed the Southwark Plan in accordance with Part 3C of the Constitution which states that matters reserved to full Cabinet include *'Approval for recommendation to council assembly of those proposals and plans contained in the council's budget and policy framework'*
57. Part 3A of the Constitution reserves the agreement of the policy framework, including development plan documents, to Council Assembly. Council Assembly is now being asked to adopt the Southwark Plan 2022 and agree to the rescission of the development plan documents listed at recommendation 2 of this report which will be superseded on adoption of the new Plan.

Strategic Director of Finance and Governance (CE21/071)

58. This report is requesting that Council Assembly agrees the Southwark Plan 2022 at Appendix A for adoption and agrees the rescission of the Southwark Plan 2007, the Core Strategy 2011, the Aylesbury Area Action Plan (2010), the

Peckham and Nunhead Area Action Plan (2014) and the Canada Water Area Action Plan (2015) and also notes other recommendations of the report.

59. The strategic director of finance and governance notes that there are no new immediate financial implications arising from this report.
60. The strategic director of finance and governance expects that financial appraisals will be carried out as any new plans are developed and will be subject to future reports, including identifying the revenue or capital resources for any new commitments.
61. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

APPENDICES

Appendices	Title
Appendix A	Southwark Plan 2022 (adoption version)
Appendix B	Inspector's Report to the New Southwark Plan
Appendix C	Main Modifications to the New Southwark Plan (and appendices)
Appendix D	Consultation Report on the Main Modifications
Appendix E	Integrated Impact Assessment
Appendix F	Equalities Impact Assessment
Appendix G	Habitats Regulation Assessment
Appendices available online at	https://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/new-southwark-plan?chapter=10

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
New Southwark Plan Examination Hearings	These can be viewed on the Council's YouTube page	planningpolicy@southwark.gov.uk
New Southwark Plan Examination webpage including all relevant documentation	https://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/new-southwark-plan	planningpolicy@southwark.gov.uk
National Planning Policy Framework	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005759/NPPF_July_2021.pdf	planningpolicy@southwark.gov.uk

AUDIT TRAIL

Cabinet Member	Councillor Helen Dennis, Cabinet Member for the Climate Emergency and Sustainable Development		
Lead Officer	Juliet Seymour, Head of Policy, Building Control and the Historic Environment		
Report Author	Laura Hills, Planning Policy and Monitoring Innovation Manager		
Version	Final		
Dated	10 February 2022		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Governance		Yes	Yes
Strategic Director of Finance and Governance		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			10 February 2022

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**COUNCIL ASSEMBLY AGENDA DISTRIBUTION LIST (OPEN) (FULL LIST)
MUNICIPAL YEAR 2021/22**

NOTE: Original held by Constitutional Team; all amendments/queries to
Virginia Wynn-Jones Tel: 020 7525 7055

ONE COPY TO ALL UNLESS OTHERWISE STATED	Copies	To	Copies
Councillors (1 each) Councillor Jasmine Ali Councillor Radha Burgess Councillor Sunil Chopra Councillor Nick Dolezal Councillor Tom Flynn Councillor Renata Hamvas Councillor Lorraine Lauder Councillor Maria Linforth-Hall Councillor Eliza Mann Councillor Darren Merrill Councillor David Noakes Councillor Damian O'Brien Councillor Leo Pollak Councillor Sandra Rhule Councillor Martin Seaton Councillor Andy Simmons Councillor Cleo Soanes Councillor Kath Whittam Councillor Kieron Williams Electronic Versions (No hard copy) All other councillors	19	Press Southwark News South London Press Group Offices Luke Newman, Labour Group Office Pavle Popovic, Liberal Democrat Group Office Officers Eleanor Kelly Duncan Whitfield Doreen Forrester-Brown Chidilim Agada Caroline Bruce David Quirke-Thornton Michael Scorer Constitutional Team (Copies to Virginia Wynn-Jones, 2 nd Floor, Hub 2, Tooley Street) Others Matt Dean, Grant Thornton Ground floor audit office, Tooley Street Total: Last updated: 11 February 2022	 1 1 1 1 1 1 1 1 by email by email by email