

Cabinet

Tuesday 17 October 2023

11.00 am

Rooms GO2A, B and C, 160 Tooley Street, London SE1 2QH

Membership

Councillor Kieron Williams (Chair)
Councillor Jasmine Ali

Councillor Evelyn Akoto
Councillor Helen Dennis
Councillor Stephanie Cryan
Councillor Dora Dixon-Fyle MBE
Councillor James McAsh
Councillor Catherine Rose
Councillor Martin Seaton

Portfolio

Leader of the Council
Deputy Leader and Cabinet Member for
Children, Education and Refugees
Health and Wellbeing
New Homes and Sustainable Development
Homes, Communities and Finance
Community Safety
Climate Emergency, Clean Air and Streets
Neighbourhoods, Leisure and Parks
Jobs, Skills and Business

INFORMATION FOR MEMBERS OF THE PUBLIC

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Contact

Email: paula.thornton@southwark.gov.uk; constitutional.team@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Althea Loderick

Chief Executive

Date: 9 October 2023



Cabinet

Tuesday 17 October 2023
11.00 am
Rooms GO2A, B and C, 160 Tooley Street, London SE1 2QH

Order of Business

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

Item No.	Title	Page No.
5.	MINUTES	2 - 19
	To approve as a correct record the minutes of the open section of the meeting held on 12 September 2023.	
6.	PUBLIC QUESTION TIME (15 MINUTES)	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules. The deadline for the receipt public questions is midnight Wednesday 11 October 2023.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Wednesday 11 October 2023.	
8.	FAIRER, GREENER, SAFER: SOUTHWARK ANNUAL PERFORMANCE REPORT 2022-23	20 - 34
	To note the annual performance report against the Council Delivery Plan for 2022-2023.	
9.	MEDIUM TERM FINANCIAL STRATEGY AND CAPITAL UPDATE	35 - 84
	To note and approve recommendations in respect of the medium term financial strategy and capital update.	
10.	GENERIC EMERGENCY PLAN	85 - 91
	To agree the annual review of the generic borough emergency plan.	
11.	GATEWAY 0 - THE PROVISION OF CARE SERVICES IN FLEXI CARE HOUSING	92 - 119
	To approve the strategic options assessment for delivery of flexi care services for the council.	
12.	ANNUAL SCHOOL PLACE PLANNING REPORT FINANCIAL AND ACADEMIC YEAR 2023-24	120 - 153
	To note the updated forecasts of primary and secondary school places from 2023-2024.	

Item No.	Title	Page No.
13.	COMMERCIAL PROPERTY PORTFOLIO: ADDITION OF INCOME GENERATING ASSET	154 - 156
	To approve a recommendation to purchase an asset.	
14.	ELEPHANT AND CASTLE TOWN CENTRE - COMPULSORY PURCHASE ORDER	157 - 179
	To approve the authorisation of the withdrawal of the London Borough of Southwark (Elephant and Castle Town Centre) Compulsory Purchase Order 2023 dated 2 February 2023 and the implementation of a new Compulsory Purchase Order for the Elephant and Castle Town Centre.	
15.	GATEWAY 0 - STRATEGIC ASSESSMENT - COMMERCIAL FLEET PROCUREMENT	180 - 211
	To note and approve the strategic options assessment for delivery of commercial fleet procurement for the council.	
16.	APPOINTMENT TO OUTSIDE BODIES 2023-24 - LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (S101 JOINT COMMITTEE)	212 - 214
	To agree an appointment to an outside body.	
	DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING	

EXCLUSION OF PRESS AND PUBLIC

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

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

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

PART B - CLOSED BUSINESS**17. COMMERCIAL PROPERTY PORTFOLIO: ADDITION OF INCOME GENERATING ASSET**

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

Date: 9 October 2023



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

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

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

DECISION MAKER

Name of decision maker: Cabinet

Date of meeting: 17 October 2023

LEAD OFFICER DETAILS

Name and contact details: Adrian Sancroft, Principal Surveyor
Email: Adrian.Sancroft@southwark.gov.uk

DETAILS OF THE REPORT

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

Commercial Property Portfolio: Addition of Income Generating Asset

The details of the transaction are commercially confidential thus require a closed report to protect the identity of the asset, the vendor and the price. A reduced open version has been included in the agenda for the cabinet meeting 17 October 2023.

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

Potential to lose exclusivity in the transaction or the entire transaction.

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

From inception however vital appendices only very recently been received.

Paula Thornton
For Proper Constitutional Officer
Dated: 9 October 2023



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 12 September 2023 at 11.00 am at the Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Kieron Williams (Chair)
Councillor Jasmine Ali
Councillor Evelyn Akoto
Councillor Helen Dennis
Councillor Stephanie Cryan
Councillor James McAsh
Councillor Catherine Rose
Councillor Martin Seaton

OTHER MEMBERS PRESENT: Councillor Emily Hickson (deputy cabinet member, non-voting)

1. APOLOGIES

An apology for absence was received from Councillor Dora Dixon-Fyle.

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

None.

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

No closed items for this meeting.

4. **DISCLOSURE OF INTERESTS AND DISPENSATIONS**

None were declared.

ANNOUNCEMENT

Councillors Kieron Williams and Jasmine Ali extended their congratulations in respect of the exam results at GCSE and A level standards in Southwark this year and for the efforts and hard work of all those involved including the students, schools, parents, carers, teachers and council officers.

5. **MINUTES**

RESOLVED:

That the minutes of the meeting held on 10 July 2023 be approved as a correct and signed by the chair.

6. **PUBLIC QUESTION TIME (15 MINUTES)**

None.

7. **DEPUTATION REQUESTS**

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

RESOLVED:

1. That the following deputation requests be heard:
 - Save the Clubhouse Café (Burgess Park) and
 - Southwark Group of Tenants Organisation and Tenants Forum.
2. A spokesperson for each deputation addressed cabinet for five minutes and questions were asked of the deputations for a period of five minutes.

8. **A HOME TO BE PROUD OF - THE COUNCIL'S PLAN FOR IMPROVING ITS HOUSING REPAIRS SERVICE TO TENANTS**

Representatives from tenant groups (Southwark Group of Tenants Organisation

and Tenants Forum) and other tenant representatives were in attendance to give their comments in respect of the report.

RESOLVED:

1. That the council's plans to improve the council's repairs service and the progress over the last 12 months be noted and welcomed.
2. That the renewed focus on working closely with residents and Trades Unions to ensure the improved service meets the needs of all who depend upon it be noted.
3. That responsibility be delegated to the strategic director for finance to identify adequate funding to support the improvements detailed in the report, in consultation with the cabinet member for homes, communities and finance.
4. That an annual report on the council's progress in delivering the repairs improvement plans be received by cabinet.

9. LAND FOR GOOD, THE REPORT OF THE 2023 SOUTHWARK LAND COMMISSION

Dr. Miatta Fahnbulleh, chair of the Land Commission, was in attendance to present the report to cabinet.

RESOLVED:

1. That the recommendations set out in Land for Good, the Report of the 2023 Southwark Land Commission be noted.
2. That officers consider the recommendations set out the report and report back to cabinet in early 2024.

10. POLICY AND RESOURCES STRATEGY: REVENUE MONITORING REPORT, MONTH 4 2023-24

It was noted that an addendum report had been circulated to correct the reported forecast outturn position set out in recommendation 1 and Table 1 of the report.

RESOLVED:

That the following be noted:

1. The adverse variance forecast of £3.5m for the general fund in 2023-24.

2. The key general fund variations and budget pressures:
 - (i) Budgetary pressure of £2.4m in education, mainly driven by higher demand and cost pressures in home to school transport (paragraph 51 of the report)
 - (ii) £1.6m pressure in environment, neighbourhoods and growth department, due mainly to significant increases in 'no recourse to public funds' (NRPF) costs (paragraph 59 of the report)
 - (iii) The continuing budget pressure in homelessness (paragraphs 36-40 of the report).
3. The housing revenue account forecast for 2023-24 is a deficit of £13.8m (Table 2, paragraphs 19 -31 of the report).
4. The ongoing inclement macro-economic environment, with inflation running at 7.9% in June 2023 and interest rates increased 14 times in row to 5.25%, the highest since 2008.
5. The ring-fenced dedicated schools grant (DSG) is forecasting an unfavourable outturn of £0.6m which is mainly due to pressures within the high needs service (paragraphs 55-57 of the report).

That the following be approved:

6. The interdepartmental budget movements that exceed £250k, as shown in Appendix A of the report (noting those under this threshold).

11. **GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: INDIVIDUAL HEATING AND WATER REPAIRS AND MAINTENANCE WORKS**

RESOLVED:

1. That the procurement strategy outlined in the report to undertake a tender procedure for the heating and water repairs, maintenance, refurbishment and replacement work contracts split into two lots with a total combined estimated maximum value of £187.92m be approved as follows:
 - Lot 1 – Individual Heating and Water Repairs and Maintenance:
 - Contract A - Bermondsey, Rotherhithe, Walworth and Borough and Bankside at an estimated annual cost of £4.58m
 - Contract B – Camberwell, Dulwich, Peckham and Nunhead at an estimated annual cost of £4.78m.

each for a period of five years from April 2025 (at an estimated

combined total cost £46.80m) with the option to extend up to a further three years (in increments at the council's sole discretion subject to performance) making an estimated total contract value for both contracts of £74.88m.

- Lot 2 - District Heating Maintenance, Refurbishment and Replacement:
 - Contract C - Bermondsey, Rotherhithe, Walworth and Borough and Bankside at an estimated annual cost of £7.52m
 - Contract D – Camberwell, Dulwich, Peckham and Nunhead at an estimated annual cost of £6.61m.

each for a period of five years from 1 April 2025 (at an estimated combined total cost £70.65m) with the option to extend up to a further three years (in increments at the council's sole discretion subject to performance) making an estimated total contract value for both contracts of £113.04m.

2. That it be noted that the procurement strategy in the report will result in bidders being required to bid as backup to each other in their own lot on their tendered rates to ensure an efficient service delivery.
3. That it be noted that no one contractor can win more than one contract in each lot, and that bidders will be required to choose (at the pre-selection stage) which of the two lots they wish to bid for, which ensures that there is sufficient contractor capacity to deliver works.
4. That it be noted that the cabinet member for homes, communities and finance approved the publication of a Prior Information Notice (PIN) to inform the market of the council's intention to procure.
5. That authority be delegated to the strategic director of housing to approve the gateway (GW) 3 report in for an extension to the existing contracts to align with the award of the new contracts when the procurement tender exercise is completed.
6. That authority be delegated to the strategic director of housing, in consultation with the cabinet member for council homes, to approve the GW2 report for the four contracts A, B, C and D noted in recommendation 1 above for the reasons detailed in paragraph 48 of the report.

12. RESPONSE TO ENVIRONMENT AND COMMUNITY ENGAGEMENT SCRUTINY REVIEW: FINANCING SOUTHWARK'S GREEN TRANSITION

Councillor Emily Hickson deputy cabinet member for green finance presented the report to cabinet. Councillor Hickson advised that she was a member of the

pension advisory panel and declared a non-pecuniary interest on the basis that the panel operated in an advisory capacity. Additionally, Councillor Emily Hickson as a deputy cabinet member was not a voting member of the cabinet.

RESOLVED:

Decision of the Cabinet

1. That the responses to recommendations 1-13 as set out in the report be agreed and that officers undertake the work necessary to deliver these.

Decision of the Leader of the Council

2. That the response to recommendation 14 be agreed.

13. RESPONSE TO ENVIRONMENT AND COMMUNITY ENGAGEMENT SCRUTINY REVIEW: RESIDENT PARTICIPATION FRAMEWORK

RESOLVED:

That the contents of the report and the response to the recommendations of the environment and community engagement scrutiny commission mini-review report on the residents' participation framework be noted.

14. RESPONSE TO HOUSING AND COMMUNITY SAFETY SCRUTINY REVIEW: HOUSING REPAIRS SERVICE, COUNCIL LEASEHOLDERS AND EMPTY HOMES

RESOLVED:

That the responses to the eight recommendations included in the report of the housing and community safety: housing repairs service, council leaseholders and empty homes be noted.

15. RESPONSE TO HOUSING AND COMMUNITY SAFETY SCRUTINY REVIEW: VIOLENCE AGAINST WOMEN AND GIRLS, HATE CRIME AND DOMESTIC ABUSE

RESOLVED:

That the response to the violence against women and girls hate crime, and domestic abuse scrutiny recommendations as set out in Table 1 of the report be noted.

16. RESPONSE TO HEALTH AND SOCIAL CARE SCRUTINY REVIEW: CARE CONTRIBUTIONS

Councillor Suzanne Abachor, chair of health and social care scrutiny review provided comments in respect of the response.

RESOLVED:

That the response of the lead member to the recommendations of the health and social care scrutiny commission cabinet report, 13 June 2023 in paragraphs 17-29 of the report be noted.

17. RESPONSE TO HEALTH AND SOCIAL CARE SCRUTINY REVIEW: ACCESS TO MEDICAL APPOINTMENTS (KEY WORKER HOMES)

RESOLVED:

That the response to the recommendation be noted.

18. RESPONSE TO EDUCATION AND LOCAL ECONOMY SCRUTINY REVIEW: MITIGATING FALLING PUPIL NUMBERS IN SCHOOLS

RESOLVED:

1. That the response to the education and local economy scrutiny commission report and recommendations be noted.
2. That the agreement to deliver recommendations 1, 4 and 8 be agreed.

19. RESPONSE TO EDUCATION AND LOCAL ECONOMY SCRUTINY REVIEW: IMPACT OF COST OF LIVING CRISIS ON BUSINESSES

RESOLVED:

That the response to the education and local economy scrutiny recommendations on the review of the cost-of-living crisis on business, as set out in paragraphs 4 to 35 of the report be approved.

20. MOTIONS REFERRED FROM COUNCIL ASSEMBLY 12 JULY 2023

RESOLVED:

Health and wellbeing in Southwark

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

1. This council notes:
 - a. 5 July 2023 marked 75 years of the National Health Service (NHS).
 - b. Treating over a million people a day in England, the NHS touches all of our lives. When it was founded in 1948, the NHS was the first universal health system to be available to all, free at the point of delivery. Today, nine in 10 people agree that healthcare should be free of charge; more than four in five agree that care should be available to everyone, and that the NHS makes them most proud to be British.
 - c. Labour created the NHS. Our values are built into the NHS's founding principle that everyone, wherever they live, whatever they earn, should get healthcare that is free at the point of use.
 - d. The NHS is facing both an unprecedented immediate crisis and a long-term challenge. Right now, the NHS is not working. 13 years of Conservative and the Conservative and Liberal Democrat coalition governments has run the service into the ground.
 - e. The immediate crisis is that the NHS is no longer there for people when they need it: Month long waits to see a GP, ambulances that can't get to people in time to save lives, dangerously long queues in A&E, over 7 million on the waiting list for hospital treatment – a system at breaking point.
 - f. The NHS crisis has widened health inequalities, created barriers to access to healthcare and resulted in a disparity in outcomes.
 - g. Everyone should be able to access the support and services they need to lead healthy lives. A Labour Government will tackle health inequalities, support mental wellbeing and help residents to be fit and active.
 - h. Southwark Council have established a new in-house Active Southwark Service designed to help our residents stay healthy and fit. Giving access to a wide range of activities across our pools, leisure centres, outdoor gyms, parks and sports facilities.

- i. Southwark Council is working to ensure quality care in Southwark for those who need it, and look after people who care for others too.
 - j. We are rolling out our new Residential Care Charter to ensure all Southwark residential and nursing homes have high standards of care and fair pay for care home staff. This includes every home having a Family Forum so people have a place to raise any concerns about a loved one's care.
 - k. The employers of five of our biggest care homes have signed up to the Residential Care Charter, equating to nearly 70% of our care worker staff working in homes that are fully compliant and will be paid at least the London Living Wage. They will also be paid for the time it takes to carry out a proper handover between shifts, ensuring safety and continuity of care for residents. Zero hour contracts will not be used in place of permanent contracts unless requested by staff and training must be free and carried out in work time. These steps mean that our most vulnerable residents receive the best care from carers whose work is respected.
 - l. We have opened a new state of the art nursing home, so all older Southwark residents who need care can continue to have a home in our borough, and we are identifying another site to open another home in the next few years.
 - m. Southwark is part of the Integrated Care System a partnership that brings together the organisations responsible for health and care services in south east London, to make the greatest possible contribution to the health and wellbeing of people living in South East London.
 - n. Since 2019, Partnership Southwark has been working to better join up services and support, tackle the causes of inequality, and improve the health and wellbeing of Southwark residents. Partnership Southwark is our Local Care Partnership within the overall South East London Integrated Care System, working with other health, care and non-statutory organisations and local communities to bring together services and support at a neighbourhood level so that they do a better job of keeping people healthy and meeting their needs.
 - o. The Conservative cost of living crisis has plunged many families into food poverty and food related health inequalities. Access to healthy and nutritious food impacts us at every stage in life, affecting development, wellbeing and life chances. Inequalities in diet result in inequalities in health.
2. The Council believes:

- a. This NHS crisis is leading to a two-tier system, with creaking NHS care for those who can't afford to pay, and timely care only for those with the money to go private.
 - b. Our health system faces a long-term sustainability challenge. The NHS is still designed for the world of 1948, where people needed short-term treatment for infectious disease or injury. Now, we are looking to the same system to provide more care for people with chronic long-term conditions and it is simply not set up for this.
 - c. Alongside the NHS crisis, it is extraordinary that in one of the richest countries in the world, the issue of food insecurity is soaring to unprecedented levels. The combination of food prices, wage stagnation and real-terms cuts to benefits is tipping more people into food poverty. This is not inevitable – it is a political choice by a Conservative-led government. We want a sustainable food system in Southwark to improve health and wellbeing for our population, to reduce inequalities and to protect the planet.
 - d. In Southwark, we recognise the urgency of healthy, affordable food for the health and wellbeing of our communities. The council has a strong history of tackling food insecurity together with our partners in the voluntary, community and faith sector.
 - e. We are proud to be one of only four councils in London to be recognised as cross-cutting leaders in our food work as part of the recently published Good Food for All Londoners report.
3. The Council resolves to:
- a. Support the election of a Labour government that can fix the immediate crisis and address the long-term challenge the NHS now faces after years of underfunding by the Conservatives and the Liberal Democrat governments, so that future generation can benefit from the NHS for the next 75 years and long beyond.
 - b. Support the election of a Labour Government with a strong ambition to create a National Care service that will resolve the crisis in the adult social care system.
 - c. Work with our communities and NHS to reduce inequalities in access to healthcare, including those faced by Black, Asian and ethnic minority people. Expanding our Community Health Ambassadors network to empower more people to work with their community to increase the uptake of life saving vaccinations and cancer screening and holding local health services to account for the work they need to do to make sure care is accessible and high quality for all.

- d. Ensure all Southwark residents can access mental wellbeing support if they need it. The Council is already rolling out support for all children and young people. We will also launch innovative new support for adults, designed and delivered with and for people from across Southwark's diverse communities. Including support for parents delivered by parents.
- e. Continue to work to provide the highest possible care for residents who need it, and increase nursing home capacity in the Borough.
- f. Provide a defibrillator (AED) for every school and in public buildings to ensure all residents have access to these lifesaving pieces of equipment.
- g. Confirm that Labour will ensure quality care in Southwark for those who need it, and look after people who care for others too.
- h. Introduce more support for all unpaid carers, regardless of whether the person they care for gets funded care.
- i. Continue to look for opportunities to bring social care services in house, under the control of user led groups or into cooperative ownership and will campaign to keep our NHS in public ownership
- j. Make Southwark a Right to Food Borough. Working with local businesses, community groups and schools to ensure everyone in Southwark has access to healthy, affordable food within a short walk of their home.
- k. Continue to increase access to affordable food models (such as pantries) in the borough, and ensure more convenience stores provide an affordable, healthy food offer to residents. We will provide much needed support to local organisations that are tackling food poverty to embed cash-first approaches and provide a culturally appropriate food offer.

Support the #LiftTheBan Campaign

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

1. Council assembly notes that:
 - a. in Southwark there are 1,002 people seeking asylum in receipt of Section 98 support and 1,273 people in receipt of Section 95 support.
 - b. since 2002, people seeking asylum have only able to apply for the right to work

- c. after they have been waiting for a decision on their asylum claim for over a year, and only if they can be employed into one of the narrow, highly-skilled professions included on the Government's Shortage Occupation List.
 - d. people seeking asylum are left to live on £5.84 per day, struggling to support themselves and their families, and left vulnerable to destitution, isolation, and exploitation.
 - e. the potential foregone economic gain for the UK economy of allowing people to work is estimated to be £97.8 million via increased taxable income and reduced payments of accommodation/ subsistence support.
 - f. 71% of people polled agreed with the statement: "when people come to the UK seeking asylum it is important they integrate, learn English and get to know people. It would help integration if asylum-seekers were allowed to work if their claim takes more than six months to process."
2. Council assembly believes that:
- a. people seeking asylum want to be able to work so that they can use their skills and make the most of their potential, integrate into their communities, and provide for themselves and their families.
 - b. restrictions on right to work can lead to extremely poor mental health outcomes, and a waste of potentially invaluable talents and skills both for the economy of Southwark and the UK.
 - c. allowing people seeking asylum the right to work would therefore lead to positive outcomes for those seeking asylum in Southwark and for the local and national economy.
3. Council assembly resolves to:
- a. join the Lift the Ban Coalition, which is campaigning to restore the right to work for everyone waiting for more than 6 months for a decision on their asylum claim.
 - b. call on the UK Government to give people seeking asylum the right to work unconstrained by the shortage occupation list after they have waited six months for a decision on their initial asylum claim or further submission.

A Clean Southwark

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

1. Council Assembly notes:
 - a. That fly-tipping and litter have increased across the country after the pandemic, and nationally costs councils millions to address.
 - b. Waste on the streets causes significant environmental and health hazards, and worsens the aesthetics of where we live.
 - c. Whilst changes in national legislation would help to tackle the issue, there is room for councils to act within the current framework.
2. Council Assembly notes the Council's record on fly-tipping:
 - a. The Council removed flytipping within 24 hours in 98.6% of cases in 2021/22, beating the target of 98%.
 - b. According to the national Flycapture database, Southwark has the fewest incidents of flytipping reported by the public of all London boroughs who provided figures.
 - c. 81% of flytipping collected is done so proactively, without the public even needing to report it.
 - d. It is notoriously difficult to find evidence for flytipping. Nonetheless, the Council's CCTV Team currently has four active cameras deployed to support enforcement activity in areas of concern for fly tipping, and since April the CCTV team have provided the Environmental Enforcement Team with 46 example of evidence.
 - e. Despite a tough financial climate, the council has not removed any funding from flytipping and instead invested £500k into improving street cleanliness in 2022/23. This includes additional resources for graffiti removal, fly-tip removal and enforcement, and litter bins to increase recycling from street cleaning.
3. Council Assembly notes the Council's record on litter and street cleaning:
 - a. The resources deployed for cleaning of high profile locations such as town centres has been maintained in 2022/23 therefore no reduction in frequency.
 - b. The Council provides litter picking on residential roads between twice and six times per week, based on need. This will help maintain acceptable levels of cleanliness for litter on residential roads.
 - c. The most recent figures show the council meeting its targets for both

littering and street detritus.

4. Council Assembly notes the Council's record on pest control:
 - a. Reporting figures detail the total number of visits, not infestations, and for all rodent infestations not just rats
 - b. Almost 100% of pest related works involve a treatment programme which requires multiple visits to an individual property for a single infestation
 - c. All council tenants receive a free service for the most common pests including rat treatments
 - d. Those residents who pay for our service and are in receipt of benefits or state pension receive a 50% reduction in costs.
 - e. The council contracts the service to the London Borough of Croydon
5. This Council resolves to:
 - a. Sustain the cross council approach of services working collaboratively to resolve the issue of fly-tip at hotspot locations. These services include Waste Management, Cleaning, Environmental Enforcement, Housing, CCTV and Markets.
 - b. Maintain the Council's high standards of removing fly tipping within 24 hours and continue to aspire to beat the target of 98%.
 - c. Keep up the council record of keeping Southwark streets clean, town centres and residential roads clean, with regular sweeping as well as targeted cleaning.
 - d. Continue to offer all council tenants receive a free service for the most common pests including rat treatments and maintain the high standard of pest control that all residents receive from the council.
 - e. Uphold the work of the enforcement team dealing with commercial waste compliance and fly-tipping and continue to provide a responsive service to our residents.
 - f. Use the additional funding available in 2023/24 to address fly-tipping to enhance the fly-tipping removal service as well as to increase the level of enforcement action taken against those who are responsible for fly-tipping.

Tackling damp and mould

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

1. Council assembly notes that:
 - a. Damp and mould is a blight on housing in the UK and is putting lives at risk.
 - b. The tragic death of Awaab Ishak resulting from toxic mould has rightfully made damp and mould a top priority when tackling housing disrepair.
 - c. Southwark Council recognises the importance of addressing the problems damp and mould can cause and the need for a robust system and processes, both proactive and reactive, to ensure that measures are in place to tackle and reduce issues surrounding condensation in its properties.
 - d. In October 2021 the Housing Ombudsman Spotlight Report was published, this made 26 recommendations for improvements across the industry. The key items for inclusion were:
 - i. Taking a zero tolerance approach to interventions with mould; meaning to take all reasonable measures to help resolve damp
 - ii. Avoid blaming the resident – The Ombudsman felt landlords were too quick to lay the blame of the problem with residents use of the property
 - iii. It's not lifestyle – The Ombudsman case studies highlighted a number of cases had underlying issues which were not identified or addressed. The council responded by reviewing the damp and mould strategy and implementing a new approach.
 - e. Since 2022 the council has:
 - i. Delivered a Major works scheme to address the damp mould and piloted the use of smart home technology on Kingswood Estate
 - ii. Consulted with residents at Area Forums and set up a resident online workshop
 - iii. Implemented a new policy which sets out how Southwark Council will respond and manage damp, mould and condensation, as well as its proactive approach to identify and remediate potential causes of future damp and mould
 - iv. Created a new Damp & Mould team in November 2022 within the repairs function who take ownership of the end to end process of a resident making an enquiry through to completion and follow-up of the works

- f. The Council has also introduced enhanced IT and additional ways a resident can contact the service. This includes:
 - i. Providing a dedicated phone number with direct access to the Damp & Mould team
 - ii. A dedicated email contact, again, direct to the team
 - iii. A new online reporting form with the ability to upload pictures and videos
 - iv. Targeted action days on estates
 - v. Posters with QR codes on display within our estates informing residents on how to report D&M
 - vi. Updated web-site with key information
 - vii. Produced a new resident facing damp pack brochure
 - g. Triaging for damp and mould works are now applied. An urgent priority, which is based on residents' vulnerability and severity of hazards & risks. Routine damp and mould cases are raised on a separate priority. The dedicated team communicate with the resident, checking that they are happy at the end of the process and returning if needed for further advice or works.
 - h. As part of our initial inspection process, our trained inspectors provide guidance and a damp pack to all residents when on site. Every resident receives a Hygrometer to measure the humidity and water vapour in the air, which helps identify factors that cause damp and mould.
 - i. The Damp & Mould team have been selected on the basis of their experience of damp and across the repairs spectrum, are trained in HHSRS (housing health and safety rating system), and can flag where a property is category one and doesn't meet decent home standard
2. Council assembly welcomes:
- a. The creation of the Southwark damp and mould taskforce and hopes this team can be put to effective use in improving Southwark's response to damp and mould in the borough.
 - b. The success of the repairs action days held throughout the borough that facilitated direct engagement between council officers and residents and saw proactive repairs carried out with effective follow-ups from the repairs team.
3. Council assembly resolves to:
- a. Ensure that keeping people safe in their homes remains the number one priority for our housing teams.
 - b. Continue to use a data-led approach, with a Power BI dashboard which

allowing us to accelerate our response to damp and mould. This allows the council to pull together and automate the reporting of data that is held on a separate database.

- c. Ensure that this data is available to Overview and Scrutiny Committee, the Housing Scrutiny Commission and the Cabinet.
- d. Use newly created heat maps to identify repeat visits and flag blocks which could have recurring environmental, mechanical or structural issues
- e. Build on the success of the repairs action day, by creating a calendar for future repair action days, to the benefit of residents in all wards.
- f. Continue to insure that an inspector attends every report of damp within 20 days, taking the resident through a booklet on managing damp in the home and providing each resident with a hygrometer as well as inspecting for airflow, leaks or any other issues that may be causing damp.
- g. Call on the Government to support local authorities in tackling damp and mould by providing the necessary extra resources, ensuring the council continue to keep people safe in their homes.
- h. Continue enforcement on private landlords, who do not tackle or take action to solve damp and mould issues.
- i. Offer advice and support residents raising a complaint where housing associations are failing to tackle damp and mould, as well as signposting residents on how to report them to the Ombudsman if necessary.
- j. Remain committed to working with government, the GLA and other partners to ensure we continue to eradicate damp and mould across our council homes, and work with the GLA on the development of any 'gold standard'.

21. APPOINTMENT TO OUTSIDE BODY 2023-24: BOARD OF SOUTHWARK COLLEGE CORPORATION

RESOLVED:

That it be agreed that Councillor Jasmine Ali be appointed as the council's representative to serve on the Board of Southwark College Corporation for the 2023-24 municipal year.

The meeting ended at 1.10pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 17 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 20 SEPTEMBER 2023.

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

Item No. 8.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Fairer, Greener, Safer: Southwark Annual Performance Report 2022-23	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Kieron Williams, Leader of the Council	

FOREWORD – COUNCILLOR KIERON WILLIAMS, LEADER OF THE COUNCIL

This report sets out the remarkable achievements of the council and our partners for the last year, against our four year council delivery plan. Many of the things we have achieved would not have been possible without the close support of others, working in partnership, whether the health service, local voluntary groups and residents’ organisations. I want to thank all those who have been involved in supporting the delivery of this long list of accomplishments over the last 12 months.

We also cannot escape the fact that residents are facing unprecedented challenges; rising bills and public services under strain from ongoing government funding cuts. Nonetheless, we have worked together to respond to these challenges. In one year we launched a comprehensive cost-of-living package for residents funded through a special cost-of-living fund. By spring this year, we had distributed cost of living support worth over £30m to more than 100,000 local people – including free meals for more than fifteen thousand children attending Southwark schools on every day of every school holiday period. We worked with voluntary sector partners to open more than 40 warm spaces. We also provided social care to 5,190 older and vulnerable residents, supported 70 rough sleepers into long-term homes, and looked after 635 children over the course of the year.

While supporting those in need is our absolute priority, we must also keep our borough clean, green and safe; and always have one eye on the future. In 2022/23 we planted 8,092 trees, developed our Streets for People initiative to improve air quality and reduce car use, and took big steps forward in reducing our carbon emissions and directly addressing the climate emergency. Our climate action strategy and plan was assessed among the top plans in the UK. We successfully lobbied Transport for London to protect our bus routes, and launched the Southwark Land Commission to look at how we can identify and protect more land for public good.

As London’s largest council housing landlord, Southwark manages 52,000 homes on behalf of our tenants and leaseholders, about a third of the homes in

the borough. It is a huge privilege to support so many of our residents, with this fundamental need, and this year we have continued to push forward with our efforts to build more council homes with almost 700 new council homes granted planning permission in 2022/23. We are building more homes than ever from a strong track record in delivery – in 2021 one third of all council homes were built here in our borough.

Our young people continue to shine, with the most recent summer GCSE results showing their achievements positively bucking national trends. Over 9 in 10 our schools judged good or outstanding. We were proud to be rated ‘Good’ for our Children’s Services in our last Ofsted in September 2022, where we were told that children are at the heart of practice in Southwark and children’s lives are improved as a result of our impact.

This summer saw the Council take direct control of leisure services and centres across our borough. We welcomed new staff into the Council and our new service will give residents and Southwark Leisure members better choices to access leisure and wider health opportunities as a result of being under one Council roof.

This was also the year we launched Southwark 2030 – our bold campaign to involve everyone in the borough in designing how we want Southwark to look and feel in the future. This work has continued throughout 2023, and we look forward to sharing our new shared borough vision and missions with you in the coming months.

There are many more achievements detailed in this report which demonstrate the council’s and our community’s clear commitment to improving our borough and supporting residents to live happy, healthy and fulfilling lives. We look forward to what we can continue to achieve together in the coming years.

RECOMMENDATION

1. That cabinet notes the council’s performance over 2022/23 and the progress highlighted as set out in Appendix 1.

BACKGROUND INFORMATION

2. Cabinet approved the Fairer, Greener, Safer Southwark - Council Delivery Plan 2022-26 in September 2022. The plan sets out the programme of work that the council will achieve over the period 2022-2026. In agreeing the Council Delivery Plan Cabinet agreed to produce an annual performance report on delivery of progress of the plan.

KEY ISSUES FOR CONSIDERATION

3. The Council Delivery Plan is a clear statement to the residents, businesses, local voluntary/community sector organisations and other stakeholders of that programme and how the council will deliver a fairer, green and safer borough for all in Southwark. It is grouped around priority

themes which reflect the topics that the people of Southwark said were most important to them. Alongside transforming our borough which focuses on creating a people powered borough, closing the gap in life chances and delivering thriving and sustainable neighbourhoods which are together being developed alongside Southwark 2030 and underpin all we do, the themes are:

- A thriving and inclusive economy
 - A healthy environment
 - Quality, affordable homes
 - Keeping you safe
 - Investing in communities
 - Supporting families.
4. The Council Delivery Plan contains a range of commitments which the Council will deliver up to 2025/6.
 5. The council's website is the primary channel of communication, with updates on performance and service delivery also provided through our regular e-newsletters, social media channels and through Southwark Life magazine.
 6. The Council Delivery Plan and the annual performance report on delivery on the priority themes, measures and milestones guides our budget planning. Separate capital and revenue budget monitoring reports are produced and presented to Cabinet each quarter as part of budget management.

Community, equalities (including socio-economic) and health impacts

Community impact statement, including equalities

7. The purpose of this report is for Cabinet to note delivery of progress on the Council Delivery Plan 2022-26. No specific equality analysis has been undertaken on this report and there are no impacts arising from the report itself.
8. Future decisions made on the basis of the performance highlighted in this report may require further equality analysis to be undertaken and more detailed consideration of the impact on local people and communities as appropriate.
9. The council will give due consideration to the Public Sector Equality Duty (PSED) as a positive duty to consider the promotion of equality throughout the delivery of the Council Delivery Plan. Information will also be published to show how we implement the PSED in our work and performance.

Health impact statement

10. The purpose of this report is for Cabinet to note delivery of progress on the Council Delivery Plan 2022-26. The report highlights delivery against a number of commitments that support residents to live happy, healthy and fulfilling lives.

Climate change implications

11. The purpose of this report is for Cabinet to note delivery of progress on the Council Delivery Plan 2022-26. The plan has numerous commitments that will positively impact on the council's climate change policy agenda and has several very specific commitments in relation to the reduction of carbon emissions and climate change mitigation, such as planting 10,000 trees, the detail of which is set out in a more detailed Climate Action Plan, reported to Cabinet separately.

Resource implications

12. There are no immediate resource implications arising from this report. Any additional funding required as a result of decisions following this report will be subject to financial appraisal and assessed and reported through the council's budget setting process.

Legal implications

13. There are no immediate legal implications arising from this report. Any decisions or actions required to progress delivery of the Council Delivery Plan will be subject to the council's legal and governance procedures.

Consultation

14. The purpose of this report is for Cabinet to note delivery of progress on the Council Delivery Plan 2022-26.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance

15. In the past local authorities were subject to various duties relating to the monitoring of performance. This regime has now largely been abolished, firstly by the Local Government and Public Involvement in Health Act 2007 and subsequently the Localism Act 2011.
16. However, a local authority is still under a general duty of best value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The Council Delivery Plan is one of the ways the council can demonstrate that it is achieving this requirement.

17. Cabinet is reminded that in the exercise of all its functions it must have due regard under section 149 Equality Act 2010 to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. Reference is made in the community impact section above to the positive duty to consider the promotion of equality throughout the delivery of the Council Delivery Plan and that more detailed consideration of the impact on local people and communities will be provided as appropriate when decisions are made arising from the plan.

Strategic Director of Finance

18. There are no financial implications arising directly from this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Council Delivery Plan Annual Performance Report 2022-23

AUDIT TRAIL


Cabinet Member	Councillor Kieron Williams, Leader of the Council	
Lead Officer	Althea Loderick, Chief Executive	
Report Author	Stephen Gaskell, Assistant Chief Executive – Strategy and Communities Tricia Boahene, Head of Policy, Partnerships and Performance	
Version	Final	
Dated	05 October 2023	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Strategic Director, Finance	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		05 October 2023



Fairer, Greener, Safer Council

Delivery Plan **2022-26**

Annual Performance Report **2022-23**

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Southwark
Council

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Foreword

This report sets out the remarkable achievements of the council and our partners for the last year, against our four year council delivery plan. Many of the things we have achieved would not have been possible without the close support of others, working in partnership, whether the health service, local voluntary groups & residents' organisations. I want to thank all those who have been involved in supporting the delivery of this long list of accomplishments over the last 12 months.

We also cannot escape the fact that residents are facing unprecedented challenges; rising bills and public services under strain from ongoing government funding cuts. Nonetheless, we have worked together to respond to these challenges. In one year we launched a comprehensive cost-of-living package for residents funded through a special cost-of-living fund. By spring this year, we had distributed cost of living support worth over £30m to more than 100,000 local people – including free meals for more than fifteen thousand children attending Southwark schools on every day of every school holiday period. We worked with voluntary sector partners to open more than 40 warm spaces. We also provided social care to 5,190 older and vulnerable residents, supported 70 rough sleepers into long-term homes, and looked after 635 children over the course of the year.

While supporting those in need is our absolute priority, we must also keep our borough clean, green and safe; and always have one eye on the future. In 2022/23 we planted 8,092 trees, developed our Streets for People initiative to improve air quality and reduce car use, and took big steps forward in reducing our carbon emissions and directly addressing the climate emergency. Our climate action strategy and plan was assessed among the top plans in the UK. We successfully lobbied Transport for London to protect our bus routes, and launched the Southwark Land Commission to look at how we can identify and protect more land for public good.

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Our young people continue to shine, with the most recent summer GCSE results showing their achievements positively bucking national trends. Over 9 in 10 our schools were judged good or outstanding. We were proud to be rated 'Good' for our Children's Services in our last Ofsted in September 2022, where we were told that children are at the heart of practice in Southwark and children's lives are improved as a result of our impact.

This summer saw the council take direct control of leisure services and centres across our borough. We welcomed new staff into the council and our new service will give residents and Southwark Leisure members better choices to access leisure and wider health opportunities as a result of being under one council roof.

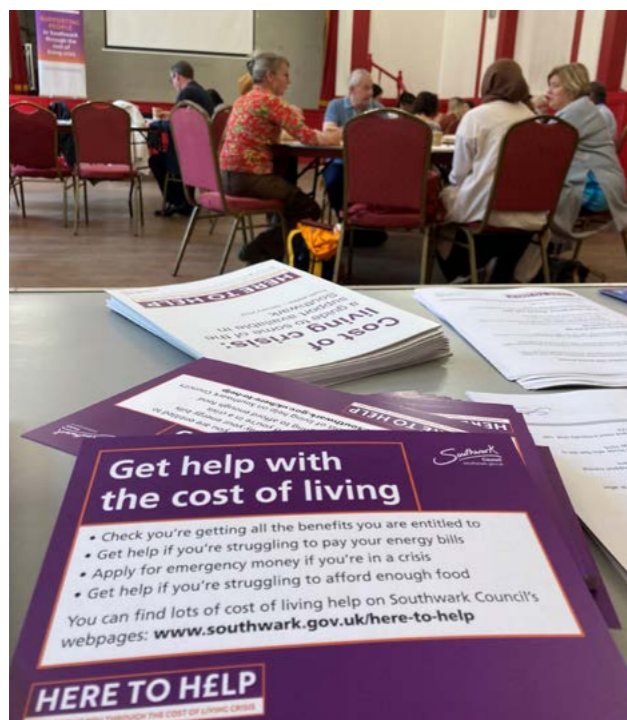
This was also the year we launched Southwark 2030 – our bold campaign to involve everyone in the borough in designing how we want Southwark to look and feel in the future. This work has continued throughout 2023, and we look forward to sharing our new shared borough vision and missions with you in the coming months.

There are many more achievements detailed in this report, which demonstrate the council's and our community's clear commitment to improving our borough and supporting residents to live happy, healthy and fulfilling lives. We look forward to what we can continue to achieve together in the coming years.

Councillor Kieron Williams
Leader, Southwark Council

Over 2022/23 the council has...

- Delivered £30m in day-to-day cost of living support to over 100,000 households, including free holiday meals to 14,949 children on every day of every school holiday period.
- Helped 942 residents who face the most barriers into employment to get work.
- Created 568 apprenticeships, supported some 6,500 residents into training to improve their skills and employability and launched the Southwark Pioneers Fund supporting 75 new start and growing enterprises.
- Took direct control of the borough's eight leisure centres welcoming thousands of new Southwark Leisure members.
- Delivered 1,764 new council homes on site and under construction.
- Planted more than 8,000 new trees.
- Launched our trail blazing Streets for People initiative, greening our streets and making the borough more pleasant to walk and cycle around whilst improving the quality of air we all breathe.
- Built thousands of new homes and created jobs as part of delivering a brand new town centre at Canada Water, and progressing development along the Old Kent Road.
- Supported 70 rough sleepers into long-term homes, meaning they can start to rebuild their lives and future opportunities.
- Launched our anti-misogyny campaign with our campaign video, 'through her eyes', with the campaign registering 396,400 social media views and made available to over 1,000 schools across London.
- 98% of schools are judged as 'good' or 'outstanding', eleventh nationally, with Children's services rated overall 'good' by Ofsted in September 2022.
- Our Nest mental health walk-in support services has helped and supported 373 children, with 85% of schools taking up the service.
- Brought our hostel service under direct council control providing support to the most vulnerable in our community at a time when they need us most.
- Supported almost 5,000 carers over the year, working with Southwark Carers and other voluntary organisations.
- Our climate action strategy and plan was assessed among the top plans in the UK, demonstrating our tangible commitment to addressing the global climate emergency at the most local level.
- Launched Southwark 2030, our engagement with the community and partners on how we want the borough to look and feel in the future; and set up the independent Southwark Land Commission to consider how we free-up more land for public good.



Transforming our borough

Southwark is a fantastic place, full of brilliant people, community groups, businesses, cultural institutions, schools, university, public services and so much more. At the heart of our approach is a commitment to empower communities to shape the places they live in and make decisions about the issues which affect their lives; to close the gap in life chances that holds so many people back; and to create thriving

and sustainable neighbourhoods. We will work together with the people and organisations of our borough to develop a renewed 2030 vision for Southwark, setting out the long-term change we will collectively work to deliver over the decade ahead. From creating more good jobs, to making Southwark net zero, to ensuring local people have the support they need to live healthy, fulfilling lives.



How have we begun to transform our borough in 2022/23?



- Over 2,000 people got involved in our extensive Southwark 2030 engagement on what the borough could look and feel like by the end of the decade.
- We've engaged with many different local groups and organisations through specially designed listening events, where local organisations lead their own sessions on how they want the borough to be now and by 2030, supported with an online survey and drop in points in libraries for people to record feedback and post ideas on our future vision.
- We're delivering on our Southwark Stands Together commitments including supporting Black, Asian and Minority Ethnic residents to take up director and trustee roles on arts organisations in the borough and partnering with Olmec through the Black on Board Programme to tackle the underrepresentation of our Black, Asian and Minority Ethnic staff at board level.
- As part of Southwark Stands Together we've awarded ten culture together grants to deliver grants and festivals that showcase the diversity of our community including Arte Latino Culture Project; Bold Theatre; Dulwich Picture Gallery; Into Art; London Bubble Theatre; Peckham Platform; Peckham Studios (Groundwork London); South London Gallery; Theatre Peckham, and the Unicorn Theatre.
- Begun work on developing our approach to neighbourhood working and delivery, including £5million in neighbourhood investment through the voluntary and community sector.

A thriving and inclusive economy

What are we committed to doing?

Together we will support our residents during the cost of living crisis and our community will drive growth and investment in our key industries, make our borough more digitally connected and support our high streets, creating new opportunities, jobs and apprenticeships. We will champion the London Living Wage and drive up standards at work by making residents and businesses more aware of the benefits of trade unions. We will keep more wealth in our community by ensuring the council and our partners buy local goods and services and bringing more services under council ownership and democratic control.

How have we delivered a thriving and inclusive economy in 2022/23?

- Established a cost of living fund of £30m to support the local community including benefit support for residents, support to over 10,000 pensioners with their energy costs and provided free meals for nearly 15,000 children during school holidays.
- Distributed over £1.3m of support to those most in need through referrals from over 100 community organisations, including over 40 schools, local councillors and MPs to the community referral pathway.
- Supported over 29,000 households on the lowest incomes to claim council tax bill support or housing benefit through a one off cost of living payment of up to £270 each.
- We helped upskill some 6,500 residents through support in libraries, adult learning, the Southwark Construction Skills Centre and Southwark Works, the Council's innovative employment support service. This far exceeded our target to train 3,000 people and the work continues.

- Prepared the groundwork for launch of the Livesey Exchange Community Hub, a people powered, community-led initiative that will bring together and invest in the talents of our local community.
- Created 1,240 green jobs supporting net zero projects, which is 5 times more than was anticipated. We also trained over 200 residents in skills for the green economy through a new Green Skills Hub in partnership with London South Bank University.
- Supported 75 new start and growing enterprises, the majority from women, black, Asian and minority-led businesses through our Southwark Pioneers Fund
- Launched our Living Wage Unit as part of our Southwark Living Wage Place Action Plan; we have 287 Living Wage employers across the borough and we are on track to double in four years the number of Southwark organisations which are accredited London Living Wage employers.
- 158 community buildings across the borough have access to free WiFi connectivity and hundreds of residents are in receipt of digital inclusion support and training through our network of local digital champions.



A healthy environment

What are we committed to doing?

We will cut carbon emissions and clean up our air. We will keep pollution away from our schools and help make homes greener and cheaper to run. We will plant more trees and create more parks and nature sites, always seeking to protect and enhance the borough's biodiversity. We will make Southwark a walking and cycling friendly borough and improve public transport. We will keep our streets and our estates clean, increasing recycling rates and reduce waste.

How have we helped deliver a healthier environment in 2022/23?

- Launched our trail blazing Streets for People initiative, greening our streets and making the borough more pleasant to walk and cycle around whilst improving the quality of air we all breathe.
- Planted more than 8,000 new trees, far exceeding our target of 5,000 for this year.
- Achieved 30 Green Flag Awards for our parks and open spaces, positioning us with the second highest number of awards in London and the third highest nationally.
- Made substantial improvements to Cossall Park, Pelier Park and Burgess Park Sports Centre Hub including new landscaping, provision of sports facilities and improved playground space; and at Burgess Park built two new full-sized 4G all-weather pitches built using recycled material.

- Finalised the masterplan for Bramcote Park on the Old Kent Road following consultation with the community.
- Updated our climate action strategy and plan, which was assessed among the top plans in the UK, strengthening our commitment to embedding positive climate actions across the all council services and facilities.
- Launched the Green Savers campaign working with residents to help reduce the borough's overall carbon footprint.
- Established the Green Homes Advice Service in partnership with London South Bank University's Energy Advice Centre, offering bespoke advice on energy saving measures and retrofit of properties.
- Successfully lobbied Transport for London to protect our bus routes and continued to promote the development of the Bakerloo line extension through our borough to secure it as the top priority investment project across the capital.
- Invested in station improvements that will improve access and enhance the quality of the environment at Peckham Rye, Elephant and Castle and Surrey Quays stations.
- Launched the Southwark Land Commission, the first of its kind for London, which is an independent body set up to look into ways in which we can free up more land for public good within Southwark.



Quality, affordable homes

What are we committed to doing?

We will start building a thousand new council homes, on top of the 2,500 we have already built or have started. We will improve our estates and give residents a greater say over the services that matter to them where they live. We will look to reduce the number of empty homes and give greater support to private renters who are facing spiralling rents and tumbling conditions. We will seek to reduce homelessness and seek to ensure everyone has a home they can be proud of.

How have we delivered quality, affordable homes in 2022/23?

- Delivered 1,764 new council homes on site and under construction.
- Approved 291 intermediate homes, including shared ownership homes at sites across the borough such as Maudsley Hospital and Canada Water.
- Strengthened our Great Estate Guarantee, working with residents, including roll out of the 'Fix My Street' app that will enable residents and staff to report cleaning issues on their estate.
- Supported 17 Tenant Management Organisations across our estates, meeting our annual target and 74 Tenant and Residents Associations meaning more council tenant and leaseholders can get involved in decision making in their neighbourhoods.
- Continued to deliver outreach and welfare support through our tenant and homeowner involvement officers, supporting residents in greatest need and acting as important eyes and ears with our residents in our neighbourhoods.



- Focused our major improvement works on the Aylesbury, Tustin and Ledbury Estates, including work commencing on site at the Tustin and Ledbury.
- Brought 24 empty private sector homes back into use and approved a comprehensive package of support to support homeowners with grants and loans to bring their homes back into use.
- Made significant progress in clearing the backlog of empty properties with 1,425 void properties being re-let in the last year, improving performance from the previous year.
- Supported 70 rough sleepers into long-term homes.

Keeping you safe

What are we committed to doing?

We will launch an anti-social behaviour task force and invest in our CCTV network. We will upgrade all our street and estate lighting and work with you to identify and redesign the spots where you feel most unsafe. We will take on misogyny and violence against women and girls, rolling out our women's safety charter to pubs and venues across the borough and delivering a women's safety centre where women can turn to for support when facing abuse. We will work to tackle youth violence, putting young people, victims and their families at the heart of our work. We will take a zero tolerance approach to hate and seek to make our borough safe for all our communities.

How have we helped keep you safe in 2022/23?

- Increased the number of CCTV operators by 20% and are investing £3million to upgrade CCTV systems boroughwide; the service continues to operate 24/7 to respond to concerns for crime, environmental crime and anti-social behaviour.
- Upgraded 1,895 street lights across the borough.
- Launched our anti-misogyny campaign with our campaign video, 'through her eyes', with the campaign registering 396,400 social media views and made available to over 1,000 schools across London.

- Expanded the Safer Spaces scheme, where victims of domestic abuse can access support to include libraries, leisure centres, cultural and arts venues, places of worship and community venues (in addition to Children and Family Centres), with some 50 venues signing up boroughwide.
- Continued to develop the Women's Safety Centre, providing crucial advice and support to those at risk and in greatest need.
- Engaged over 100 young people on the community harm and exploitation hub programme with 98% of those who have been on the programme for six months not being convicted of an offence.
- Supported the Southwark Young Advisor network in their work with the police on stop and search and improving relations between the police and the community.
- Commenced development of a Champions Programme as part of our zero tolerance approach to hate crime with 13 local champions recruited so far.
- Recognised by Ofsted as working skilfully with partners to reduce risks to vulnerable adolescents in the community through a specialist team within Children's Services.
- Reduced the rate of reoffending by young people in the borough through the work of the Youth Justice Service alongside partners.

Investing in communities

What are we committed to doing?

Southwark's community celebrates the diversity and heritage of our borough. We will continue to expand our library services and offer more free English, maths and digital skills courses. We will improve community facilities including a new LGBTQ+ community centre and supporting a new Latin American cultural centre. We will make Southwark a Borough of Sanctuary and continue to welcome migrants and refugees to our neighbourhoods.

How have we invested in communities in 2022/23?

- Prepared to launch the 'Library of Things' at Canada Water library, where the community will be able to come and rent things they don't often need, saving residents money and better for the environment too



- Secured £50 million of Community Infrastructure Levy income in one year to secure a range of benefits for communities all across the borough.
- Delivered a new library and new health centre on the Aylesbury Estate and a new library on the Kingswood Estate.
- Celebrated our culture with over 27,000 residents coming along to local events, workshops and activities that showcase the borough's diverse history, music, food and art.
- Over 4,000 local residents benefitted from the borough's cultural projects including through initiatives for young people such as Mountview's Generation N*xt programme, free audition places, and free or discounted tickets to performances.
- Directly supported 1,456 refugees, asylum seekers and vulnerable migrants including 556 children, and published, with the Migrant Health Research Group at St George's University, a needs assessment to better support some of the most marginalised groups in our community.
- Supported over 500 people through our Homes for Ukraine scheme, directly supporting those fleeing war and persecution and making our borough their home and place of safety.
- Worked with and supported the extensive State of the Community Sector findings (published April 2023), led by Community Southwark, on how we get the best out of our relationship with the voluntary and community sector to deliver the very best support for residents; later in 2023 we will use the findings to inform our future approach to funding and development.

Supporting families

What are we committed to doing?

We support residents at every stage of their lives. We will support children and young people to thrive, ensuring our schools are excellent and that they are guaranteed mental health support when they need it. We will offer a range of activities to keep all our residents fit and healthy, including a new council-run leisure service. We will support older people with the care they need through new residential and home care support. We will tackle fundamental inequalities in access to healthcare so that all our residents can stay healthy.

How have we supported families in 2022/23?

- Took direct control of the borough's eight leisure centres welcoming thousands of new Southwark Leisure members.
- Supported almost 5,000 carers over the year, working with Southwark Carers and other voluntary organisations and as a corporate parent provided social care support to 5,190 older and vulnerable residents and supported 635 looked after children.
- Our Nest mental health walk-in support services has supported 373 children, with 85% of schools taking up the service and 100% of Nest service users reporting a positive outcome.
- 98% of schools were judged as 'good' or 'outstanding', eleventh nationally, with Southwark's 2022 performance in all statutory assessments, from Early Years Foundation Stage to Key Stage 4 remained well above national performance.
- We celebrated our Children's services being rated overall 'good' by Ofsted with the inspectors judging us to have children at the heart of practice.
- We're supporting more care leavers to enter employment, education and training, with our performance one of the highest in the country.
- Invested in and upgraded Peckham Rye Park Adventure Playground, Peckham Rye Under 5's playground and Ellen Brown Adventure playground in Bermondsey.
- Delivered the Active Communities Network, which works with local groups to deliver mentoring support for young people across Southwark with some 1,245 young people benefiting.
- Opened a new nursing home at Camberwell Lodge.
- Approved the Residential Care Charter which ensures that all care home staff are paid at least the London Living Wage and since September 2023 over 85% of all care home staff in Southwark work in a home that is fully compliant with the Charter.
- Brought our hostel service under direct council control providing support to the most vulnerable in our community at a time when they need us most.
- Rolled our ground breaking free healthy school meals scheme to secondary schools as part of a London wide initiative to encourage healthier choices.
- Delivered a targeted NHS Health Checks programme, with the majority of health checks (65%) completed with patients of a black, Asian or ethnic minority background.



Item No 9.	Classification Open	Date 17 October 2023	Meeting Cabinet
Report title:		Medium Term Financial Strategy and Capital Update	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Homes, Communities and Finance	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR HOMES, COMMUNITIES & FINANCE

Southwark has a long history of robust budget management and we continue to invest in local people, communities and neighbourhoods through our revenue budget and capital programmes. Despite more than a decade of systematic cuts to local government funding we have and continue to deliver on the things our residents have told us are important to them, building new libraries and leisure centres, investing in our parks and green spaces, investing in our town centres and so much more.

However in recent years the global economy has changed, the disastrous mini budget last year has led to high levels of inflation and rising interest rates. The Cost of Living crisis shows no signs of abating and we still have uncertainty around fuel costs for this coming winter. Local Government has been severely and systematically underfunded over the past decade, to the extent that we are seeing councils across the country of all political persuasions announcing they are in financial difficulties.

In this context, whilst we do have a robust General Fund it is sensible to take a longer term view across our capital and revenue streams and this report sets out our intentions for the future that align with our Council Delivery Plan and Southwark 2030. This allows for more strategic planning of the council's finances around these priorities.

As one of the largest council housing landlords in the country we are seeing challenges in the Housing Revenue Account (HRA), which were highlighted in the Month 4 Revenue Outturn Report that was agreed by cabinet in September. The combination of the impact of the 1% rent reduction from 2016-2020, the current rent cap, statutory requirements of building and fire safety as well as rising interest rates and inflation have exerted ever growing pressures on the HRA. In light of this we need a refreshed approach to ensure the ongoing sustainability of the HRA revenue budget and to protect the capital programme. This report sets out what that approach could look like and asks cabinet to agree to this. We remain committed to delivering for our tenants and leaseholders and ensuring our council homes and estates are great places to live.

RECOMMENDATIONS

That cabinet note:

1. The requirement for a medium term financial strategy to align with the Council Delivery Plan 2022-2026 and the ambitions set out in the Southwark 2030 vision whilst safeguarding the council's financial sustainability.
2. The 2023-24 revenue budget forecasts and indicative gaps for the following three years and the mitigation plans in place to address these.
3. The updated capital programme 2023-24 to 2032-33 as outlined in the body of the report and detailed in the appendices.
4. The significant short and long term pressures on the Housing Investment Programme caused by the macro-economic climate and government policy and the potential mitigating actions and corresponding impact on the Housing Revenue Account.
5. The proposal, in light of constrained capital financing, to develop a refreshed set of governance and proposals to ensure that all future capital bids remain affordable and in alignment with key council objectives.
6. The critical importance of financial sustainability (paragraphs 81-91) and the need to ensure that the level of council reserves for both the general fund and the Housing Revenue Account (HRA) are sustained or increased to a prudent level.

That cabinet approve:

7. The approach to addressing the Housing Revenue Account (HRA) projected overspend in 2023-24 in Appendix 1.
8. The approach to contain the HRA and HIP spending in the medium and longer term to within the projected funding envelope in Appendix 1.
9. The virements and variations to the capital programme as detailed in Appendix 3.
10. The inclusion within the general fund capital budget of a revenue-generating asset as detailed at paragraph 62.

BACKGROUND INFORMATION

11. Southwark Council manages the key aspects of its revenue and capital budgets through a well-established and effective series of budget-setting and budget-monitoring processes and reports. These are designed to facilitate effective timely decision making by cabinet and full assembly and to provide clarity and transparency to residents and tax-payers.

12. In recent years, and partly in response to an extended period of short-term local government finance settlements, the council has been forced to focus very much on shorter-term, reactive financial planning. However, recent events in the global economy have made it increasingly clear that the council will need to take a much longer-term view in order to plot its way safely through the coming years. This will include agreeing budget commitments over multi-year periods, bringing revenue and capital planning closer together, in addition to ensuring that financial resources can fully fund the council's longer-term ambitions as informed by our residents through the Southwark 2030 vision.

UK Economic Context

13. The short term macro-economic outlook is challenging. CPI inflation remains high at 6.7% and well above the government's target of 2%. The Bank of England base rate is at 5.25%, bringing borrowing costs to their highest level since 2007. Neither inflation nor interest rates look likely to return to pre-pandemic levels in the near future.
14. Over the last two years the cost of living crisis has created hardship for a growing number of households, with soaring energy prices and very high levels of food inflation (which remains above the general rate of inflation at 14.8% in July 2023). The cost of the 'weekly shop' is now on a par with energy bills as the biggest concern for many households. Earnings are rising but still lag behind inflation.
15. The Office for Budget Responsibility¹ (OBR) lists long term risks to public finances. These include:-
- A greater likelihood of more frequent and severe financial shocks, following on from the financial crisis, the pandemic, the energy crisis, and the deteriorating security situation in Europe which brings multi-billion pound fiscal interventions.
 - Policy-related fiscal risks whereby aspirations for the future have outpaced current resources and existing policies have proved challenging to implement.
 - Longer – term trends becoming near term realities. For example, an ageing population; high inflation significantly increased cost pressures; efforts to tackle climate change; rapid normalisation of rising interest rates increases debt and consuming any fiscal headroom available to respond to other threats and pressures.
16. The Institute for Fiscal Studies (IFS)² reports that economic growth has been weak over the last decade, and that current forecasts expect it to

¹ OBR report 'Financial Risks and Sustainability' July 2023

² IFS 'Tax and Public finances: the fundamentals' August 2023

remain so in the future. This creates a major constraint on public finances, following a decade of austerity, and a growing demand for public services.

Local Government Context

17. The sector as a whole, is in clear financial distress. Prior to 2020, this was largely the result of a decade of austerity, however, the recent escalation in inflation and borrowing costs has taken this to a new level. In February 2018, Northamptonshire County Council issued the first Section 114³ notice of any local authority in 20 years, declaring effective bankruptcy. Since then, further s.114 notices have been issued by Croydon, Nottingham, Thurrock, Woking, Slough and most recently Birmingham. Specific issues caused each of these s114 notices being issued, however, increasing numbers of councils are sounding warnings that financial collapse is close, simply due to long term systematic underfunding and rapidly increasing cost and demand pressures outside of their control.

Southwark Context

18. Since the inception of austerity in 2010 (and indeed before) Southwark Council has remained a well-run and financially resilient organisation. Robust financial processes and governance and the maintenance of prudent reserves have enabled the council to weather all storms and continue to invest heavily for the betterment of the people and businesses of the borough. For example, the council have created a Southwark Council Cost of Living Fund (SCOLF) in response to the cost of living crisis directly supporting vulnerable households through this difficult period. Since the crisis began in autumn 2021, the council has distributed cash help with bills, provided holiday free school meals and worked with our local community partners to ensure that residents are supported to claim all eligible means-tested benefits.
19. Central government grant funding has reduced by more than £146m for general services (i.e. not schools or housing) over this period in cash terms. However, the council has successfully mitigated this by evolving and finding greater efficiencies in its operations and investing in place-making to grow the local economy and boost business rates income.
20. However, over the last three years, the twin threats of inflation and interest rate increases, plus mounting demand, have started to take their toll. Southwark, like all councils has seen inflationary cost pressures rising at a rate far faster than its ability to raise revenue. Almost all of the councils key funding streams have been constrained by central government policy;

³ Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer, in consultation with the councils Monitoring Officer to report to all other authority members if they believe the council is unable to set or maintain a balanced budget.

- Government Grants through the 2023-24 finance settlement increased by approximately 5.7%, but more than half of this was ring-fenced to social care;
 - Council Tax, including the Adult Social Care Precept, remained capped at 4.99%;
 - Housing Rents were capped at 7% in 2023-24 by central government, 4% lower than the approved formula would have yielded.
21. Meanwhile, a significant proportion of council contracts will have been indexed on CPI rates from Autumn 2022 (up to 9.6 %+) and inflation on repairs and construction materials and contracts has been well publicised as running at 20%-30% at various points since the pandemic.
22. Interest rate increases have significantly increased the cost of council borrowing for its ambitious capital programme. Since December 2021, the rate at which the council has been able to borrow long-term from the government has increased from 1.57% to 5.25%. So a £10m loan that cost the council £157k in annual repayments in 2021 would cost the council £525k if taken out in 2023. Given the size of the council's capital programme (paragraphs 54-80) and its reliance on borrowing to finance this, interest rates now pose a material risk to the sustainability of the Housing Revenue Account and Housing Investment Programme and considerable mitigation activity is underway to lessen that impact as far as feasible.
23. It is in this context that the council must review its financial strategy, both in relation to prevailing economic and funding policy circumstances and with a view to safeguarding the delivery of the council's key strategies and objectives.

Southwark 2030, Council Delivery Plan, Climate Action Strategy

24. The 'Fairer, Greener, Safer Delivery Plan 2022-26'⁴ was agreed by cabinet in September 2022. The Plan set out the priorities and commitments through seven themes to address the rising cost of living, the building of more council homes, the reduction of carbon emissions, the protection of the borough's mental and physical health and the creation of new jobs and opportunities.
25. The Plan committed to empower Southwark's communities by shaping the places they live in and issues that affect their lives. As part of this commitment, the council has worked to develop a renewed 2030 vision for Southwark, setting out the long-term change needed over the decade ahead. Over the last year, the council, community and partners across Southwark have engaged in a process to set out how they want the borough to look and feel by 2030. Taking the outputs from that engagement,

⁴ Agenda Item 21, Cabinet, 13 September 2022. [\(Public Pack\)Agenda Document for Cabinet, 13/09/2022 11:30 \(southwark.gov.uk\)](#)

alongside an understanding of the borough's strengths and needs, the Southwark 2030 strategy will be reported to cabinet in November 2023.

26. In July 2023, the 'Climate Change Strategy Annual Progress Report and Action Plan Update' was reported to cabinet. This report mapped out the progress and challenges to date, updated the Climate Action Plan and published a new draft strategy on Climate Resilience and Adaptation Strategy. The annual report makes clear that the estimated cost for the borough to be carbon neutral by 2030 is £3.92bn and whilst the council will continue to use its available resources efficiently, this scale of funding requires government or other private investment. The annual report highlighted the challenges around the upgrades required in the social housing stock, on top of the significant funding pressures pre-existing in the Housing Revenue Account (HRA) and Housing Investment Programme (HIP).
27. For the council to deliver on the ambitions set out in these key documents, it is essential that the financial strategy is affordable. This report sets out the council's approach to this, taking into account both the revenue and capital accounts and the local, national and global context.

KEY ISSUES FOR CONSIDERATION

28. The following sections of this report consider the key aspects of the revenue and capital accounts, highlighting the main risks and identifying potential mitigation. Consideration is given to both the current and future financial positions and the interplay between the accounts. A summary and analysis of the organisation's reserves follows, as does an overview of financial governance and some proposals to strengthen this.

Revenue

29. The council's day-to-day operations are primarily managed through three revenue accounts; the General Fund (for all taxpayer funded activity), the Housing Revenue Account (to discharge the council's main landlord functions) and the Dedicated Schools Grant (for most schools related activity).

General Fund – Current Year Position

30. The month 4 revenue monitor, reported to September cabinet, projected an adverse variance of £3.5m against the 2023-24 budget (Table 1).
31. The projected overspend is largely attributed to the following key variances:
 - Higher demand and cost pressures in home to school transport
 - £1.3m increased costs for those who have 'No Recourse to Public Funds' (NRPF)
 - Temporary accommodation (TA) demand pressures which will not be fully contained within the planned TA contingency.

32. Chief Officers hold ultimate responsibility for budget overspends and are actively pursuing mitigations aiming to minimise the impact of areas forecasting demand-led and inflationary pressures. Appendix 1 details the mitigating actions.

Table 1 Month 4 Revenue Budget Monitoring					
General Fund	Budget £m	Forecast £m	Reserve Movement £m	Total use of Resources £m	Variance after use of reserves £m
Children & Families	62,612	63,193	-99	63,094	482
Adult Social Care	78,294	77,875	0	77,875	-419
Commissioning & Central	5,258	5,265	0	5,265	7
Education	20,678	24,110	-981	23,129	2,451
Public Health	0	0	0	0	0
Children & Adults total (excl. DSG)	166,842	170,443	-1,080	169,363	2,521
Environment, Neighbourhoods and Growth	94,342	95,962	0	95,962	1,620
Housing	22,807	25,378	0	25,378	2,571
Finance	44,199	45,350	0	45,350	1,151
Governance and Assurance	21,918	22,547	0	22,547	629
Strategy and Communities	5,647	5,647	0	5,647	0
Support Cost Reallocations	-42,423	-42,423	0	-42,423	0
Contribution from Reserves	-2,500	-2,500	0	-2,500	0
General Fund Service Outturn Forecast	310,832	320,404	-1,080	319,324	8,492
General Contingency	4,000	0	0	0	-4,000
TA Contingency	1,000	0	0	0	-1,000
Outturn	315,832	320,404	-1,080	319,324	3,492

General Fund – Medium Term Position (to 2026-27)

33. The medium term financial outlook was reported to the July cabinet. This set out the initial three year financial outlook for 2024-25 to 2026-27, providing an early view of the projected gap in council funding. The report considered the most likely financial position to be faced by the council in 2024-25 to 2026-27 based on the policy statements accompanying the local authority finance settlement in December 2022.
34. Table 2 shows the updated projection of the funding gap which has increased very slightly to £23.8m in 2024-25 rising to £54.7m in 2026-27. This gap is largely driven by inflationary pressures and forecasts of constrained grant funding from central government. The council's budget setting process is currently underway to identify savings over the full three-year period together with proposals for council-wide transformation programmes to reconfigure services. These will be aligned with the

council's strategic plans and priorities, taking into account available resources.

Table 2: Budget Gap 2024-25 to 2026-27

		2023-24	2024-25	2025-26	2026-27
Resources	Un-Ringfenced Government Grants	(82.38)	(83.55)	(80.00)	(81.18)
	Ringfenced Government Grants	(78.68)	(82.62)	(83.65)	(84.71)
	TOTAL GOVERNMENT FUNDING	(161.05)	(166.16)	(163.65)	(165.88)
	Council Tax	(137.71)	(147.19)	(157.64)	(168.83)
	Business Rate Growth	(136.06)	(131.07)	(131.07)	(131.07)
	COUNCIL TAX AND RETAINED BUSINESS RATES	(273.77)	(278.25)	(288.71)	(299.90)
	Contribution from earmarked reserves	(2.50)	(2.50)	(2.50)	-
	TOTAL RESOURCES	(437.32)	(446.92)	(454.86)	(465.78)
Growth & Savings	Prior Year Budget	391.15	437.32	446.92	454.86
	Inflation	33.81	24.55	20.54	16.02
	Commitments & Contingency:	28.77	8.84	6.36	6.81
	Savings	(16.41)	-	-	-
	<i>Prior year savings not yet identified</i>			23.80	42.76
	TOTAL SHORTFALL (cumulative)	-	23.80	42.76	54.67

35. The council's funding position in the medium term is subject to significant macro-economic and policy uncertainty. Promised reforms to local government funding have been delayed and are unlikely to be implemented before the general election which is likely to be in the 2024-25 financial year. It is also unclear how reforms will be implemented, the datasets that will drive any funding distribution changes and the transitional arrangements. The council's new three-year financial strategy will help support a more resilient approach to financial planning during this period of financial uncertainty. It provides a clear direction of travel for planning purposes, whilst remaining flexible enough to adapt to changing circumstances as they arise. All our projections are subject to government settlements which we do not expect until late December each year.
36. It is increasingly clear that the General Fund approach to balancing the budget in the medium to long-term will need to evolve to incorporate a range of organisation-wide transformation initiatives. These are likely to include;
- Digital Transformation (both of the way the council operates and the way our residents, businesses and customers engage with us);
 - Reviewing the council's approach to the use of interim staff and the need for overtime arrangements with a focus on building permanent capacity and contracts that match the needs of the organisation;
 - A review and reorganisation of corporate resources to drive efficiency, reduce duplication and maximise a 'one council' approach;
 - Reviewing the council's approach to procurement to increase value for money and maximise synergies across the organisation;
 - An accommodation strategy that streamlines the council's operational estate and supports the varied and dynamic needs of a modern workforce whilst maintaining accessibility for our residents and customers.

Housing Revenue Account (HRA) - current position

37. The council manages its housing stock through its landlord account, known as the Housing Revenue Account (HRA). All revenue income – (tenant rents and homeowner charges) and all revenue expenditure (for example, repairs and maintenance services) are charged to the HRA. The stock is a combination of council housing and leasehold properties, the largest in London and the fourth largest in the country. The ‘Housing Investment Programme’ (HIP) is the capital programme for the Housing Revenue Account (HRA).
38. Both the HRA and the capital Housing Investment Programme (HIP) have been subject to a wide range of adverse national external influences since at least 2016. These include;
- A government imposed 1% annual rent reduction for four consecutive years from 1st April 2016;
 - A government imposed 7% cap on rents from 1st April 2023 (formula would have yielded 11%, an annual loss of £9m+);
 - Unfunded additional burdens arising from the Fire Safety and Building Safety Acts of 2020 and 2021;
 - Severely elevated repairs and construction industry inflation, commencing during the pandemic but ongoing at 20%-30%;
 - The cost of borrowing tripling from December 2021 to September 2023.
39. The 2023-24 forecast position, reported to September cabinet is a £13.8m projected variance (Table 3), although this is on an upward trajectory. The main projected overspends are in customer facing services, where despite additional budget increases in 2023-24, inflationary increases have more than outstripped additions to budgets. The key pressures are in resident services (£5.7m), which includes cost pressures in cleaning and grounds maintenance and repairs and maintenance (£8.3m) of the housing stock. Further details on these pressures can be found in month 4 revenue monitoring report taken to cabinet in September.
40. The cost of financing the council’s Housing Investment Programme places further pressure on the HRA, in terms of revenue contributions to capital expenditure and the need to service the rising cost of borrowing. At the same time, income streams have not kept up with these cost pressures. The foregone rental income as a result of the government rent controls alone, is estimated to have cost the council £1bn over the 30 year period.
41. In the first instance, officers are developing a plan to manage the £13.8m forecast deficit in the current year and a medium-term strategy to ensure financial stability and a commitment to return reserves to a more sustainable level (Appendix 1). This strategy will need to identify further savings in the Housing Revenue Account in order to accommodate the servicing of additional debt the council is taking on in future years to finance

the capital programme. Paragraphs 89-91 detail HRA reserve levels over time and compares to other London authorities for context.

Table 3: 2023-24 Housing Revenue Account Forecast Month 4

Category	Budget	Forecast	Variance
Expenditure	£000	£000	£000
Housing maintenance Services	59,637	65,311	5,674
Asset Management (Repairs & Maintenance)	69,629	77,888	8,259
New Homes	670	986	316
Customer Services	5,272	5,755	483
Directorate	1,902	1,867	(35)
Total Customer Facing Services	137,110	151,807	14,697
Capital, Financing and Support Services	157,128	159,238	2,110
Tenant and Homeowner Charges	(294,238)	(297,234)	(2,996)
Housing Revenue Account Forecast Outturn	0	13,811	13,811

Housing Revenue Account (HRA) – Medium Term Position (to 2026-27)

42. The initial three year HRA financial outlook for 2024-25 to 2026-27 shows a gap of £23m in 2024-25 and gaps of £19m and £20m in the following two years. These gap are largely driven by the external factors highlighted in paragraph 38 and the local factors in paragraph 39. The projected gap takes into account expected increases in rental income, inflationary pressures on costs and the additional revenue cost of the borrowing required in future years to fund the capital programme. The forecast assumes borrowing for asset management (the maintenance of existing stock) is kept to a minimum.
43. The approach to ensuring the sustained viability of the HRA will require a concerted cross-council effort. Further detail is contained within Appendix 1, however broadly, it will need to address:
- a) Bringing operational HRA budgets back into balance,
 - b) Limiting the growing impact of financing and maintaining the council's housing stock,
 - c) Restoring reserves to a prudent level

44. The council's strategy for addressing 'b)' above is outlined in more detail within the capital section on the Housing Investment Programme (paragraphs 63-80).
45. The situation the council finds itself in is by no means unique – the contributing factors are largely external and are impacting on HRAs up and down the country. However there are also historic and more recent local factors which explain why the problem is so acute in Southwark. These include;
- The age and construction of some of the council's stock e.g. the council has in excess of 180 buildings that are categorised as 'high rise' and therefore subject to much stricter building and fire safety requirements.
 - Low rents relative to other London authorities driven and compounded by historic (rents baseline indexed to valuation in 1999) and more recent government policy.
 - The overall size of the council's stock, being the fourth largest holder of council homes in the country (and first in London).
 - The scale of the council's new build programme and therefore its exposure to interest rate risk on the borrowing required to fund it.

Dedicated Schools Grant (DSG) - Current Position

46. The Dedicated Schools Grant is distributed to councils annually and is split into four blocks covering Schools, Early Years, High Needs and Central Services. The High Needs block has been the subject of particular focus both in Southwark and nationally due to the serious and growing disconnect between the funding available and the demand as well as cost pressures.
47. The 'High Needs' funding element of the Dedicated Schools Grant (DSG) supports provision for pupils with Special Educational Needs and Disabilities (SEND). The High Needs Block is the main risk area for the DSG as the numbers of SEND pupils and the costs of providing provision has risen faster than the funding available, leaving many local authorities with an accumulated deficit.
48. The Department of Education (DfE) recently established a 'Safety Value' programme in recognition of their historic underfunding of need. In 2022-23, 34 local authorities were subject to a safety valve agreement with the DfE, with accumulated deficits ranging from £5m to £152m. Southwark's accumulated deficit at this time was £24m.
49. In order to manage the accumulated DSG deficit, the council entered into a Safety Valve Agreement with the DfE. Key to the programme is the agreement to ensure a balanced position within specified timeframes. In exchange, and only if, the milestones are achieved, the DfE will provide additional funding to eliminate the accumulated deficit. The first instalment of £9.2m from the DfE was received in 2022-23 leaving an accumulated deficit of £14.5m.

50. The achievement of key milestones is challenging and means that all aspects of service provision needs to be reviewed. The council's Education division in conjunction with the High Needs sub-group of the School's Forum, HR, Finance and Commissioning colleagues developed detailed action plans. There is close oversight of this work by Strategic Directors, and political oversight by the Deputy Leader and Cabinet Member for Children, Education and Refugees.
51. At month 4, the DSG is forecasting an unfavourable variance of £0.6m, mainly due to the cost and demand pressures within the SEND service. In order to bring the service to a sustainable footing, officers continue to pursue savings and efficiencies. In particular, through commissioning work focused on Independent Non-Maintained Special Schools, a focus on 16-25 pathways and Alternative Provision, as well as increasing in-borough provision.

Dedicated Schools Grant (DSG) - Medium Term Position (to 2026-27)

52. The medium term DSG financial planning is set out in Table 4.
53. The DSG monitoring over the medium term has already shown an improvement over the month 4 position as shown in the table, with a £0.46m in year deficit. By 2024-25 onwards, the in-year position is expected to be in surplus.

Table 4: Dedicated Schools Grant: Safety Valve Agreement to 2026-27

Dedicated Schools Grant (DSG)	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m
DSG Income				
Schools block	-276.72	-272.76	-274.12	- 275.49
Central schools services block	-1.88	-1.87	-1.88	-1.89
Early years block	-25.22	-24.41	-24.53	-24.66
High needs block	-71.87	-74.03	-76.25	-78.54
Total DSG Income	-375.70	-373.07	-376.79	-380.58
Expenditure				
Schools block	275.52	271.56	272.92	274.29
Central school services block	1.88	1.87	1.88	1.89
Early years block	25.22	24.41	24.53	24.66
High needs block	73.53	74.70	76.89	79.66
Total Expenditure	376.15	372.55	376.23	380.50
In year net position deficit / (surplus)	0.46	-0.53	-0.56	-0.08
Previous Year DSG deficit	14.47	12.15	8.86	5.53
Safety Valve Grant*	-2.77	-2.77	-2.77	-5.53
Cumulative DSG Deficit	12.15	8.86	5.53	-0.08

The Capital Programme

54. The council's capital programme is a long term endeavour, with the lifetime of new and existing assets stretching far into the future. The council has a long tradition of investing in housing, local infrastructure and facilities that support the development of the borough for the benefit of residents and businesses. The scale of the capital programme is immense, representing a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and do business in the borough.
55. Capital investment plans are driven by the Council Delivery Plan and by its Housing Strategy. Key commitments include:
- Delivering thriving sustainable neighbourhoods
 - Creating safe, healthy, green streets with investment in town centres and high streets
 - Additional investment in residential care homes;
 - Building new council homes
 - Opening a new nursing home and investing in extra care housing;
 - Investment in leisure facilities, playgrounds and parks, including new parks at Canada Water and Old Kent Road
 - Making Southwark a digitally connected borough
 - Opening a new library and expanding existing library services.
56. The council's constitution requires council assembly to agree the capital strategy and programme at least once every four years, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders. On 27 February 2019, council agreed a 10 year general fund capital programme of £792m and a housing investment programme of £2,100m. Since then, cabinet has approved a range of projects which have been monitored through the regular capital monitoring reports.
57. Due to the size and scale of the programme and the number of projects involved, it is inevitable that unforeseeable delays in spending occur, often referred to as 'slippage'. This has historically resulted in the capital programme being 'over-programmed' in year, whilst remaining in balance over the ten-year life of the programme. However, it was reported to cabinet in June 2023 that the council now faces a position on the Housing Investment Programme where planned spend is considerably in excess of forecast resources, not only in year, but also over the life of the programme. This is dealt with in more detail under the Housing Investment Programme section below.

General Fund Capital programme

58. In response to the inclement financial conditions (inflation, borrowing costs) and in anticipation of the upcoming 4-year refresh at council assembly, the council undertook a full review of all capital projects in the 2022-23 financial

Department	2023/24			2024/25			Total Programme 2023/24-33/34		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Supported Borrowing	-	-	-	-	-	-	-	-	-
Reserves	719	719	-	160	-	(160)	719	719	-
Revenue	-	-	-	-	-	-	-	-	-
Capital Grants	27,006	25,322	(1,634)	8,033	13,055	5,022	59,543	43Appemn	-
Section 106 and CIL	15,923	14,984	(939)	5,451	6,390	939	27,390	27,390	-
External Contributions	3,680	3,680	-	62	62	-	3,742	3,742	-
TOTAL RESOURCES	48,378	45,705	(2,673)	23,706	29,507	5,801	117,394	117,394	-
Financing to be agreed/Borrowing	127,271	101,332	(25,888)	64,694	83,175	18,481	264,867	264,832	(35)

Housing Investment Programme (HIP) – Current Position

63. The 'Housing Investment Programme' (HIP) is the capital programme for the Housing Revenue Account (HRA). Broadly, there are two major strands; the New Build programme and the Asset Management programme. The New Build programme is the commitment to new council home delivery with plans to deliver 11,000 council homes by 2043. The Asset Management programme arises from the council acting as a social landlord, with legal obligations to ensure the maintenance of its council homes, to ensure they are safe, healthy and free from things that can cause harm, as well as day to day repairs and maintenance. Appendix 5 details the month 5 forecast for the HIP.

Financing the Housing Investment Programme

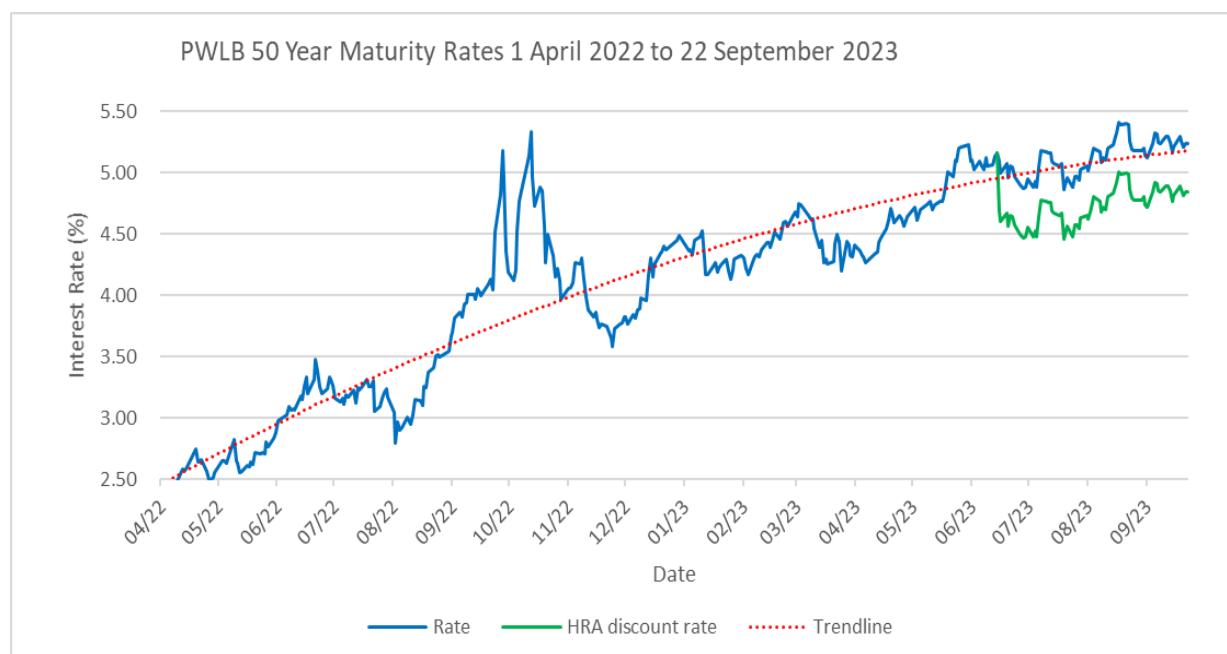
64. The New Build Programme is financed through a range of funding sources including grants, Section 106, Right to Buy receipts and capital receipts from the sales of assets. Any shortfall is made up through prudential borrowing and the financing cost of this is charged, as a 'first call', to the Housing Revenue Account. Unlike the General Fund, the HRA does not make provision for repayment of principle and instead re-finances maturing debt as it comes due. This is possible because the borrowing is ultimately supported by the new rental income streams arising from the new homes the debt is used to build.

65. The Asset Management (AM) programme is financed through the depreciation charges levied on the HRA and through the discretionary revenue contribution to capital. The council currently has a policy of not borrowing to fund asset management as this investment is not backed by increases in rental income (as the new build programme is). However, in 2022-23, overspends on the AM programme forced the council to temporarily fund £7m of the programme through internal borrowing, an approach which delays the need to borrow externally. However, it is

increasingly likely that external borrowing will be required in 2023-24 and beyond with the financing cost of this adding to the burden on the housing revenue account which may result in the slowing of the New Build programme overall.

New Build Programme

66. Like the General Fund programme, the HIP underwent a detailed review in 2022-23 to ensure that it continues to meet the strategic aims and policy objectives of the council whilst remaining affordable and sustainable. As part of this review, the new homes programme has been separated into two categories; a 'committed' and an 'uncommitted' programme.
67. The committed programme comprises those projects for which a contractual commitment exists or where the council has demonstrated a deep commitment, such as by way of a resident ballot. However, these committed programmes still need constant review to ensure their continuing affordability, particularly when both borrowing costs and construction costs are rising. So completion of these 'committed' projects remains subject to the test of affordability, as they are affected by a range of factors, including inflation, interest rates and other pressures impacting the Housing Revenue Account.
68. The uncommitted programme comprises the pipeline of projects that the council would like to pursue, but for the time being cannot be contained within the affordability envelope. The council will endeavor to introduce these to the committed programme as and when funding and affordability allow.
69. Exposure to interest rate rises and the consequent cost of borrowing remains the key constraint on the council's New Build programme. As mentioned earlier in this report, the cost of borrowing has effectively tripled since December 2021. The government have made some effort to ease the pain, but the effect is fairly minimal. With effect from 15 June 2023, HM Treasury introduced a new concessionary PWLB rate for Housing Revenue Accounts (HRA) borrowing. The rate is available for one year, with its continuation subject to review. The discount margin is set at 40 basis points (i.e. 0.4%) below the rate at which local authorities usually borrow from the PWLB. While this is welcome, it has so far had limited impact in achieving its objective due to continuing underlying interest rate rises. On implementation, the prevailing rate was 5.13% before the application of the HRA discount, and on 22 September the rate was 4.84% after the application of the discount. Table 6 shows the movement in the PWLB since April 2022.

Table 6: Borrowing costs over time for the HIP

70. The prospect of interest rates falling significantly over the short to medium term is extremely unlikely, which needs to be acknowledged when programming for the HIP. While interest rates remain relatively high the council will seek to minimise borrowing over and above that to which it is already committed. A sustained period of high interest rates is likely to result in further deferral of committed new homes schemes where possible and any new schemes introduced will likely require a model that is not dependent on borrowing.
71. Unfortunately, borrowing rates are near their highest level in 15 years just as the council reaches a peak in its borrowing requirement for the new homes programme. It is becoming increasingly clear that in order to weather the current storm, the council will need to reduce the pace of borrowing in order to prevent the cost of servicing the debt from exceeding available resources. This could be achieved in a number of ways, including by slowing down or curtailing projects or by finding other sources of income including capital receipts from the sale of vacant or unproductive assets

Asset Management (AM)

72. The council's Asset Management programme has evolved over time, with the Warm, Dry, Safe (WDS) programme characterising the first half of the 2010's before transitioning to the Quality Homes Improvement Programme (QHIP) in the latter half of that decade. However, following the Grenfell disaster in 2017 and the resulting Fire Safety Act 2021 and Building Safety Act 2022, the focus (and legislative imperative) has been on fire and building safety works, and more recently, on damp and mould.

73. Additionally, since at least 2019, the council has been committed to significantly reducing the carbon footprint of its stock through retro-fitting insulation and upgrading lighting, heating and power to more environmentally friendly solutions.
74. These recent changes in the legislative, regulatory and policy environment have added very significant costs to an already ambitious programme and without any additional funding from government. The HIP has an annual budget of £60m-£70m to undertake capital works to its stock, but is currently anticipating expenditure in the region of £112m, largely on works to ensure the stock is safe. This potentially leaves a funding gap in 2023-24 of around £42m.
75. As referenced earlier in this report, the council has a long-standing policy of not using borrowing to fund asset management activity as no additional income is generated by this activity to service the cost of borrowing. However, there are limited options available to bridge any gap, and if a solution cannot be found then borrowing will be the backstop. Officers are currently exploring a range of options to reduce the gap in 2023-24, including;
- Reducing spend on the housing revenue account to allow more of the capital asset management programme to be funded via revenue contribution,
 - Reducing or re-profiling the existing asset management programme to bring it closer to the £70m envelope,
 - Reviewing contracts and procurements to maximise value for money,
 - Selling surplus housing assets (e.g. a small number of long-term voids that have proved uneconomical to repair, vacant land) in order to generate capital receipts,
 - Limiting works to the statutory minimum duty.

Forecast spend for 2023-24 (New Homes & Asset Management)

76. The forecast spend for the Housing Investment Programme for 2023-24 is £427.4m. Of this, £307.6m relates to the new build programme, £112.3m is for asset management and £7.5m for other schemes. Appendix 5 details the Housing Investment Programme.
77. Based on the current forecasts, the forecast spend is likely to be financed as per the table 7 below.

Table 7: Financing of 2023-24 spend

Financing of HIP programme in 2023-24	£
Major Repairs Reserve & Revenue Contributions	60,000,000
Non RTB receipts	35,694,084
RTB receipts	2,144,449
Grants & external contributions	51,863,642
S106 receipts	26,290,815
Borrowing	251,346,492
Total financing	427,339,482

78. As identified, the borrowing requirement is forecast at £251.0m. The annual revenue cost of this borrowing in terms of interest payable at interest rates estimated between 4.5% and 5.5% would be between £11.3m and £13.8m as illustrated below. This places a significant financial pressure on the HRA, which for reasons stated earlier, is already under considerable strain.

Interest Rate	Annual Interest Payable
5.50%	£13,805,000
5.00%	£12,550,000
4.50%	£11,295,000

Housing Investment Programme (HIP) – Long term plan to 2033-34

79. From 2010-11 to 2022-23, the council has invested:-
- £1.1bn in programmes to ensure homes are safe, warm and decent and an additional £127m in those estates that have had high investment needs;
 - £754m in new homes;
 - £170m in regeneration projects.
80. Appendix 5 shows the committed programme expenditure over the period 2023-24 to 2033-34 is currently £1.37bn, comprising of £972m for new homes and £391m for asset management and £7m for other programmes (all to be completed by 2023-24). Appendix 5 also includes programme which are not yet committed, which would increase the total forecast over the period to £1.75bn. The approach to contain spending to within the funding element is considered in appendix 1.

Financial Sustainability and Council Reserves

81. Southwark's general fund position is robust and remains on a sustainable trajectory. However, as referenced at the beginning of this report, the financial resilience of local authorities has recently been tested, evidenced by the number of councils issuing, or warning they may need to issue, a section 114 notice. Grant Thornton (GT)⁵ published two reports in 2021 and 2022 which looked at the 'lessons learnt' from those authorities that had had statutory recommendations, interventions and Public Interest Reports.
82. Reports summarising the Grant Thornton recommendations have been submitted to the audit, governance and standards committee in June 2021 and October 2022. Both reports accepted that each authority had different sets of circumstances for catastrophic financial failure but highlighted the common themes, which included:
- Lack of budget scrutiny and a culture disinclined to challenge or find alternative perspectives
 - Reductions in back office staff reducing capacity and financial skills

⁵ <https://www.grantthornton.co.uk/insights/lessons-from-recent-public-interest-reports/>

- Increases in levels of borrowing with no significant returns
- Lack of long term financial projections
- Councils not being able to manage substantial reductions in central government grant, coupled with additional financial and demand pressures
- Lack of financial sustainability
- Insufficient levels of reserves.

83. The GT reports concluded that important lessons could be learnt and that councils should invest in financial skills and capacity, prioritise financial sustainability, and have a clear strategy for maintaining adequate reserves.

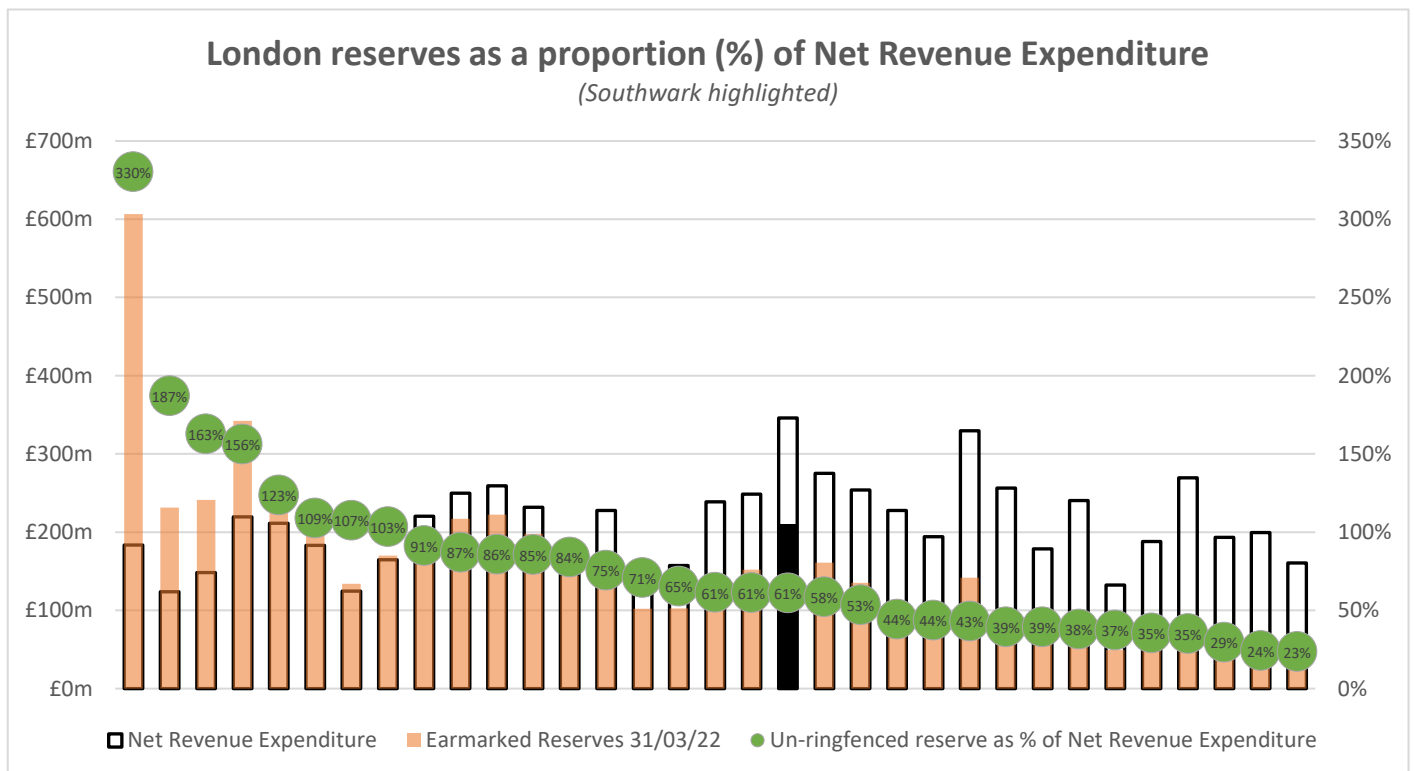
General Fund (GF) Reserves

84. The Section 151 officer holds overall (statutory) responsibility for ensuring the adequacy of the council's financial reserves and attests to this each year as part of what is described as the 'section 25' statement within the annual budget setting report. Having adequate levels of reserves is critical to a council's financial sustainability. A yearly report to the audit, governance and standards committee, confirms the council's compliance with the CIPFA Financial Management Code which includes a review of a council's financial resilience.
85. All movements to, from and between reserves are approved by the Strategic Director of Finance on receipt of a written proposal. The lead member is kept informed of actual and proposed reserve movements and the cabinet is updated on estimated and actual reserve balances at various points throughout the reporting cycle. The opening and closing balances of all reserves are reported publically through the revenue outturn monitoring report annually and through the council's statement of accounts.
86. Councils hold general fund reserves in two broad categories; Earmarked Financial Reserves and Unallocated Financial Reserves. The former are 'earmarked' or set-aside for specific purpose or to mitigate future risk and the latter are unallocated and available for any purpose. Table 8 shows the level of the council's reserves over the last 3 years.

Table 8 Southwark General Fund Reserves			
<u>General Fund Reserves</u>	31-Mar-21	31-Mar-22	31-Mar-23
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Earmarked reserves	204,613	208,240	209,873
General Reserves	21,002	22,445	22,443
Total	225,615	230,685	232,316

87. Reserves levels are published annually by DLUHC as part of the wider Revenue Outturn return completed by local authorities. This allows some comparison of overall levels between different councils. Table 9 shows Southwark's reserves relative to other London boroughs. As a proportion of its net revenue expenditure, Southwark's reserves are at 61% putting it in the bottom half of authorities in London (19/33), however the council's Section 151 Officer considered these adequate in the last Section 25 statement made within the February 2023 budget report.
88. The council does not set an absolute or relative level of reserves that it aims to maintain in the General Fund – the total is merely the sum of a series of smaller specific reserves set aside for particular reasons. These are reviewed at least annually. Overall, the sum held remains prudent and enables the council to confidently set out a three-year budget from 2024-25 in the knowledge that most unexpected shocks could be absorbed without compromising sustainability.

Table 9: 2021/22 Reserves as % of Net Revenue Expenditure



Housing Revenue Account (HRA) reserves

89. Whilst the General Fund reserves remain stable, Table 10 shows a pattern of declining HRA reserves. As at 31 March 2023, HRA reserves were £19.5m. Alongside mitigating actions to reduce that overspend (appendix 1), officers are considering a range of options for financing any residual deficit. This may include reducing the planned revenue contribution to the asset management programme, which would have the knock-on effect of

increasing borrowing and borrowing costs. Any mitigating action would reduce the call on reserves.

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
HRA Reserves	25.28	31.85	26.13	19.46

90. Table 11 shows HRA reserve balances held by the London Boroughs that had published their 2022-23 accounts at the time of the analysis. The numbers are shown in absolute terms, but also as a ratio in relation to spend, number of dwellings and rental income. Based on these measures, it is clear that Southwark's reserves are very low compared to other boroughs no matter which metric is used. Excluding the highest outlier, whose reserve balance is unusually high, the average balance for an authority the size of Southwark would be in the region of £50m. A further reduction in reserve levels is forecast in March 2024 given the HRA projected overspend in 2023-24. Considerable work is underway to reduce that overspend as far as feasible however, any further reduction in reserves does present risk to the HRA.
91. In the context of very low HRA reserves, it is clear that the first action is to identify ways to eliminate the £13.8m deficit forecast on the revenue account in the current year, rather than using reserves to balance the account and manage other costs, including borrowing costs, to create headroom. In the medium term, the HRA reserves need to be bolstered to return them to a more sustainable level.

Table 11: Comparative HRA Reserves in London

Authority	Balance at 31 March 2023	Percentage of spend	Per dwelling	Percentage of rent
	£0	%	£	%
Authority 1	153,456	94.20%	8,998	135%
Authority 2	24,819	43.60%	2,717	50%
Authority 3	14,294	37.60%	2,369	38%
Authority 4	16,162	24.60%	1,551	29%
Authority 5	38,303	27.40%	2,354	43%
Authority 6	16,866	24.80%	1,463	30%
Authority 7	27,787	24.70%	2,310	35%
Authority 8	21,045	23.00%	1,749	30%
Authority 9	21,567	19.70%	1,393	25%
Authority 10	49,025	19.00%	1,928	29%
Authority 11	26,382	17.40%	1,219	22%
Authority 12	26,849	13.40%	1,123	19%
Authority 13	15,462	12.30%	764	15%
Authority 14	14,068	11.50%	1,021	19%

Authority	Balance at 31 March 2023	Percentage of spend	Per dwelling	Percentage of rent
	£0	%	£	%
Authority 15	5,987	9.50%	894	13%
Authority 16	6,000	9.30%	604	11%
Southwark	19,458	6.50%	528	9%
Authority 17	4,120	6.10%	447	8%
Authority 18	2,100	3.50%	255	4%

Financial Governance

92. The Annual Governance Statement is a public statement of the effectiveness of the council's governance and internal control framework. It is a statutory requirement which reflects an individual authority's particular features and challenges. The council maintains a strong culture of financial governance. This is overseen by the Section 151 Officer, but all council officers and members have a role in ensuring the financial governance framework operates effectively.

93. The 2022-23 Annual Governance Statement referenced a number of activities that demonstrated the operation of the council's governance framework including:

- Internal and external audit;
- The work of the audit, governance and standards (AGS) committee including reports of governance issues in other councils;
- Compliance with the CIPFA Financial Management Code;
- The annual report on the corporate risk register;
- The council's internal management processes, such as the departmental Schemes of Management;
- Financial regulation review;
- Regular reporting;
- Strong business partnering between finance staff, service departments and corporate policy development.

94. The 2022-23 Statement referred to the management of the council's housing programme as a key financial risk and the need to consider the key housing priorities in 2023-24 (and beyond) within a climate of limited financial resources. It highlighted the need to ensure the affordability of the housing capital programme alongside a viable revenue account.

Capital Governance Arrangements

95. The current governance arrangements are set out in the Financial Standing Orders. Section 16.3.1 states that:

'Approval to spend on individual capital schemes will only be given once issued procedural instructions have been complied with and

cash flow implications have been determined and assessed to the satisfaction of the chief finance officer'.

96. In the current economic climate of higher interest rates and constrained and uncertain government funding, the council must ensure that all capital programme plans are financially sustainable. There need to be sound and prudent governance arrangements for both the general fund capital programme and the housing investment programme for agreeing new, and reviewing existing, capital projects to ensure they are affordable.
97. Officers are developing refreshed capital governance procedures to ensure that all projects are affordable, properly costed and align with the council's strategies. It is anticipated that these will be implemented from April 2024, with details of the process reported to the February cabinet. The council will assess the financial sustainability of capital projects on the basis of:
- the affordability of the long term financing costs, including assurance that revenue budgets can fund the cost of borrowing;
 - The process for ongoing monitoring to ensure affordability, as external factors change, such as the cost of borrowing.
98. The approach to prioritising bids will be guided by the previous Member-led discussions on the guiding principles for prioritising projects where funding is limited, with priority given to;
- Work needed to maintain our council assets to a good and safe standard, for example our libraries, leisure centres, roads and offices;
 - Projects that have already commenced and where there would be a major cost or reputational risk in not going ahead;
 - Projects that help deliver our Council Delivery Plan commitments;
 - Projects that have not commenced where there would be a major cost or reputational risk in not going ahead;
 - Projects that would bring in a future net income to the council.

Community, equalities (including socio-economic) and health impacts

99. This report monitors expenditure relating to the council's revenue budget and capital programme. Although as a monitoring report this report has been judged to have no direct impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities. Community impact was considered at the time the projects and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

Climate change implications

100. This report provides an update on the council's revenue budgets and capital programme as a whole and includes climate change programme updates. The impact of individual projects and programmes will be considered in line

with constitutional requirements as part of the specific decision making and procurement processes.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance

101. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
102. The Local Government and Housing Act 1989 sets out legal requirements in relation to housing finance, in particular a duty under Section 74 of the Act to maintain a Housing Revenue Account (“HRA”). The 1989 Act provisions include a duty, under Section 76 to budget to prevent a debit balance on the HRA and to implement and review the budget. This monitoring report enables the cabinet to understand the current position regarding the budget and proposed actions to comply with the section 76 duties.
103. Part 3A of the constitution requires the council assembly to agree the capital strategy and programme at least once every four years and as necessary in the event of a significant change in circumstances. The report sets out proposed arrangements to prepare for a refresh of the capital strategy and programme by council assembly.
104. Decisions regarding the strategic aspects of the regulation and control of the council's finances are reserved to the cabinet in accordance with Part 3C of the constitution. The Financial Standing Orders requires the chief finance officer to report on the overall financial position of the council and on capital expenditure incurred by the council to the cabinet on a regular basis.
105. Approval of virements over £1,000,000 and up to £10,000,000 between capital projects or programme headings as set out in the overall programme approved by council assembly are reserved to cabinet.
106. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
 - Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster good relations between people who share protected characteristics and those who do not.
107. Cabinet needs to take account of this duty in considering this report.

108. The Community, equalities (including socio-economic) and health impacts section above indicates that whilst this report has been judged to have no direct impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities and that community impact (including the impact on individuals with protected characteristics) was considered at the time the projects and programmes were agreed. The public sector equality duty is a continuing duty and will need to be taken account of in any processes to mitigate budget pressures. A full equality impact analysis will be undertaken when preparing and presenting the budgets and medium term strategy for approval as part of the forthcoming budget-setting process.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
'Fairer, Greener, Safer Delivery Plan 2022-26'	Southwark website	
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s108711/Appendix%201%20Council%20Delivery%20Plan.pdf		
Grant Thornton – Public Interest Reports	External report	
Link (please copy and paste into browser): https://www.grantthornton.co.uk/insights/lessons-from-recent-public-interest-reports/		
P and R: Revenue Monitoring Report	Southwark website	
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s108739/Report%20Revenue%20monitoring.pdf		

APPENDICES

No.	Title
Appendix 1	Actions on projected budget pressures
Appendix 2	Detailed General Fund Capital programme
Appendix 3	Capital Budget Virements and Variations
Appendix 4	Departmental Capital Narratives
Appendix 5	Housing Investment Programme

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Homes, Communities and Finance	
Lead Officer	Clive Palfreyman, Strategic Director of Finance	
Report Author	Tim Jones, Departmental Finance Manager, Finance and Governance	
Version	Final	
Dated	5 October 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 October 2023	

Appendix 1 Actions on Projected Budget Pressures

The key General Fund variations and budget pressures were reported to September cabinet in the month 4 budget monitor. The mitigations to bring overspends back into a balanced position are as follows:

- 1) Budgetary pressure of £2.4m in Education, mainly driven by higher demand and cost pressures in home to school transport. The continued growth in children and young people with Education Health Care Plans (EHCPs) reflected in increased demand for the home to transport service. Currently, approximately 25% of children and young people with EHCPs receiving travel assistance. Budget pressures are especially affected by the number of high costs of 'out of borough' placements. In addition, the current economic conditions and the rise of inflation has led to increased costs in the taxi and bus contracts.

Mitigating activities

The department has implemented a number of initiatives to reduce the budget pressure in line with the Special Educational Needs and Disability (SEND) strategy. The strategy is expected to develop in-borough provision to meet needs which is expected to reduce the number of children requiring transport out of borough. In addition reducing demand for EHCPs into and across the system through a strengthened universal offer and early intervention. Work also continues to increase take up of the independent travel training programme, reviewing and promoting direct payments and reviewing the 16-25 transport as well as the high costs placement commitments. These actions sit within a wider review of managing the costs of the SEND provision and with the Safety Valve programme.

- 2) £1.6m pressure in Environment, Neighbourhoods and Growth department, due mainly to significant increases in 'No Recourse to Public Funds' (NRPF) costs.

The cost of living crisis has increased pressure on families subject to NRPF, which has resulted in significant increases in client payment and accommodation costs. Data from the NRPF Network' for 2021-22 highlighted that 72 councils were providing accommodation and financial support for 3,423 households at a cost of £64 million per annum. Latest Southwark data shows the council supporting 435 households at a cost of £6.2m in 2022-23. This represents a 15% increase in the number of households supported between 2021-22 to 2022-23, together with rising costs for accommodation, utilities and care costs resulting in an overspend last year. Year to date figures for the first quarter of 2023-24, suggest a similar pattern of cost pressures with increased

accommodation and support costs with a risk of another expected overspend of about £1.3m.

Mitigating activities

Officers are exploring options that could help manage/bring down these costs over the medium term, as the statistics show that we are funding a disproportionate number of families at 8% of the total number in the Network.

- 3) The continuing budget pressure (of £1.6m) in homelessness and demand for temporary accommodation (TA) which is exacerbated by the cost of living crisis. In addition, there is an emerging supply-side pressure, as providers are exiting the private rental market due to rising interest rates impact on the financial return. As there are no effective controls to prevent private sector rent rises and continued restrictions on Local Housing Allowance (LHA) rates, many who are on welfare benefits and those on low incomes will find themselves struggling to pay rents. This in turn will increase the demand for local authority provision.

Mitigating activities

The council is part of the Inter-Borough Accommodation Agreement (IBAA) which is a Pan London agreement that ensures rent costs remain at consistent levels across London. However, given the cost of living crisis these rates across London have risen by 10% since March 2023. The council is working with current providers of temporary accommodation to maintain good working relationships in order to negotiate competitive overnight rates.

Within the Housing Solutions service, which administers the wider service including the prevention of homelessness, additional temporary staffing resources have been agreed, to increase case management capacity and drive forward new processes designed to increase efficiency.

The council has set up a cross-departmental working group, overseen by the Section 151 officer, to review all aspects of temporary accommodation provision. This group is considering best practice for demand management and taking practical steps to increase the supply of appropriate housing solutions including the usage of empty housing stock and the steps to increase turnaround of void properties.

Housing Revenue Account (HRA) Mitigations

The HRA is forecast an adverse variance of £13.8m. The main projected overspends are in customer facing services, where despite additional budget increases in 2023-24, inflationary increases have more than outstripped additions to budgets. The key pressures are in resident services (£5.7m), which includes cost pressures in cleaning and grounds maintenance and in repairs and maintenance (£8.3m) of the housing stock. The growing cost of financing the capital programme is also adding increasing pressure to the revenue account.

Cabinet are asked to agree the broad approach outlined below to manage both the short term pressure and the long-term sustainability of the HRA and its ambitious capital programme. Further work will then be undertaken to bring forward specific proposals in line with the agreed approach.

Housing Revenue Account

- Reviewing service budgets and taking management action to contain expenditure within realistic and affordable budget envelopes
- Improvements in procurement and contract management to maximise outcomes and value for money
- Increasing the revenue funding for asset management in the medium term in order to fully fund the programme without borrowing
- Agree a plan to increase the level of HRA reserves to a more prudent level in the short to medium term
- Continue to lobby central government, via DLUHC and The Treasury, for appropriate funding for social housing

Housing Investment Programme

- Avoiding or otherwise limiting the need to borrow for the Asset Management programme and committing to repay any unavoidable borrowing in the medium term
- Maximising capital receipts through sales of uneconomic land in order to reduce the borrowing burden on the revenue account
- Applying prudent viability criteria to all new build projects to minimise the need for borrowing
- Taking all necessary steps to limit the overall impact of capital financing on the Housing Revenue Account to an affordable level, taking into account all other demands on the HRA.

Appendix 2 - General fund capital programme 2023-24 M4 detail

Description of Programme / Project	2023/24				2024/25			2025/26 - 2033/34			Total Programme 2023/24-2033/34		
	Revised Budget	Spend to Date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment, Neighbourhoods and Growth													
CIL 2021- CGS	48	27	48	0	77	77	0	0	0	0	125	125	0
Cleaner Greener Safer	2,080	358	1,832	(248)	2,085	2,333	248	10,888	10,888	0	15,053	15,053	0
Cycle Superhighway 4 Project	50	0	50	0	2,854	2,854	0	0	0	0	2,904	2,904	0
Southwark School Streets	961	28	650	(311)	833	833	0	0	311	311	1,794	1,794	0
CIL 2021- Highways	884	11	720	(164)	0	164	164	0	0	0	884	884	0
LIP Programme	3,992	1,782	3,992	0	0	0	0	0	0	0	3,992	3,992	0
Other PR Projects	2,120	228	992	(1,128)	650	1,609	959	120	289	168	2,890	2,890	0
StreetCare	6,711	962	6,484	(227)	6,219	6,342	123	21,632	21,736	104	34,561	34,561	0
Air Quality	1,499	39	1,045	(454)	0	454	454	0	0	0	1,499	1,499	0
Air Quality Action Plan & Climate Emergency Delivery Projects	1,016	6	1,016	0	0	0	0	0	0	0	1,016	1,016	0
CCTV	250	0	250	0	1,500	1,500	0	1,250	1,250	0	3,000	3,000	0
Regulatory Services	56	0	56	0	0	0	0	0	0	0	56	56	0
Carbon Reduction Investment	1,331	0	1,331	0	0	0	0	0	0	0	1,331	1,331	0
Climate Emergency	6,110	76	4,953	(1,157)	1,638	2,529	891	15,356	15,623	266	23,105	23,105	0
Street Metal Works	835	0	835	0	889	889	0	889	889	0	2,613	2,613	0
Youth Services	805	0	805	0	0	0	0	0	0	0	805	805	0
Culture	99	204	200	101	113	113	0	675	574	(101)	886	886	0
Cemetery Burial Strategy	37	0	29	(8)	100	2	(98)	0	106	106	137	137	0
Drinking Water Fountains throughout Southwark	20	0	0	(20)	80	20	(60)	100	180	80	200	200	0
Tree Planting	1,332	75	1,025	(307)	788	1,100	312	397	392	(5)	2,517	2,517	0
CIL 2021- Parks	528	0	200	(328)	0	328	328	0	0	0	528	528	0
Parks	15,175	2,585	5,942	(9,233)	5,474	9,365	3,891	298	5,640	5,342	20,947	20,947	0
South Dock Marina	2,021	46	2,104	83	1,840	1,832	(8)	106	31	(75)	3,967	3,967	0
Leisure	1,522	42	1,522	0	103	103	0	0	0	0	1,625	1,625	0
Planning	2,077	149	2,077	0	0	0	0	0	0	0	2,077	2,077	0
Walworth Town Hall	1,091	0	1,091	0	0	0	0	0	0	0	1,091	1,091	0
Canada Water Leisure Centre	12,896	12	12,896	0	150	150	0	0	0	0	13,046	13,046	0
Blue Market Regeneration Programme	2	10	2	0	0	0	0	0	0	0	2	2	0
Revitalising the Blue	1,600	0	1,600	0	822	822	0	0	0	0	2,422	2,422	0
Riverside Walk	94	0	20	(74)	1,365	1,439	74	0	0	0	1,459	1,459	0
Regeneration North	4,866	27	3,760	(1,106)	2,053	3,159	1,106	2	2	0	6,921	6,921	0
Revitalising Camberwell	150	0	150	0	178	178	0	0	0	0	328	328	0
Peckham Rye Station Redevelopment	4,769	(1,533)	4,769	0	7,596	7,596	0	150	150	0	12,515	12,515	0
The Old Vic	2,736	0	2,736	0	1,000	1,000	0	0	0	0	3,736	3,736	0
Regeneration South	8,579	(928)	7,789	(790)	977	1,767	790	0	0	0	9,556	9,556	0
21-23 Parkhouse Street	3,380	0	3,380	0	0	0	0	0	0	0	3,380	3,380	0
Peckham Library Square	7,165	130	3,165	(4,000)	0	4,000	4,000	0	0	0	7,165	7,165	0
Regeneration Capital	5,150	96	5,150	0	813	813	0	0	0	0	5,963	5,963	0
Strategic Acquisitions	100	0	100	0	198	198	0	0	0	0	298	298	0
Property Services	2,208	137	2,208	0	0	0	0	0	0	0	2,208	2,208	0
Elephant & Castle Regeneration	8,550	3,750	8,550	0	4,800	4,800	0	6,016	6,016	0	19,366	19,366	0
Environment, Neighbourhoods and Growth	65,414	1,850	59,444	(5,970)	45,193	58,368	13,174	57,880	64,077	6,198	217,971	217,971	0
Children's and Adults' Services													
Lifecycle Capital Prog- Anchor Homes	1,742	391	1,963	221	584	1,309	725	4,245	3,299	(946)	6,571.387	6,571	0
Lifecycle Capital Prog- ASC properties	499	65	661	161	1,439	3,031	1,592	3,500	1,747	(1,753)	5,437.900	5,438	0
Mosaic Management Information Development	606	53	500	(106)	180	286	106	0	0	0	785.677	786	0
Bed Based Care	1,000	44	1,000	0	3,000	3,000	0	12,000	12,000	0	16,000.000	16,000	0
Changing Places Toilet Programme	200	0	120	(80)	0	15	15	0	30	30	200.000	165	(35)
MH Supported Housing Insourc. Transition	22	4	22	0	0	0	0	0	0	0	21.586	22	0
Primary Schools Refurbishment Programme Retention	95	0	95	0	0	0	0	0	0	0	95	95	0

Appendix 2 - General fund capital programme 2023-24 M4 detail

Description of Programme / Project	2023/24				2024/25			2025/26 - 2033/34			Total Programme 2023/24-2033/34		
	Revised Budget	Spend to Date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Primary Schools Refurbishment Programme 2020/21	395	8	395	0	0	0	0	0	0	0	395	395	0
Primary Schools Refurbishment Programme 2021/22	392	18	392	0	0	0	0	0	0	0	392	392	0
Primary Schools Refurbishment Programme 2022/23	2,017	524	2,017	0	0	0	0	0	0	0	2,017	2,017	0
Primary Schools Refurbishment Programme	0	0	0	0	2,505	2,505	0	2,505	2,505	0	5,009	5,009	0
Primary Schools Refurbishment Programme 2023/24	3,200	0	3,093	(107)	0	107	107	0	0	0	3,200	3,200	0
Autism Spectrum	900	0	0	(900)	0	900	900	0	0	0	900	900	0
Beormund Primary School Redevelopment	7,945	81	5,996	(1,948)	6,839	8,830	1,990	409	367	(42)	15,193	15,193	0
Ilderton Primary - Air Quality Improvements	1	0	1	0	0	0	0	0	0	(0)	1	1	(0)
Healthy Pupils Programme	59	0	59	0	0	0	0	0	0	0	59	59	0
Permanent Expansion	9,901	482	8,602	(1,300)	5,036	6,228	1,193	588	695	107	15,526	15,526	0
Riverside Primary School	3,933	106	3,933	0	2,016	2,016	0	182	182	0	6,130	6,130	0
School Retention	1,266	0	0	(1,266)	0	1,266	1,266	0	0	0	1,266	1,266	0
Rotherhithe Primary School Expansion	1,559	59	1,559	0	0	0	0	0	0	0	1,559	1,559	0
SEND and Disabilities Development	1,630	283	1,630	(0)	8,482	8,482	0	5,699	5,699	0	15,811	15,811	(0)
Southwark Inclusive Learning Service KS4	3,200	0	0	(3,200)	0	3,200	3,200	0	0	0	3,200	3,200	0
Childrens Homes	1,665	309	1,665	0	2,145	2,145	0	30	30	0	3,840	3,840	0
Children's and Adults' Services Total	42,226	2,429	33,702	(8,524)	32,225	43,319	11,094	29,158	26,553	(2,604)	103,609	103,574	(35)
Southwark Schools for the Future													
KS3 SILS	327	0	327	0	0	0	0	0	0	0	327	327	0
Contingency and retention payments	1,902	0	1,902	0	0	0	0	0	0	0	1,902	1,902	0
Southwark Schools for the Future Total	2,229	0	2,229	0	0	0	0	0	0	0	2,229	2,229	0
Housing													
Gypsy and Travellers Site Fire Safety Reconfiguration	266	0	266	0	202	202	0	0	0	0	468	468	0
Housing Renewal	2,566	533	2,093	(473)	2,935	3,042	106	22,601	22,968	367	28,103	28,103	0
Housing Total	2,833	533	2,360	(473)	3,137	3,244	106	22,601	22,968	367	28,571	28,571	0
Finance													
IT Investment Schemes	5,739	0	5,739	(0)	0	0	0	0	0	0	5,739	5,739	(0)
Smart Working Programme	723	0	723	0	0	0	0	0	0	0	723	723	0
Public Switched Telephone Network (PSTN) Digitalisation	1,075	0	1,075	0	2,171	2,171	0	1,344	1,344	0	4,590	4,590	0
Finance Total	7,538	0	7,538	(0)	2,171	2,171	0	1,344	1,344	0	11,053	11,053	(0)
Governance & Assurance													
PPM & Compliance Programme (CRP)	924	0	832	(92)	924	832	(92)	6,467	6,652	185	8,315	8,315	0
Operational Buildings Life Cycle Investment	4,951	0	4,951	0	4,951	832	(4,119)	610	4,730	4,119	10,512	10,512	0
Governance & Assurance Total	5,875	0	5,783	(92)	5,875	1,663	(4,212)	7,078	11,382	4,304	18,828	18,828	0
Capital Programme 2023/24-2032/33													
	Total General Fund Programme												
	2023/24				2024/25			2025/26- 2033/34			Total Programme 2023/24-2033/34		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure	126,115	4,811	111,055	(15,060)	88,602	108,764	20,162	118,060	126,324	8,264	382,261	382,226	(35)
Total Resources	48,328	0	45,755	(2,573)	23,807	29,608	5,801	45,259	42,031	(3,228)	117,394	117,394	0

Appendix 2 - General fund capital programme 2023-24 M4 detail

Capital Programme 2023/24 - 2033/34	2023/24				2024/25			2025/26 - 2033/34			Total Programme 2023/24-2033/34		
Description of Programme / Project	Revised Budget	Spend to Date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Forecast variation (under)/over	77,787	4,811	65,300	(12,487)	64,795	79,156	14,361	72,801	84,293	11,492	264,867	264,832	(35)
Cumulative position					142,582	144,456	1,875	215,383	228,750	13,367	264,867	264,832	(35)

Appendix 3 - Budget Virements and Variations 2023-24 M4 Monitor

Project Name	Children's	Adult Social Care	Children's and Adults' Services	Southwark Schools for the Future	Finance and Corporate Services	Environment, Neighbourhoods & Growth	Housing	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£	£	£	£	£	£	£	£	£	£
CURRENT PROGRAMME AT MONTH 4 2023/24	74,592,293	29,016,550	103,608,843	2,228,820	29,880,391	215,506,027	26,282,152	377,506,233	944,279,232	1,321,785,465
M4 VIREMENTS TO BE APPROVED										
Children's Services										
Primary Schools Refurbishment Programme 2022/23	(21,312)		(21,312)					(21,312)		(21,312)
Primary Schools Refurbishment Programme 2023/24	21,312		21,312					21,312		21,312
SSF										
Contingency and Retention				(167,684)				(167,684)		(167,684)
KS3 SILS				167,684				167,684		167,684
Environment, Neighbourhoods & Growth										
Folgate Estate						(1,300,000)		(1,300,000)		(1,300,000)
Abbey Street Arch						(28,590)		(28,590)		(28,590)
Holyrood Street						537,613		537,613		537,613
Walworth Road South(Missing bit of the Jigsaw)						(150,000)		(150,000)		(150,000)
Revitalise Camberwell (Southern Ent, Burgess PK, Artichoke)						(1,265,000)		(1,265,000)		(1,265,000)
Livesey Exchange						1,300,000		1,300,000		1,300,000
Camberwell Station Road						1,000,000		1,000,000		1,000,000
Windsor Walk						165,000		165,000		165,000
Camberwell High Street						(79,950)		(79,950)		(79,950)
Comber Grove						179,950		179,950		179,950
Walworth Library & Heritage Centre						(537,613)		(537,613)		(537,613)
Library of Things - Walworth Library						4,550		4,550		4,550
Goodrich Primary school - Solar PV						18,060		18,060		18,060
Climate Emergency Unallocated						(22,610)		(22,610)		(22,610)
Walworth Road						150,000		150,000		150,000
S106 Old Jamaica Road						28,590		28,590		28,590
HRA										
Tustin Low Rise Redevelopment - Pre construction and non works related costs									(9,078,949)	(9,078,949)
Tustin Low Rise Redevelopment - Phase 1									3,877,993	3,877,993
Tustin Low Rise Redevelopment - Phase 2									(6,009,288)	(6,009,288)
Tustin Low Rise Redevelopment - Phase 3									12,280,614	12,280,614
Tustin Low Rise Redevelopment - Phase 4									(1,070,370)	(1,070,370)
Sceaux Gardens New Homes									(20,000)	(20,000)
Sceaux Gardens Phase 2 & Loss & Disturbance claims									20,000	20,000
TOTAL VIREMENTS TO BE APPROVED AT M4	-	-	-	-	-	-	-	-	-	-
M4 - VARIATIONS TO BE APPROVED										
Environment, Neighbourhoods & Growth										
AQ Defra Projects						81,360		81,360		81,360
East Lodge – Lottery						89,095		89,095		89,095
Active Southwark Community Investment Fund						275,370		275,370		275,370
Walworth Road						99,962		99,962		99,962
NPR Programme						4,000		4,000		4,000
Access To PT - Denmark Hill P2						75,000		75,000		75,000
The Cut Complementary measures						140,000		140,000		140,000
GT Suffolk Street LTN						40,000		40,000		40,000
Low Traffic School Zones						40,000		40,000		40,000
Dulwich Wood School Link						60,000		60,000		60,000
Wyndham Road Area LTN						327,000		327,000		327,000
Consort Road Traffic Reduction						30,000		30,000		30,000
Evelina Road Accessibility Improvements						70,000		70,000		70,000
Active Travel Community Zones						20,000		20,000		20,000
Southampton Way Zebra Crossings						90,000		90,000		90,000

Project Name	Children's	Adult Social Care	Children's and Adults' Services	Southwark Schools for the Future	Finance and Corporate Services	Environment, Neighbourhoods & Growth	Housing	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
Greendale Walking & Cycling Improvements						70,000		70,000		70,000
Peckham Rye Gyratory						40,000		40,000		40,000
Cycleway 35						50,000		50,000		50,000
Lower Road - C4						1,000,000		1,000,000		1,000,000
CFR12 - Rotherhithe to Peckham Cycleway						100,000		100,000		100,000
Bike Hangar Implementation						106,000		106,000		106,000
C4/C10/C14 - Bermondsey Street Area						50,000		50,000		50,000
C17: Champion Hill /Camberwell Grove						30,000		30,000		30,000
Daneville Road Cycling Contraflow						15,000		15,000		15,000
Tanner St to Willow Walk P2						50,000		50,000		50,000
Leathermarket Garden						107,558		107,558		107,558
Whole Ward + Chaucer Ward						(10,000)		(10,000)		(10,000)
Guys Park						(25,000)		(25,000)		(25,000)
Revitalise Camberwell (Southern Ent, Burgess PK, Artichoke)						(502,000)		(502,000)		(502,000)
Peckham Library Square						952,000		952,000		952,000
Camberwell Station Road						(829,950)		(829,950)		(829,950)
Camberwell High Street						(170,050)		(170,050)		(170,050)
Queensborough Community Centre						(10,000)		(10,000)		(10,000)
Housing								-		
DFG - Housing Renewal							1,986,640	1,986,640		1,986,640
Springtide							302,356	302,356		302,356
HRA										
Sylvan Grove									(26,654)	(26,654)
Buyback 20									(754,116)	(754,116)
Adhoc Acquisitions								250,000		250,000
Repl of Comm facil in Meeting Hse Ln (DD)									(425)	(425)
Goschen Estate etc									25,991	25,991
Rye Hill Park								1,094,468		1,094,468
17-19 Wood Vale Ph5									(65,249)	(65,249)
2 Linden Grove (hostels)								337,806		337,806
61-91 Brisbane St, land to rear/Lomond Grove								436,755		436,755
61-91 Brisbane St, leasehold acq.									(8)	(8)
Sceaux Gardens Phase 2 & Loss & Disurbance claims								12,140,973		12,140,973
Revised Cash Incentive								90,551		90,551
TOTAL VARIATIONS TO BE APPROVED AT M4	-	-	-	-	-	2,465,344	2,288,996	4,754,341	13,530,092	18,284,432
TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT M4 2023/24	-	-	-	-	-	2,465,344	2,288,996	4,754,341	13,530,092	18,284,432
REVISED BUDGETS	74,592,293	29,016,550	103,608,843	2,228,820	29,880,391	217,971,371	28,571,148	382,260,573	957,809,324	1,340,069,898
VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED FINANCED BY:										
Corporate Resources / Capital Receipt	-	-	-	-	-	(623,590)	151,178	(472,412)	190,551	(281,861)
Major Repairs Allowance	-	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-	-	-	-
Capital Grant	-	-	-	-	-	2,948,786	2,137,818	5,086,605	-	5,086,605
Section 106 and CIL	-	-	-	-	-	136,148	-	136,148	-	136,148
External Contribution	-	-	-	-	-	4,000	-	4,000	-	4,000
Supported Borrowing	-	-	-	-	-	-	-	-	13,339,541	13,339,541
TOTAL RESOURCES	-	-	-	-	-	2,465,344	2,288,996	4,754,341	13,530,092	18,284,432

Appendix 4: DEPARTMENTAL NARRATIVES

ENVIRONMENT NEIGHBOURHOODS AND GROWTH

1. The total value of the capital programme for the department is currently £218m for the 10 year programme. The projected 2023-24 outturn is £95.5m against the budget of £114.9m and the budgets for future years will be reprofiled accordingly to reflect slippage in this year's programme.
2. Divisions will be expected to review their spending plan ahead of the next report to Cabinet as current run rates suggest significantly less spend is possible by year end given only £11.8m has been spent as at Month 4 (excluding commitments). Table 1 below summaries the 23/24 financial position by key schemes and responsible division:

Table 1

	2023/24						
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend	Forecast	Variance
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Leisure	1.5	0.0	0.0	1.5	0.2	1.5	0.0
South Dock Marina	2.0	0.0	0.0	2.0	0.1	2.1	0.1
Parks	16.8	0.0	0.3	17.1	2.9	7.2	(9.9)
Culture	1.0	(0.1)	0.0	0.9	0.2	1.0	0.1
TOTAL - Leisure & Culture	21	(0)	0	22	3	12	(10)
Street Metal Works	0.8	0.0	0.0	0.8	0.0	0.8	0.0
Regulatory Services	2.7	0.0	0.1	2.8	0.0	2.4	(0.5)
StreetCare	6.6	0.0	0.1	6.7	1.6	6.5	(0.2)
Other PR Projects	4.0	0.0	0.0	4.0	0.4	2.4	(1.6)
LIP PROGRAMME	1.6	0.0	2.4	4.0	1.9	4.0	0.0
Cleaner Greener Safer	2.1	0.0	0.0	2.1	0.5	1.9	(0.2)
TOTAL - Environment	17.9	0.0	2.6	20.5	4.4	18.0	(2.5)
Climate Change and Sustainability	7.4	0.0	0.0	7.4	0.1	6.3	(1.2)
TOTAL - Climate Change and Sustainability	7.4	0.0	0.0	7.4	0.1	6.3	(1.2)
Planning	3.4	(1.3)	0.0	2.1	0.2	2.1	0.0
Sustainable Growth	50.1	2.4	0.0	52.5	(0.2)	46.5	(6.0)
Property Services	2.3	0.0	0.0	2.3	0.2	2.3	0.0
E&C REFCUS(Regen North)	8.6	0.0	0.0	8.6	3.8	8.6	0.0
TOTAL - Planning & Growth	64.3	1.1	0.0	65.4	3.9	59.4	(6.0)
TOTAL	111.0	1.1	2.9	114.9	11.8	95.5	(19.4)

The progress of some of the major programmes by Division are detailed below:-

Climate Change & Sustainability Division

3. The projected 2023-24 outturn is £6.3m against the revised budget of £7.4m. The budgets for future years will be reprofiled accordingly to reflect slippage in this year's programme, and the Month 8 report to Cabinet is expected to reflect a more realistic outturn forecast in line with spend to date.

Climate Change and Sustainability

4. Cabinet agreed an additional £25m capital budget to enable the council to do more, faster, to reduce carbon emissions. £21m of the £25m has been allocated to strategic projects that meet our carbon reduction ambition as set out in the council's climate action plan. Recent work undertaken includes the installation of the energy saving measures, including heat pumps, at the Burgess Park sports hub and the Peckham Library upgrade. The council has also opened its first Library of Things at Canada water Library, expanding the council's libraries offer through the provision of household items to rent. LED Street Lighting, cycle hanger and EV charging programmes have also seen their delivery rapidly increased through this funding, while the council also planted its first Tiny Forest at Peckham Rye.

5. The climate change capital budget is supporting programmes across the council, which are detailed elsewhere in this report and a summary of how this fund is being used is outlined below in Table 2 below:

Table 2

Project	£'m
Window replacement in tenanted street properties	1
Burgess Park - Sports Centre	0.5
Crematoriums / Cemetery Buildings	0.25
Decarbonise operation council buildings - Library Sites	3
	1.8
Education Building energy performance surveys	0.03
Crampton Primary School - remove gas boilers and install air source heat pumps	0.8
Brunswick Park School - install air source heat pumps in sports hall and further feasibility in dining block	0.3
Partnership with Veolia for the greening of our waste service focusing on transport and infrastructure	1
Library of Things - Walworth Library (complete)	0.05
LED Street Lighting - Speed up roll out	2.2
Expand cycle hanger programme	2.5
Expand EV charging programme (complete)	0.4
Funding to improve walking in Southwark	0.4
Walworth Walking Scheme	0.5
School Maps Scheme	0.1
Tiny Forest – Peckham Rye (complete)	0.02
Green Space Enhancements and Biodiversity Improvements	1
Southwark Community Energy Fund	0.4
Council's own emissions	4.4
BMX Floodlighting Improvement Project	0.05

Project	£'m
Park LED Lighting	0.6
Cargo Bike Expansion	0.1
Walworth Our Bike Scheme	0.01
Total	21.3

Leisure Division

6. The projected 2023-24 outturn is £11.8m against the revised budget of £21.5m. The budgets for future years will be reprofiled accordingly to reflect slippage in this year's programme, and the Month 8 report to Cabinet is expected to reflect a more realistic outturn forecast in line with spend to date.

Parks, Leisure Centres. Youth and Play

7. The programme includes 34 individual projects. The most significant expenditure in the programme this year will be in respect of the following projects:
- South Dock Marina Boatyard Essential H&S works - construction works - (£1.2m)
 - Burgess Park Sports Pavilion and Pitches - completion of pavilion construction and ancillary landscaping (£1.8m)
 - Borough wide tree planting programme – (£1m)
 - South Dock Marina Boatyard Crane – supply and installation - (£0.9m)
 - Adventure Playgrounds – construction at 3 sites (£0.7m)
 - Active Southwark Community Investment Fund – 2nd and 3rd round grants (£0.76m)
8. There are also 11 individual projects, primarily covering lifecycle maintenance and replacement works at various Leisure Centres. The programme included roof repairs and glass replacement at Dulwich Leisure Centre, roof repairs at Camberwell Leisure Centre, replacement of training boats at Surrey Docks Fitness & Watersport Centre, structural repairs to Dulwich Leisure Centre Fitness Room and electrical works at Dulwich and Camberwell Leisure Centre.
9. Also included within the Youth and Play Service Capital budget (Youth New Deal) is funding of £1m for planned capital works, these are outlined in Table 4 below:

Table 4

Project	Cost
IT requirements at youth centres for monitoring and data collection and onsite facilities for young people	£0.07m
DTC: replacement of the AstroTurf and sports equipment and tannoy system	£0.12m
One Hub	£0.1m
Brandon: building fit out and construction works to create new internal spaces, plus some external lighting agreed with Parks	£0.45m
Kingswood Estate: resources for youth work from Kingswood Library and Kingswood House	£0.01m
Success House: internal fit out: music studio, change of storage and entry changes	£0.08m
Adventure Playground capital projects	£0.09m

Libraries and Culture

10. The libraries capital programme includes IT innovation projects, building improvements and costs associated with new library projects and library refurbishments. The budget for 2023-24 has been used to fund the fit-out of the new Kingswood library on Seeley Drive and Peckham library refurbishment costs. These projects have now been completed.

Environment Division

11. The projected 2023-24 outturn is £17.8m against the revised budget of £20.5m. The budgets for future years will be reprofiled accordingly to reflect slippage in this year's programme, and the Month 8 report to Cabinet is expected to reflect a more realistic outturn forecast in line with spend to date.

Cleaner Greener Safer, (Including air quality projects)

12. The Cleaner Greener Safer 2023-24 programme is well under way with spend and completion targets agreed at £1.88m and 200 completions. Quarter 1 targets were exceeded but this is expected to level out over the summer. Targets will continue to be monitored and amended if necessary. Rising costs remain a risk to delivery.

The Mayor's Air Quality Fund

13. The projects funded by this source have been completed including the Walworth Low Emission Neighbourhood (LEN). Building on this success, the council are now conducting further projects in the Walworth area to improve the market and shopping street, and to improve health outcomes, and further environmental improvements in LEN intervention areas e.g. Browning Street.

Streets and Highways

14. The Non Principal Road (NPR) programme, delivering major resurfacing of footways and carriageways, is on target to achieve the projected full annual spend. The carriageway resurfacing programme is just getting underway and this will see an accelerated rate of spend over the next few months due to the faster rate that carriageway surfacing is carried out by comparison to footway surfacing.
15. The School Streets programme is on target to achieve the revised forecast for end of year spend. There have been some minor issues with reaching an agreement with the schools concerned but these have been resolved for the most part.
16. Cox's Walk footbridge major repair works commenced in February 2023 Works were suspended to ensure there was no disruption to the bird nesting season but will recommence in October and be completed in the 23/24 financial year. The projected cost has increased significantly due to inflation and a capital growth bid will be submitted for the next round of bidding for the funding required to complete the Cox's Walk footbridge refurbishment works.
17. Cycle Superhighway 4 continues construction on site. There have been some delays due to Transport for London's contractors carrying out traffic signals and station refurbishment work. However, works are now expected to complete in December 2023 with full spend confidently expected. Work to design the longer term removal of the gyratory is progressing in line with expectations.
18. The cycle hangars programme is progressing well with 36 hangars having been installed this year, 29% of the year-end target of 125 hangars.

Planning & Growth Division

19. The projected 2023-24 outturn is £59.4m against the revised budget of £65.4m. The budgets for future years will be reprofiled accordingly to reflect slippage in this year's programme, and the Month 8 report to Cabinet is expected to reflect a more realistic outturn forecast in line with spend to date.

Peckham Rye Station development

20. The first phase of works to construct new commercial space on Blenheim Grove, has been completed in August 2023. The buildings are currently being fitted out.

In parallel, phase 2 tender documents are being finalised, for the works to demolish the buildings in front of the station to form the new civic square, with a start on site anticipated for summer 2024. This scheme will be further complemented by a planned major upgrade to Peckham Rye station, which is currently awaiting planning permission. This will deliver a fully accessible station, subject to Department for Transport (DfT) funding.

Aylesbury Plot 18

21. This council flagship scheme in Walworth, will provide new community facilities including a new library, a GP health centre including community health and early year's facilities surrounding a new public square. The new community facilities are expected to be completed by Q3 for Library and Q4 for Health Centre 23/24.

CHILDREN'S AND ADULTS' SERVICES

22. The total value of the department capital programme for the 10 year period, 2023-24 to 2033-34 is £103.6m.

Adult Social Care

23. The capital programme value for the period 2023-24 to 2033-34 is £29m. The main projects are; £6.6m for an essential lifecycle capital programme for the four residential care homes; £5.4m in respect of a programme of improvements to existing care settings; and £16m for the building of a new nursing home.
24. The Adult Social Care Capital Board has identified a number of priorities for 2023-24 and beyond in order to meet current and future needs of vulnerable adults in the borough. Accessibility is the key to improving the lives of those with disabilities and their carers. Projects such as contribution to the Changing Places Toilets and the insourcing of three hostels have been undertaken to deliver improved services to all, not just those with Care Act Eligible needs, thereby reducing the burden on Adult Social Care.
25. The Adult Social Care service invest in the property portfolio to ensure buildings provide safe and secure environments for staff and users. A proactive strategy of replacing building assets as they reach the end of their lifecycle and investing in low carbon/sustainable technology results in reduced breakdowns, lower maintenance and operating costs and helps the council meet its low carbon commitment.
26. The capital programme also includes an estimated £0.8m to enhance the council's social care IT systems to develop business intelligence that will drive

savings, enhance management information and result in improved outcomes for our service users.

27. Southwark Council owns a range of properties that are used by Adult Social Care (ASC) for residential and nursing care for older people and supported living accommodation for mental health and learning disabilities service users.
28. The lifecycle work on these properties, including four residential/nursing homes for the elderly, consists of a five year programme to 2026 to upgrade and maintain the buildings fabric and the mechanical and electrical infrastructure. The work also includes a number of projects that will make the buildings more energy efficient and help the council meet its low carbon target. These projects include LED lighting, installing air source heat pumps (ASHP), new double glazed windows and solar panels.
29. The four residential/nursing homes programmes reflect the responsibilities agreed with the new care provider Agincare who are taking over the redecoration of residents' en-suite rooms. The programme consists of various projects of life cycle works such as lifts, replacement lighting, fire alarms, window replacements and pipework. Completed projects include lifts replacement at Greenhive and Rose Court with Waterside and Bluegrove planned for 2023-24 and 2024-25. Previously approved projects that suffered delays or have not started are now included in the programme. These include window replacements at Rose Court which were postponed due to replacement cladding to the external staircase taking priority. Additionally, the replacement of heating and distribution pipework at Bluegrove was affected by delays due to Covid and the plan to include more climate friendly heating systems.
30. The activity on the planned life cycle work on ASC supported living accommodations is ongoing. Refurbishments have now restarted in Therapia Rd, Mount Adon Park. Grosvenor Terrace has been completed apart from windows where there is a planning delay as the building is in a conservation area. Significant works to the heating and cooling system at Riverside/Cherry Garden have been put on hold due to the longer term decisions that are to be made on the future of the building.
31. The Corporate Facilities Management team are in the process of carrying out condition surveys to identify the feasibility, cost/benefit return and prioritisation of further low carbon schemes with the scope to inform a new five-year plan for the property portfolio covering 2026-2030.
32. The ASC plan includes the build of a new nursing home to provide an additional bed-based care facility to meet the demand for placements of an increasingly

older-population. The revised programme cost of £16m takes account of construction inflation (20-25%) and demolition costs of £1m.

Children's Services and Southwark Schools Capital Programme

33. The Children's Services capital programme forecast for 2023-24 to 2033-34 is £74.6m. This consists of £11.1m for the schools refurbishment programme and £15.2m for Special Education Needs and Disabilities (SEND) capital strategy as well as certain specific projects such as £14.4m for Charter school; £15.2m for Beormund Special School; £6.1m for Riverside Primary school; and £3.8m for the development of the two children's homes.
34. The overall programme is focused on rightsizing provision, ensuring the estate remains fit for purpose. In addition to this, a key priority is to ensure there is sufficient high needs provision in the borough. Rising construction prices are affecting the capital programme by increasing demands on existing resources. Material costs are beginning to stabilise but the shortage of labour is now the biggest concern for contractors with wage inflation outstripping the general market place.
35. There is spare capacity in the primary sector (spread unequally across the borough) because of falling rolls relating to a reduced birth rate and a change in the population demographic. Additionally, there has been a reduction in pupil numbers in the earlier secondary year groups. Opportunities are being explored for rationalisation of buildings to make the best use of existing assets to reduce running costs for school. These proposals may be subject to future capital bids. There is also pressure to increase pupil places for children with special needs - a national issue for all education authorities.
36. A key priority of the programme is to ensure that any new school buildings are fuel-efficient and in line with the council's target to become carbon neutral by 2030. To address this, all current new school buildings are designed to a BREEAM 'very good' standard as a minimum.
37. The Children and Families division has two capital projects in operation at present, these being the two planned new children's homes. The first is 18 St Mary's Road where main works are ongoing. Practical completion is forecasted to occur by March 2024. The second children's home at 1 Colyton Road is at an early stage of development. The RIBA Stage 2 report which included designs and cost estimates was issued in August 2023.

Primary School Provision

38. The Primary School refurbishment programme delivers a yearly programme of planned refurbishment works alongside emergency reactive works where necessary. Under this programme, the decarbonisation strategy for the school estate will be developed to plan for the move away from the use of fossil fuels in the heating of schools. This programme is funded from the School Condition Allocation grant and calculations are based on pupil numbers. Therefore the yearly allocation has been reducing in line with falling rolls.
39. Riverside school is being redeveloped to re-provide defective early year's classrooms, dining space and safe access into the school. Design work is underway with tenders currently being reviewed with works being expected to start by October 2023. Expected completion date for this project is October 2024.
40. Rotherhithe Primary school expansion has now been completed and the school now occupy the whole site.

Secondary School provision

41. The Charter School, East Dulwich, is being expanded to address a shortfall in spaces in the local area. The project is in its second stage, which involves the demolition of the remaining buildings and construction of a new hall and three court multi-use games area. The completion date for the project has been delayed due to the main works contractor withdrawing from the contract and so new procurement arrangements are underway. Facilities are expected to be available to the school by Autumn 2024.

Special Education Needs provision (SEND)

42. In order to address a growth in the number of pupils with Education Health and Care Plans (EHCPs), options are being explored to expand SEND provision in Southwark to avoid placing pupils out of borough.
43. Additional capacity for SEND is being sought in new projects which are being proposed to address the issue. These include works at Highshore in order to accommodate an additional 40 places in a satellite site and at SPA Camberwell in order to provide 24 places in a 6th form provision also in a satellite site. The council has received £9.6m ESFA High Needs Capital funding to deliver this programme of works. In addition, Southwark has received £3m of Department for Education funding for capital projects to support the 'Safety Valve programme'.

44. Beormund School is being relocated as part of a wider redevelopment of the school area for residential use. The new site will provide a purpose built facility, supporting modern teaching techniques and learning for the Beormund SEMH School. It will also increase the school capacity to 56 pupils. The tender for the main contract has recently gone out with tenderers currently being reviewed. The aim is to start work in Autumn 2023. The anticipated completion for the project is Winter 2024.

HOUSING GENERAL FUND

General Fund

Overview

45. The forecast spend for the Housing and Modernisation general fund capital programme for the ten years to 2032-33 is circa £28.3m. Other than residual spend on Traveller Sites (£0.2m), the programme comprises Housing Renewal schemes (£28.1m). The projected spend for 2023-24 is £2.3m.

Asset Management - Housing Renewal

46. Housing Renewal comprises a range of initiatives primarily designed to support people to remain living independently in private sector accommodation through assistance. This is through repairs, improvements and adaptations to their homes. Support is also provided to landlords and property owners to bring their empty properties back into use. This support is provided through the provision of grants and loans and is largely funded through Disabled Facilities Grant (DFG) and the council's own resources. The forecast spend for 2023-24 is £2.1m
47. Most of the service spend is for the DFG with a forecast outturn for 2023-24 of £1.6m. There is a £2m forecast variation in the overall capital programme which is due to revisions to the assumed rate of grant funding, matching the amount due to the current year.
48. In February 2022, Cabinet approved £2m additional resources specifically for the compulsory purchase of empty homes. The council has now put in place resources to deliver these services, including employing an additional surveyor and project assistant who started in July 2023. The council continues to promote these additional services by the increase in the funding offer available to empty property owners through updating the council's empty homes web page and the borough wide newsletter. The forecast spend for 2023-24 is £0.3m. The remaining forecast spend for 2023-24 of £0.2m for Housing Renewal comprises funding for home repairs, small works and support for landlords.

Resident Services - Traveller Sites

49. A comprehensive programme of reconfiguration and improvement works to address health and safety and compliance issues (principally fire safety) at traveller sites has been undertaken. Further investment in sites continues. However, delays due to the pandemic have resulted in additional costs, namely prolonged temporary re-housing, storage of mobile homes and residents belongings, in addition to enhancements to the planned projects as the programme progresses. Fire Safety works at the Brideale and Burnhill sites are close to completion, with the remaining budget of £0.2m expected to be fully spent in 2023-24.

FINANCE

50. The total value of the finance capital programme for the ten years to 2023-24 is £11m, with a forecast spend in 2023-24 of £7.5m. A revised digital strategy will be subject to a further report to cabinet in February 2024.

Technology and Digital Services (TDS)

51. TDS supports and manages investment in the council's IT infrastructure. This is necessary to improve the on-line experiences of residents, enabling them to find the information and guidance they require and access our services. In addition, investment in technology will enable staff to deliver improved public services across communities and help the council to become one of the best-connected and digital boroughs in London. Use of emerging technology and data helps to enhance our communities and to ensure that residents are able to connect to fast accessible broadband.
52. The investment of £5.7m forecast for 2023-24 completes the current approved programme for IT investment and Cabinet are asked to approve a new bid to support future investment requirements over the full life of this 10 year programme. Key deliverables this year include the development of a new Customer Relationship Management (CRM) system to improve use of data, technology transformation following the "Future Gov" review and completion of the data centre migration and refresh of the network infrastructure. Other important projects include IT security compliance, website and intranet replacement, which together with a range of other smaller scale projects completed the focus for the year.

Smart Working Programme

53. The remainder of the 'modern ways of working' programme continues to focus on transforming the way the council operates, a key element of which is facilitating the ability for employees to work in more flexible and efficient ways as

supported by technology. The pandemic saw an acceleration of the programme with investment in remote working technology needed to ensure services were maintained. The remaining focus of the programme has included modernising the council's telephony and audio-visual capabilities that facilitate hybrid working and is a key element to modernising working practices. The forecast spend of £0.7m in 2023-24 completes the original programme with future projects to be incorporated into main IT investment programme.

Public Switched Telephone Network (PSTN)

54. In November 2017, BT Openreach announced they would be switching off the Public Switched Telephone Network (PSTN) in December 2025. The PSTN allows the delivery of "analogue" telecommunications services via copper lines and is being switched off to be replaced with Voice over Internet Protocol (VoIP) services delivered over a fibre network. Switching off the PSTN and moving to VoIP is also called the digital switchover.
55. A number of technologies are dependent on PSTN wiring and will need to be upgraded to deal with this change. For the council, this includes our lift infrastructure and SMART monitor systems. The General Fund programme budget of £4.59m is required at this stage to enable works relating to Telecare (SMART), Council offices, Schools & Nurseries and Highways and CCTV.
56. The programme goal is to manage all commercial and residential services that will be affected by the Public Switched Telephone Network (PSTN) switch off that is due to begin between summer 2023 through to summer 2025. This will involve overseeing the migration, replacement and implementation of new technologies to limit the effect of this decision upon the residents, services provided and officers within Southwark.
57. The Telecare (SMART) service is delivered to residents living in both Lambeth and Southwark. This means that the cost of the upgrades necessary for the service to continue will be shared proportionally across both authorities.
58. It must be noted that the national scale of responding to the decision to close down the Public Switched Telephone Network means that it is difficult to predict the profile of spend across 2023-26 as much will be dependent on availability of suitable resources and equipment that can be procured to deliver the required upgrades. However since the bid to add PSTN was approved in June 2023, further analysis has been undertaken which suggests that overall, spend could be up to £1.3m below what had been estimated. This is largely due to a re-assessment of the planned upgrades in terms of the funding apportionment between the general fund and housing revenue account (HRA).

GOVERNANCE AND ASSURANCE

Asset Management - Corporate Facilities Management (CFM)

59. The total value of the capital programme for the ten years to 2023-24 is £18.8m, with a forecast spend in 2023-24 of £5.8m. The spend forecast includes a number of schemes that have focused on refurbishment, including improving sustainability in terms of heating and lighting, investment in air-sourced heat pumps, LED lighting and buildings fabric.
60. The CFM programme enables the council to meet its statutory responsibilities for ensuring its operational buildings are compliant with health and safety regulations and ensure the wellbeing of its employees and service users. Delivery is through a comprehensive inspection and assessment regime and building a lifecycle maintenance programme designed to enhance their life and maintain asset value.
61. The continuous lifecycle nature of much of what CFM deliver means that the service will continue to draw on capital programme resources beyond what is currently approved by cabinet. As a result, cabinet are asked to approve a new bid for budget to meet future investment requirements.

Appendix 5: HRA Capital Programme-2023/24 Month 5

Programme	Programme Area	Spend at month 5	Forecast					2022/23-30/32/33 Total Forecast			
			2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast		2028/29+ Forecast		
Committed Programme											
Asset Management	Investment	Major works	22,481,002	61,532,127	27,318,255	234,169	-	-	-	89,084,551	
		District Heating	171,530	321,251	5,520	1,766,464	47,912	-	-	2,141,147	
		Fire/Building Safety	-	2,000	-	-	-	-	-	2,000	
	Engineering	Security	-	57,356	-	-	-	-	-	57,356	
		Asbestos	401,773	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	8,000,000	16,000,000	
		Boiler replacements	829,148	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	20,000,000	40,000,000	
		District Heating	291,235	5,658,956	500,000	2,000,000	3,000,000	-	-	11,158,956	
		Electrical	1,550,048	13,498,000	14,598,000	5,900,000	6,900,000	6,900,000	12,743,000	60,539,000	
		FRA Tasks	262,658	1,138,519	-	-	-	-	-	1,138,519	
		Lifts	-	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	7,600,000	14,600,000	
		Ventilation	37,031	500,000	500,000	500,000	500,000	500,000	1,900,000	4,400,000	
		Water tanks	30,008	900,000	750,000	750,000	500,000	500,000	2,500,000	5,900,000	
		Repairs	Adaptations	490,071	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	8,000,000	16,000,000
	Communal	523,204	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	14,000,000	28,000,000		
	Emergency structural	-	50,000	250,000	-	-	-	-	-	300,000	
	FRA Tasks	22,855	3,756,000	3,756,000	3,756,000	1,456,000	1,456,000	7,280,000	21,460,000		
	Health & Safety	689,636	4,138,231	-	-	-	-	6,000,000	10,138,231		
	Major voids	-	1,000,000	318,000	337,080	357,305	378,743	1,756,267	4,147,395		
	Roofing	459,917	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	11,250,000	22,500,000		
	Voids	992,933	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000	20,000,000		
	Building Safety	Fire/Building Safety	1,120,480	3,970,128	-	-	-	-	-	3,970,128	
		Stock Condition Survey	-	150,000	2,629,200	2,629,200	2,629,200	2,479,200	8,500,000	19,016,800	
	Total Asset Management			30,353,527	112,322,567	66,274,975	33,522,913	31,040,417	27,863,943	119,529,267	390,554,082
New Build & Acquisitions	Acquisitions	Acquired	257,698	257,698	-	-	-	-	-	257,698	
		On site	2,481,377	7,831,732	2,297,727	50,000	-	-	-	10,179,459	
	Total Acquisitions			2,739,075	8,089,430	2,297,727	50,000	-	-	10,437,157	
New Build	Delivered	34,357	6,350,338	438,436	-	-	-	-	6,788,774		
	Delivered and in defects	4,723,427	6,179,039	3,966,289	-	-	-	-	10,145,328		
	On site - under construction	66,409,736	255,944,605	141,942,980	66,485,520	50,101,618	36,385,957	84,530,400	635,391,080		
	Pre-construction	3,693,386	31,005,125	61,329,802	66,142,711	41,480,149	35,584,655	73,759,388	309,301,830		
Total New Build			74,860,906	299,479,107	207,677,507	132,628,231	91,581,767	71,970,612	158,289,788	961,627,012	
Total New Build & Acquisitions			77,599,981	307,568,537	209,975,234	132,678,231	91,581,767	71,970,612	158,289,788	972,064,169	
Other Programmes	Home Purchase Scheme	253,399	900,000	-	-	-	-	-	900,000		
	Regeneration	3,238	136,252	-	-	-	-	-	136,252		
	T&RA Halls	-	1,645,897	-	-	-	-	-	1,645,897		
	Marie Curie Acquisitions	31,332	2,321,138	-	-	-	-	-	2,321,138		
	Leathermarket JMB consolidation	-	2,445,090	-	-	-	-	-	2,445,090		
Total Other			287,969	7,448,377	-	-	-	-	7,448,377		
Total committed			108,241,477	427,339,482	276,250,209	166,201,144	122,622,184	99,834,555	277,819,055	1,370,066,628	
Financing	Major Repairs Reserve & Revenue Contributions	-	60,000,000	66,274,975	33,522,913	31,040,417	27,863,943	119,529,267	338,231,515		
	Non RTB receipts	-	35,694,084	13,002,500	1,606,250	5,000,000	4,000,000	4,000,000	63,302,834		
	RTB receipts	-	2,144,449	1,911,625	3,472,439	2,407,528	1,241,055	-	11,177,096		
	Grants & external contributions	-	51,863,642	36,564,415	12,429,380	1,145,000	4,136,000	-	106,138,437		
	S106 receipts	-	26,290,815	10,467,135	10,000,000	10,000,000	10,000,000	20,000,000	86,757,950		
	Borrowing	-	199,023,925	148,029,559	105,170,162	73,029,239	52,593,557	134,289,788	712,136,230		
	Unfunded	-	52,322,567	-	-	-	-	-	52,322,567		
	Total financing			-	427,339,482	276,250,209	166,201,144	122,622,184	99,834,555	277,819,055	1,370,066,629
	Uncommitted Programme										
Asset Management	Investment	428,250	2,648,257	56,713,628	46,918,835	8,020,661	27,243,948	150,269,531	291,814,860		
	Engineering	185,364	1,649,802	6,170,000	7,220,000	6,720,000	5,220,000	26,500,000	53,479,802		
	Repairs	-	1,783,961	8,447,000	7,123,000	750,000	750,000	3,750,000	22,603,961		
	Building Safety	617,450	1,595,413	6,350,000	-	-	-	-	7,945,413		
	Total asset Management			1,231,064	7,677,433	77,680,628	61,261,835	15,490,661	33,213,948	180,519,531	375,844,036

New Build & Acquisitions	Acquisitions	-	-	-	-	-	-	-	-
	New Build	259,655	861,232	224,575	83,663	-	-	-	1,169,470
	Total New Build & Acquisitions	259,655	861,232	224,575	83,663	-	-	-	1,169,470
Total uncommitted programme	1,490,719	8,538,665	77,905,203	61,345,498	15,490,661	33,213,948	180,519,531	377,013,506	
Financing	Uncommitted programme								
	Major Repairs Reserve & Revenue Contributions	-	-	3,725,025	36,477,087	15,490,661	33,213,948	180,519,531	269,426,252
	Borrowing	-	861,232	-	-	-	-	-	861,232
	Unfunded	-	7,677,433	74,180,178	24,868,411	-	-	-	106,726,022
Total financing		8,538,665	77,905,203	61,345,498	15,490,661	33,213,948	180,519,531	377,013,506	

Item No. 10.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Borough Emergency Plan 2023	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Kieron Williams, Leader of the Council	

FOREWORD – COUNCILLOR KIERON WILLIAMS, LEADER OF THE COUNCIL

Every year the cabinet reviews the borough's emergency plan to give us assurance that our arrangements to manage and respond to an incident are appropriate and effective. Put simply, in an incident, is Southwark ok?

The framework has been used to good effect throughout the developing phases of our response to the Covid pandemic supporting both our borough response and linking in with the London wide response. It has also been utilised to coordinate the council's actions following the death and funeral of HM Queen Elizabeth II. Whilst both of these significant events influenced our thinking we still have to maintain preparedness to the broad range of other incidents that have the potential to harm the borough.

As we move forward together as a community the lessons learned by ourselves and other organisations will further shape and develop the generic emergency plan. Protecting our local community and keeping residents, businesses and all those who visit our borough safe is a priority, it's included as one of our 2030 ambitions and is a basic moral duty that together we will always put first. Reviewing and consistently improving our generic emergency plan remains key to that obligation.

RECOMMENDATIONS

That the cabinet:

1. Agrees the annual review of the generic borough emergency plan with the understanding that further lessons from incidents and exercises will continue to be incorporated into future learning and planning.
2. Agrees that updated councillor briefing sessions are put in place to inform both existing and new councillors of their role in emergency planning and to inform future development of incident management.
3. Note that the council's emergency arrangements will continue to be guided by pan-London resilience standards and approach, including any ongoing arrangements resulting from the review of the national COVID-19 response.

4. In the light of the fluidity in Covid infection rates and new strains emerging across London, that the Council reserves the right to activate council wide emergency response arrangements, acting on the advice of public health locally and regionally as appropriate.

BACKGROUND INFORMATION

5. The council has clear legal and moral obligations to provide effective, robust and demonstrable emergency arrangements to mobilise its resources at short notice to deal with a broad range of incidents. This may be on a localised departmental level where a simple out-of-hours activity is required, or on a much larger scale, where a multi-function response requires dedicated coordination, liaison and communication. In either case, high quality planning provides the foundation for this flexible response, whatever the initiating event may be
6. The generic plan is being presented at this time to ensure that the organisation is satisfied that the annual review and post incident reviews of the plan and of the supporting plans/handbooks provide assurance that our arrangements are both appropriate and effective.
7. The generic emergency plan sets out the council's strategy for dealing with a broad range of incidents. It ensures that the local authority is meeting its moral responsibility to the community and as a designated Category 1 responder it is meeting legal obligations in accordance with the Civil Contingencies Act 2004
8. The London Borough of Southwark Generic Emergency Plan is available for public view and outlines the structure of the council's response in the event of an emergency
9. The Civil Contingencies Act, 2004, requires that emergency plans are in situ and recommends they be reviewed annually. To ensure the overall generic plan remains effective each supporting hand book and specific individual plans are reviewed on a regular basis. This ensures Southwark Council's moral and legal compliance to maintain our reputation of good practice and to capture additional response capability.
10. Detailed operational procedures are not captured in the generic emergency plan due to the complexity and occasional sensitive nature; they are captured in the supporting handbooks.

KEY ISSUES FOR CONSIDERATION

11. Southwark has in place a generic emergency plan which sets out the framework that is used to deploy and control its resources during emergency incidents. The framework within the plan is flexible enough be adapted dependent on circumstances but sufficiently structured to allow the same principles to be employed for all incidents which in turn gives a better

understanding of specific responsibilities and roles

12. The plan has been initiated on a small scale on several occasions during the last year but on each occasion full activation has not been required as the incidents were resolved without further mobilisation of resources.
13. The last two full activations of the plan were throughout the different phases of the Covid pandemic and then in September 2022 following the death and subsequent funeral of HM Queen Elizabeth II. During both activations the plan has provided a robust yet flexible framework that has successfully enabled a council wide coordinated response whilst at the same time supporting the continued delivery of our critical services. Whilst the circumstances of these activations were very different the arrangements were found to stand up well and have been adapted to utilise both in person and remote ways of working whilst maintaining the overall framework.
14. The purpose of cabinet agreeing this plan on an annual basis is so that the council can be satisfied the generic plan provides a simple but robust framework that enables the council to respond to emergency incidents affecting the borough. It is also so that the council is satisfied that our arrangements meet pan-London requirements and that our arrangements effectively align with other boroughs ensuring an effective cross-London response if and as required.
15. Agreeing the plan will enable the council to effectively deploy its resources to mitigate the effect of any incident and facilitate the return to normality for local residents, businesses and the community more generally.
16. The arrangements detailed in the plan also support the deployment of London Local Authority Gold (LLAG). It also gives due regard to the requirements detailed in the pan London Concept of Operations for Emergency Response and Recovery document (ConOps).
17. The overarching generic plan is supported by a range of supporting handbooks that cover specific roles integral to the effective management of emergency incidents and a further raft of individual plans covering identified risks that reflect the National Risk Register, the London Risk Register and local Risk Register.

Policy framework implications

18. Southwark 2030 ambitions underpin the core values of our developing Borough Plan looking toward 2030 to support the vision to build a better future for the people of Southwark by delivering quality affordable homes, improving our neighborhoods, tackling the climate emergency and strengthening our local economy. Having a robust emergency plan in place with supporting arrangements not only meets important statutory duties in relation to Civil Contingencies Act 2004 but moreover supports our aim for a borough where everyone in Southwark can feel and be safe in their homes and work.

Community, equalities (including socio-economic) and health impacts

Community impact statement

19. The Civil Contingencies Act 2004 (CCA) requires each Category 1 responder to put in place plans deal with emergencies. As a Category 1 responder the council must ensure that its arrangements are robust, agile and able to respond to the differing needs of the community in any single incident (or multiples of incidents). In activating arrangements, either in response to an incident or through recovery, the council is mindful of its commitments for equality and fairness and in ensuring that no group is detrimentally impacted as a result of actions arising from emergency response
20. During an emergency incident vulnerable people may be less able to help themselves than self-reliant people. Those who are vulnerable will vary depending on the nature of the emergency and some will become vulnerable because of the emergency. The generic plan identifies the need to work with other emergency responders to identify and support vulnerable people throughout the different phases of an incident (section 2.4)
21. The generic plan confirms the need for ongoing support for both vulnerable and all those affected by an emergency event. The local authority may appoint a Humanitarian Assistance Lead Officer to coordinate the ongoing support.
22. The Humanitarian Assistance Lead Officer may activate a number of Humanitarian Assistance capabilities through which immediate and ongoing assistance is offered. The lead officer may establish a Humanitarian Assistance Steering Group to coordinate and deliver these actions. Further detailed guidance is available in the handbook for Humanitarian Assistance Lead Officers issued by London Local Authorities in March 2021.
23. Emergency Incidents, their management and the situations to which staff could be exposed are likely to be physically and mentally demanding and will present a range of Health & Safety and Welfare Risks. The plan identifies mitigation that the council should follow before an incident, during the incident and after its conclusion.

Equalities (including socio-economic) impact statement

24. As with other plans and strategies, the council will give due consideration to the Public Sector Equality Duty as a positive duty to in assessing our local emergency planning response arrangements. For example, in setting up Humanitarian Assistance Centre (and other such Centre's) the council will be mindful of access and other such equalities considerations to ensure that

all individuals affected by an incident are given equal opportunity for support (e.g. providing support where language is a barrier in communications).

25. Guidance on establishing and maintaining emergency centers can be found in the supporting handbook #3. This identifies key issues for consideration when setting up a center together with guidance as to the various types of center and specific supporting functions that may be required.

Climate change implications

26. The generic plan outlines the frame work that can be applied to manage any of the broad range of potential emergency incidents. All actions and responses will be made having consideration for the councils climate change policies and protocols. However, on occasion, responses may need to be immediate with few or no alternative courses of action.

Resource implications

27. A broad range of facilities and equipment are in place to support any emergency response. These include:
 - A fully equipped Borough Emergency Control Centre (BECC)
 - A fully equipped Alternative Borough Emergency Control Centre (ABECC)
 - The technical equipment and ability to operate a fully remote BECC
 - A general use van to assist in emergency operations
 - A range of rest centre equipment including a stock of PPE
 - An ongoing pan London MOU with British Red Cross to support staffing and equipment provision in rest centres
 - Nominated rest centres within the borough (usually schools, leisure centres and halls)
 - Tools and equipment associated with specific council services
 - A range of communications & data infrastructure and equipment.

Legal implications

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

Financial implications

29. The resources identified above are all in place. There are no additional financial implications arising from agreement of the plan.
30. Given the unpredictable nature in which emergency incidents can arise, it

may be that responding to some incidents will require additional resources to ensure an effective, efficient and safe response for residents and businesses in the borough. The council will seek to deploy resources as best appropriate in this instance and would seek additional support from central government and other such bodies where this was felt to be appropriate to the scale of incident

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive, Governance and Assurance

32. Cabinet has the power to make this decision under Part 3C of the constitution. The approval of the Emergency Plan is an item that is considered annually by the Cabinet
33. As detailed in this report, pursuant to the Civil Contingencies Act 2004 schedule 1, Southwark as a category 1 responder has statutory responsibility for emergency planning. The statutory duties in section 2 of the Act require the council to assess, plan and advise in relation to emergencies including providing advice to the public. Regulations and government guidance provide detail on how to perform these duties
34. The cabinet needs to ensure that the public sector equality duty in section 149 Equality Act 2010 is considered in relation to this report. i.e. to have due regard to the need to eliminate discrimination, advance equality of opportunity, and to foster good relations between people with protected characteristics and others. Reference is made to this in the Community impact section above

Strategic Director of Finance

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Southwark Generic Emergency Plan 2023

AUDIT TRAIL

Cabinet Member	Councillor Kieron Williams, Leader of the Council	
Lead Officer	Althea Loderick, Chief Executive	
Report Author	Andy Snazell, Emergency Planning and Resilience Manager	
Version	Final	
Dated	4 October 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		4 October 2023

Item No. 11.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Gateway 0 – The Provision of Care Services in Flexi Care Housing	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Evelyn Akoto, Health and Wellbeing	

FOREWORD – COUNCILLOR EVELYN AKOTO, CABINET MEMBER FOR HEALTH AND WELLBEING

The number of older people in Southwark aged 65 years and over is predicted to grow over time. The Office of National Statistics (ONS) projects this group to increase to over 40,000 by 2030.

Ensuring that residents are in appropriate accommodation, suitable for their needs, is vital in enabling people to live good quality lives in the home of their choice. It is therefore crucial that we plan ahead and develop a long term strategy to meet this new level of need in the borough.

Extra care is a housing option which offers modern living facilities with access to 24 hour care support, should be the way forward. Extra care also known as Flexi care allows an individual to remain in their home for as long as possible, with the added assurance that their home and environment will be tailored to their evolving health needs.

Moreover, the increase in Flexi care housing allows us to be innovative by creating not just a housing scheme with support, but thriving mixed communities. It will allow people to be independent, reducing the need for hospital admissions or the need to move to residential care. It enables people to move out of houses, where they are finding it difficult to cope, into a home that is designed to be a supportive environment as a person’s care needs grow and where they can be secure and live independently.

Southwark currently has a reasonable level of extra care housing stock, but this is not enough, so I am very pleased that we are bringing more of these accommodation types on stream, and that we will have two more Flexi care housing schemes by spring 2024.

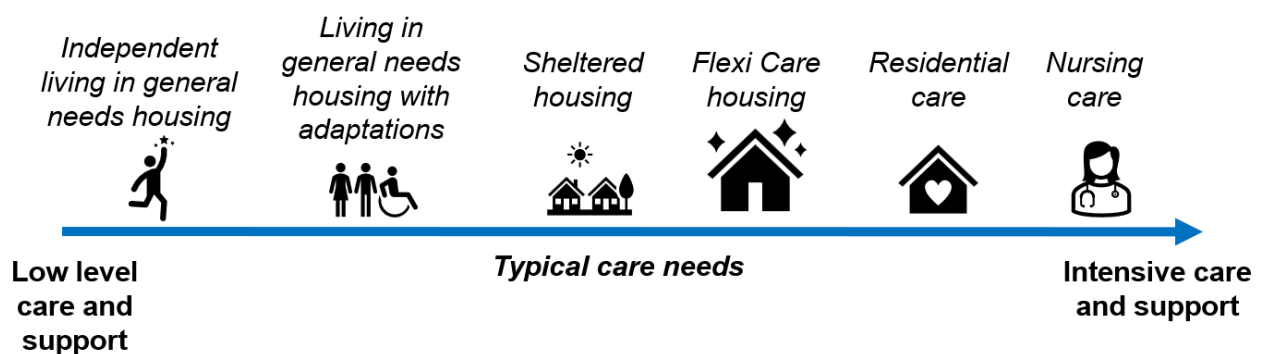
RECOMMENDATIONS

1. That the Cabinet approve this Strategic Options Assessment for delivery of Flexi Care services for Southwark council.
2. That the Cabinet delegate the approval of the following Gateway 1 to the Strategic Director of Children and Adult Services, in consultation with the Cabinet Member for Health and Wellbeing and the Cabinet Member for New Homes and Sustainable Development.
3. That the Cabinet note the reasons for recommendation two in paragraphs 99 and 100 of the report.

BACKGROUND INFORMATION

Introduction

4. Extra Care, known locally as Flexi Care, is specialist housing designed to meet the needs of older people, people with long-term conditions, and people with disabilities who may struggle to remain in their own home.
5. Care provided by a Flexi Care scheme enables residents to live in the least restrictive environment possible, as a tenant in their own 'home for life', supported by flexible care packages and 24hr provision. Care is person-centred and adapts to the changing needs of each resident.
6. Flexi Care sits along a spectrum of housing, accommodation, and care interventions, as illustrated in the below diagram:



7. The key difference between each type of accommodation along this spectrum is the intensity of care each provides to its residents, and the level of independence each is designed to support.
8. Flexi Care differs from sheltered housing in the following way:

- Sheltered housing provides lower levels of care and support. Sheltered housing does not involve care packages or 24hr provision, and is able to support those with lower needs. Flexi Care is able to support a greater mix of needs: residents of Flexi Care schemes are able to access care and support at all times, offering safety, security, and peace of mind.
9. Flexi Care differs from residential care in the following ways:
 - Residential care provides a structured, higher level of care to support those less able to live independently.
 - Residents live in rooms within a larger home. Flexi Care residents enjoy greater independence, live in their own individual homes, and are able to come and go as they please.
 - Residential care supports those of an older age with higher levels of need, whereas Flexi Care can support a younger cohort of more mixed needs.
 - Residential care residents do not have a tenancy, while Flexi Care residents do.
 10. Flexi Care residents pay rent, a service charge for the management and upkeep of the scheme, council tax, and utilities. Southwark's Flexi Care schemes are designated as social housing and contribute to the borough's affordable housing agenda.
 11. Community is a central philosophy of Flexi Care: a scheme should be designed to create a sustainable, active community of residents with mixed care needs. Building design, activities, voluntary sector involvement, and thoughtful mixes of resident cohorts all contribute to the success of a Flexi Care community.
 12. Traditionally, Extra Care accommodation has supported older adults. This model is changing, and latest best practice emphasises the opportunities presented by intergenerational schemes as key to building thriving, dynamic, and regenerative communities.
 13. There are exciting examples of best practice in Flexi Care within and beyond London, including partnering with local organisations such as nurseries, creative activities for residents such as music classes or arts programmes, and schemes designed with inclusivity at the centre. These examples illustrate the creative ways in which the ethos of Flexi Care can be realised.
 14. If well planned, Flexi Care can support a broad mix of people to live well, independently. This may include those with mental health needs, learning disabilities, dementia, and drug and alcohol users. In order to build a cohesive, active, and sustainable community, eligibility requirements and needs mix must be carefully strategically planned, and supported with appropriately skilled care staff.

Local context

15. The council has made a commitment within its Delivery Plan (2022-2026) to open more Flexi Care housing as part of its 'supporting families theme', recognising the potential for Flexi Care to contribute good quality residential and home care to residents.
16. This recognition is echoed within housing policy across the system: the Southwark Plan 2022 states the need for Flexi Care housing as an important part of the housing landscape and the borough's specialist accommodation mix. The Housing Strategy 2043 and its 2020 refresh calls for the provision of specialist accommodation to meet the needs of people with physical disabilities, mental ill-health, learning disabilities and older people- cohorts who can, with the right support, be enabled to live independently through Flexi Care.
17. Regional and national policy further supports these calls for specialist housing provision: The Ministry of Housing, Communities & Local People's most recent Outcome Delivery Plan sets out priorities for building affordable, better quality, accessible homes, including the improving the quality and value for money of supported housing. The Mayor of London's London Plan recommends the development and retention of specialist housing to support the diversity of London's population, where Boroughs should plan proactively for future need among the older population.
18. Southwark Council is ambitious for the health and wellbeing of its residents: its Joint Health and Wellbeing Strategy (2022-27) sets out five key principles to underpin the strategic direction of the Borough moving forward, including a 'targeted place-based approach', 'community empowerment', and 'high quality, joined-up and person centred health and social care' – principles all aligned to the local, community-centred, independence promoting ethos of Flexi Care.
19. Southwark Council's Fairer Future Procurement Framework sets out several commitments to Southwark residents and communities, including ensuring residents have 'a place to call home', 'a place to belong', 'a healthier life', and 'a safer community' – all of which are central aims of Flexi Care.
20. Flexi Care offers a progressive and innovative form of provision straddling good quality care, and good quality housing. Southwark Council's values include 'working for everyone to realise their potential', working 'to make Southwark more equal and just', and 'treating residents as if they were a valued member of your own family': these respectively correspond to the person-centred, inclusive, and community-based principles which underpin Flexi Care.

Southwark Flexi Care

21. Southwark currently offers three Flexi Care schemes at Tayo Situ House and Lime Tree House in Peckham, and Lew Evans House in East Dulwich. Details of each scheme are set out in the table below:

	Tayo Situ	Lime Tree	Lew Evans
<i>Care provider</i>	London Care	London Care	London Care
<i>Landlord</i>	Southwark Council	Housing 21	Southwark Council
<i>No. units</i>	42 (+1 guest residence)	54	39 (+2 step-down flats)
<i>CQC rating</i>	Good	Good	Good
<i>Tenure type</i>	Social rent	Social rent	Social rent
<i>Weekly care hours</i>	693.31	762.5	682.67
<i>Cohort</i>	40 years +, with Physical Disabilities and Mental Health	Older people, 65 years +, with Physical Disabilities and Mental Health	40 years +, with Physical Disabilities and Mental Health

22. 135 units are available as Flexi Care accommodation across the three schemes. The total contract value for all three operational schemes is estimated at £1,975,600 per annum.
23. Southwark commissioned all three schemes to one care provider, London Care. This was a block contract which commenced in February 2018, and ended in January 2023, with provision for two one year extensions. This contract has not been extended with a view to review the provider to the schemes.
24. All three current Flexi Schemes are CQC rated 'Good', and recent contract monitoring reviews reported that residents have generally positive experiences of where they live: residents are complimentary of the staff and the support they receive.
25. Two further purpose-built schemes reserved for Flexi Care provision are soon due to come online: Harriet Hardy imminently, and Tayo Situ Two by Spring 2024, subject to no delays.
26. Harriet Hardy is a new development on the Aylesbury Estate, and is due to supply an additional 54 units. The development is conveniently located next to the Adult Social Care Southwark Resource Centre and Citizens Advice offices, providing additional support close at hand as well as access to a range of shops and resources on Walworth Road.

27. Tayo Situ Two is located next to Tayo Situ House in Peckham. Tayo Situ Two is scheduled for completion in spring 2024, subject to no delays, and is due to supply an additional 50 units.
28. Together with Harriet Hardy and Tayo Situ Two, Southwark will have a total of 239 units available for Flexi Care by spring 2024.
29. No care provider has yet been contracted to deliver care to these units. Although there is provision to extend the previous contract with London Care, this is an opportune moment for Southwark to redesign, innovate, and future-proof its Flexi Care provision, in line with council aims and objectives.

A new vision for Southwark Flexi Care

30. Current provision delivered in Southwark reflects a more ‘traditional’ model of Extra Care. There is an opportunity in Southwark to move towards a more dynamic, person-centred model, better able to foster community and independence among residents.
31. To this end, Southwark has started to set out its intentions for a new model of Flexi Care, adopting its own definition of “Flexi Care”, and ambitions for its future in the borough. These describe “a move away from traditional Extra Care, towards a community and neighbourhood approach to care and support that is delivered in an innovative and dynamic way”. It emphasised vibrant activities and a “sense of community”, achieved through strong partnership working between Adult Social Care, Housing, Commissioning, and the community and voluntary sector.
32. Building from this earlier work, in August 2023 Southwark convened a Flexi Care development working group, which has agreed the following vision statement for Flexi Care:

Our Flexi Care schemes are flourishing communities of people from all walks of life, with different strengths, abilities, and needs.

Our schemes provide homes for life, where residents live well, safely and independently, with care and support that is flexible, creative, and person-centred.

Our residents lead sociable and fulfilling lives, connected to the local community.

Community, inclusivity, and fun, is at the heart of Flexi Care in Southwark.

33. This vision statement will be further refined as the development of a new model progresses.
34. Southwark has agreed the following principles to underpin the vision for Flexi Care in Southwark, developed through consultation with operational

colleagues across health and social care; lessons learnt from current provision; benchmarking; feedback from the provider market; and feedback from residents and their families:

- Strengths based approach to care and support that focuses on maintaining independence;
- Staff work in a person centred way and understand the residents, including their likes, dislikes, moods etc.;
- A clear and evolving offer of community activities and encouragement of resident involvement;
- A vibrant community and neighbourhood approach to care and support, ensuring staff are aware of community assets;
- A flexible approach to delivery where the views and feeling of residents are listened to and respected;
- A mixed staffing skill set that is enhanced through ongoing training;
- Clear communication and shared objectives between stakeholders to foster effective multi-agency working and;
- Continual improvement utilising the views of residents, wider stakeholders and staff.

35. In order to measure the success of provision the following high- level outcomes have been developed. These will be further refined into detailed minimum expectations and key performance indicators:

- Residents are supported to be independent and to remain living in the flexi care scheme;
- Residents know what the local support options are and who to contact for help;
- Residents are connected to and feel part of their local neighbourhood;
- Residents are both in control of and happy with the care and support they receive;
- Residents are treated with dignity and respect;
- Residents are free from harm and feel safe in their own home;
- Residents have access to, and experience good quality care and support;
- Family and informal carers have an enhanced quality of life;
- Admissions to hospital and residential care are reduced, and;
- The service is shaped based on the needs of residents.

36. Where current provision does not yet embody Southwark's vision for Flexi Care, there is a clear direction and intention to address these current challenges and ensure care is provided in a person-centred, flexible, and skilful way.

Interim solution

37. This report is concerned with the development of a long term solution for the provision of Flexi Care, however, in view of the units at Harriet Hardy coming online imminently, and Tayo Situ Two next year, Adult Social Care

have developed an interim solution for delivering Flexi Care to these schemes in the immediate future, thus avoiding significant voids at a cost to Southwark Housing revenues.

38. The Adult Social Care Directorate have agreed the following cohort for Harriet Hardy and Tayo Situ Two:
- Low - medium need
 - Must have capacity to hold a tenancy (at this stage)
 - Must have mobility skills to be able to evacuate in the event of a fire
 - No significant substance misuse issues
 - From age 55, possible from 40 with prior approval from the Flexi Care Panel
 - Those moving in will have their own specialist care and support package in place, accessing local home care provision as required (or as a spot contract), negating the need for a block contract arrangement, with a specific care provider.
39. The decision to consider a low – medium needs cohort was a pragmatic response to managing risk in the short term. This work provides an opportunity to consider a higher needs cohort, and how this may be operationalised and made successful.
40. Existing residents will not be affected by the new cohort model, rather, the Flexi Care panel will phase the schemes to the new model as units become available.
41. Two flats will be set aside for step-down care, for residents who would benefit a trial in the community post hospital discharge. Adult Social Care will manage this arrangement and identify robust move-on plans dependant on the outcome of step-down support.
42. Adult Social Care and housing staff have identified 60 potential residents who may be eligible to move to the new Harriet Hardy units. These include:
- Residents on the Sheltered Housing Waiting list/ vulnerable adults in hostel accommodation
 - Older people and those with a disability, including a learning disability, or those requiring mental health support
43. Residents will have their own care package. These will predominantly be from local supplier, Supreme. Always Inclusive, provider to neighbouring Learning Disability units, will provide night-time cover.

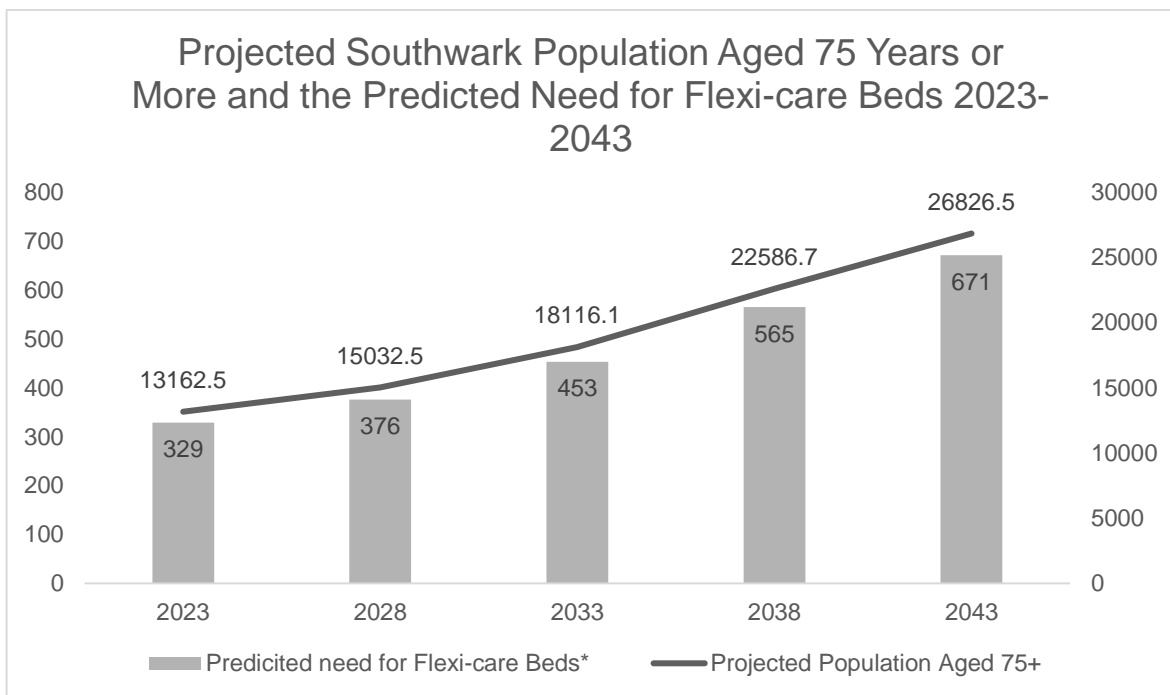
KEY ISSUES FOR CONSIDERATION

Future service requirements and outcomes

44. While Southwark is a relatively young London borough, its population is aging: between 2011 and 2021, the proportion of people aged over 65 years

increased by 15.5% to over 28,000. The Office of National Statistics (ONS) projects this population to increase to over 40,000 by 2030.

45. This will have significant implications on projected levels of demand for services across an increasing breadth and complexity of need, including across Mental Health and Learning Disabilities. A strategic approach will be necessary to meet this new level of need in Southwark.
46. In line with population predictions for the coming years, there will be a significantly increased need for specialist older persons housing in London and across the UK. According to London Plan data, Southwark falls behind its regional counterparts in this provision, ranking 29th out of 33 annual London Borough benchmarks for specialist older persons housing (2017-2029).
47. The following graph calculates future need for Flexi Care beds in Southwark, based on ONS population projections for those aged 75+. Projections are calculated using “More Choice, Greater Voice”, a toolkit developed by Housing LIN, the sector body advising on best practice, which recommends 25 units of Older People’s Extra Care (or Flexi Care) housing per 1,000 people aged 75+ within a given population.



48. Population data from Census 2021 found the actual population to be lower than ONS projections. A revised down estimate was therefore calculated for the predicted need for Flexi Care Beds in 2023, which predicts 265 beds are presently needed, 130 more than current provision, and 26 more than future provision across all five schemes.

49. These projections do not account for changing demand: older people are increasingly expressing a preference for housing with care, according to the Associated Retirement Community Operators (ARCO). This preference for a more flexible, independence-centred form of care may continue to increase in coming years with increasingly progressive understandings of what it means to age well.

Residential and nursing care residents

50. There is high demand for residential and nursing care home placements in Southwark, and in 2020, 70% of such placements were placed out of borough. This was in part due to reduced availability of beds: between 2011 and 2020, Southwark saw a 46% reduction in nursing care beds due to higher land prices, workforce challenges, and pressure from there being relatively fewer self-funders than in outer London areas.
51. Despite this pressure on available residential and nursing home placements, Southwark places more of its older people in residential homes than its neighbouring counterparts, at a significant cost: according to the Adult Social Care Outcomes Framework (ASCOF), Southwark places more older adults (65+) in residential or nursing care homes than any of its nearest neighbours, and ranks fourth regionally.
52. Flexi Care offers a promising, cost-effective alternative to residential care for those residents who require a level of care and support, but could be enabled to live well, independently with more flexible care provision. Through developing Flexi Care provision as an alternative to residential care, there is opportunity to repurpose a proportion of Southwark's residential care provision to in-borough nursing care.
53. It is likely a significant proportion of Southwark's residential and care home population fits this level of need: a 2013 evaluation of Extra Care schemes in East Sussex found that 64% of residents would have otherwise been in residential or nursing care.
54. The following summarises the benefits a Flexi Care placement can offer to an individual who would otherwise be placed in residential care:
- Enabling residents to live as independently as possible, for as long as possible. This has an impact on quality of life and fulfilment, and can prevent deterioration in health.
 - Flexi Care can reduce social isolation through community building, activities, and intergenerational living. A well-designed Flexi Care scheme will be embedded within the local area and with local organisations, providing opportunities for residents to feel a part of the local community.
 - Flexible, person-centred care supports residents to manage long term conditions well and maintain control of their health.
 - Creating additional Flexi Care placements within Southwark will mean more residents can be cared for closer to home and closer to families.

55. Beyond benefits to the individual, Flexi Care offers system benefits. The following table compares the average weekly costs of a Flexi Care placement to the costs of a residential care placement.

	Extra Care	Residential Care
Weekly cost	Average placement: 17 hours Hourly rate: £19.17 Total: £325.89	Total: £831.70

56. An Extra Care placement costs £505.81 (60.8%) less per week than a Residential Care placement; over £26,000 less per year- an indication of the potential for savings created by greater utilisation of Flexi Care beds by those otherwise placed in residential or nursing care. Please note these are averages over a week, and an Extra Care placement could vary above and below the average 17 hour placement.

Alternative cohorts

57. The council is keen to innovate beyond the traditional model of Flexi Care, to build inclusive, intergenerational, and mixed needs communities.
58. Cohorts supported by a traditional model of Extra Care may include older people, people who are physically frail, people with sensory impairments, long-term conditions, physical difficulties, and people who are socially isolated. Alongside these more traditional cohorts, Southwark Flexi Care currently supports those with learning disabilities, and those with mental health needs.
59. According to ASCOF data, Southwark ranks fourth against its sixteen nearest statistical neighbours for the proportion adults with learning disabilities who live in their own home or with their family. Flexi Care can build on this success to continue to support residents with learning disabilities to remain independent.
60. Southwark performs less well with respect to the independence of its residents with mental health needs, ranked fifteenth out of sixteen for the proportion of adults in contact with secondary mental health services who live independently, with or without support. This reflects an area which requires significant improvement and where alternatives, such as Flexi Care, should be sought to improve outcomes for residents.
61. Further to supporting people with mental health needs and learning disabilities directly, a well utilised Flexi Care provision may create more space in supporting living accommodation, which can in turn be made available as another alternative for people with mental health needs, or people with learning disabilities.

62. Early discussions as part of this work have identified the following non-traditional cohorts which a new model of Flexi Care should support, alongside more traditional cohorts of older adults:
- People with learning disability
 - People with a mental health need
 - Older alcohol and drug users
 - People with Autism
 - People with a cognitive impairment.
63. It has been agreed by the Flexi Care development working group that a future model for Flexi Care will accept a younger cohort of residents of 18 years or older, however with the expectation that the majority of residents will be over 40 years old. Where previous eligibility criteria has felt restrictive, a wider age range will allow Flexi Care to support those residents who could benefit the most.
64. The next phase of this work will use data to identify a more precise cohort and mix of need, and how this will be operationalised across the five current and pending schemes. This will consider whether a number of the schemes should be reserved for more specialist provision.

Housing need

65. There is a need to improve access to good quality social housing in Southwark: within the 2019 Index of Multiple Deprivation, Southwark performed poorly in the category describing “barriers to housing and services”. This category is indicative of a number of local conditions, including housing affordability, homelessness rates, and connectivity to local services.
66. Analysis conducted in 2019, which looked at Southwark’s housing need backlog and projections predicted an estimated 3,513 households per annum will require affordable housing in Southwark. This assumes no household should pay more than 33.3% of its gross income on housing costs.
67. While Southwark has the largest housing proportion of social housing among all London boroughs, it is not enough to meet demand. Increasing the supply of affordable, high quality homes is a key value and strategic priority set out in Southwark Housing’s 2020 strategy; a strong Flexi Care provision supports this endeavour by contributing well appointed, well connected, affordable homes to Southwark’s social housing stock.

Strategic service delivery options and assessment

68. This report has identified a need for Flexi Care in Southwark; set out its potential to improve the health and wellbeing of Southwark residents in line with council policy; and identified the potential for significant savings as a cost effective alternative to residential care.

69. There are multiple options for the strategic delivery of Flexi Care in Southwark, which will be explored in greater detail in the development of a Gateway 1 report. These options are set out along with key considerations as follows:

Option 1 – Do nothing

70. To do nothing would forgo the opportunity to improve the experience and outcomes of residents within the existing schemes, would not resolve challenges around the current rigidity of care referenced in this report, and would risk high void rates and unsustainable communities within a future service.

Option 2 – Spot purchase care and support services

71. This option would forgo the opportunity to define a long-term strategic direction for Flexi Care services, designed around population need. This is not good practice, and is not economical given it does not allow for economies of scale.

Option 3 – Continue with the existing contract

72. The previous contract for all three live schemes ended in January, with interim care being provided on a spot-purchase basis. Services need to be reconfigured to better meet the needs of Southwark's residents, where current provision does not fulfil the vision for Flexi Care, nor address pressures across the service.

Option 4 – Join an existing framework

73. There is no existing framework.

Option 5 – Strategically commission

Recommended strategic delivery option one

74. The first recommended strategic delivery option is the strategic commissioning of all five current and pending Flexi Care schemes, explored through the development of a Gateway 1 report; future investigation and details of the approach to delivery of this service will be undertaken to progress that option.
75. A strategic commissioning exercise will enable the council to design services that are better suited to need within the Southwark population, better able to support and improve resident wellbeing, and are aligned to a more ambitious, progressive vision for Flexi Care in Southwark.

Option 6 – In-House**Recommended strategic delivery option two**

76. The council's Fairer Future Procurement Framework sets out an 'in-house' preferred provider policy; in-sourcing services will be explored in detail through the development of a Gateway 1 report.
77. While in-sourcing would afford the council complete control over referrals and service standards, the council does not currently provide specialist Flexi Care services, and does not currently have in-house the skills and expertise to deliver this kind of service. These considerations, along with the practical implications of delivering Flexi Care services in house such as timelines and internal infrastructure, will be investigated with benchmarking research in the Gateway 1.
78. The option to develop a Local Authority Trading Company will be also be investigated through the development of a Gateway 1 report.

Option 7 - Shared service delivery

79. This is not a feasible option because in order to be a resident of Flexi Care the resident will need to have a connection to Southwark, and so shared service delivery with other councils is not appropriate.

Option 8 - Voluntary sector/not for profit

80. The involvement of Voluntary and Community sector organisations will be fundamental to the success of Southwark's Flexi Care schemes, by bringing activities and community connections to residents. This will be factored into service modelling, and will be developed during the mobilisation period of the new services.
81. The option to develop a co-operative model in partnership with the third/voluntary sector is not a feasible option due to the infrastructure and expertise that would be required locally to deliver Flexi Care services at this scale.

Option 9 - Decommissioning Services

82. The council has a duty to provide care and support services to those with Care Act eligible needs. Ceasing services would limit care and support options, risk individuals being placed with less suited provision, place greater pressure on domiciliary provision, and contravene council commitments to addressing inequalities, community empowerment, and delivering high quality care.

Benchmarking

83. Preliminary benchmarking data gathering and interviews were carried out in July 2023 to understand Extra Care costing within the region. Findings are listed in the table below, and detail arrangements as of July 2023:

Council	Hourly rate	Contract type*	Total contract value (pa)
Islington	£19.00		
Brent	£17.46 - £20.29	Core/ flexi	
Lambeth	£19.50	Core/ flexi	
Newham			£0.9m (1 scheme, 56 units)

*Contract types are most often either 'block' or 'core/flexi'. 'Block' contracts are a fixed price, and cover all care provided to Service Users. 'Core/flexi' contracts are split between a fixed 'core' element, to cover a set number of hours of care per Service User, and a 'flexi' element, to cover care provided above the core hours, which may vary month to month according to the needs of Service Users. The benefits of each contract type will be investigated in greater detail through the development of a Gateway 1 report.

84. Currently, Southwark pays an hourly rate of £19.20 to London Care.
85. Further benchmarking will be conducted as part of the next phase of this work.

Investment implications

86. £2.2million is currently allocated to Flexi Care provision from IBCF Flexi Care funding, and Adult Social Care core funding: this covers the three existing schemes Tayo Situ, Lime Tree, and Lew Evans.
87. Additional budget will need to be agreed to fund the additional two schemes at Harriet Hardy and Tayo Situ Two. This will be discussed alongside the development of the detailed service specification and cost modelling.
88. Some of this additional funding will be derived from costs offset in other service areas. This report has explored the potential for Flexi Care to provide care to those who would otherwise be placed in more costly placements, such as residential care, and further work will investigate savings opportunities across other service areas.

Market considerations

89. As part of a previous iteration of Flexi Care development work conducted during 2021-22, Southwark undertook a series of market insight events to

better understand what was then available, the level of interest from providers, and favoured commissioning arrangements. 21 people representing a variety of providers attended these events. No significant changes in the market are noted since the date of this earlier engagement.

90. Key findings from these events included:
- There was a healthy market for Flexi Care provision in 2021
 - Emphasis was placed on activities and social inclusion as highly important for resident well-being
 - A mix of needs can work well in practice, but there needs to be clear understanding and definitions around the support needs of different cohorts.
 - Schemes often sell themselves; on site staff makes the offer attractive to residents.
91. Ongoing provider engagement will ensure an up-to-date understanding of the market is taken into consideration when developing a new model of Flexi Care. Early indications of market health are positive: Lambeth Council reported a very lively market, with a diversity of good quality providers

Policy Framework Implications

92. The council has a number of duties under the Care Act 2014 for which Flexi Care directly responds to as follows:
- To promote that individual's well-being (PART 1 Section 1);
 - To contribute towards preventing or delaying the development by adults in its area of needs for care and support (PART 1 Section 2a);
 - Assessment of an adult's needs for care and support (PART 1 Section 9) and;
 - Duty to meet needs for care and support (PART 1 Section 18).
93. The Care Quality Commission (CQC) is the independent regulator of all health and social care services in England of which flexi care falls within this remit. This is defined as:
- Purpose-built (or purpose adapted) single household accommodation that is owned or occupied under an occupancy agreement. The accommodation is in a building or campus of similar households specifically designed to facilitate the delivery of care to people, either now or when they need it in the future.*
94. Any providers delivering Flexi Care provision within Southwark must register with CQC to provider delivery within the council's provision and allow CQC to undertake inspections on the provision.
95. The procurement of any services through this strategic commissioning exercise must adhere to the Fairer Future Policy Framework, which details

ethical and environmental standards, social value commitments, and best procurement practice.

Identified risks for the service and recommended strategic option

96. The following risks have been identified, should the development of Flexi Care in Southwark be approved:

Risk	Risk Rating	Mitigation
Service specification does not address need within Southwark	Low	Consultation with operational and commissioning staff, residents, and providers, over the development of the service specification. Sufficient time will be allowed in project planning to reach alignment and an appropriate level of detail.
Providers awarded contract are unable to deliver services within agreed costs	Medium	Budget for each lot will be based on the 2022-23 London Living Wage and associated benchmarked costs. Budgets will be based on detailed service specification work.
Providers awarded contract do not align to the vision for Flexi Care	Low	A clear vision and service model is established, in consultation with providers. A detailed service specification, clear tender guidelines, and evaluation methodology will ensure providers are aligned.
Void rates are high in new Flexi Care schemes	Medium	Detailed strategic discussion and planning to define an appropriate cohort and clear eligibility criteria will mitigate voids.
Interim plans (paragraphs 37-43) prevent the implementation of the strategic vision for Flexi Care.	Low	Interim plans are further developed in conjunction with strategic planning, in collaboration with operational staff. Long term cohort model will be phased into existing cohort by Flexi Care panel.
Short timeframes for the procurement of new services, due to availability of the new schemes compromise service specification quality	Medium	Provider consultation, detailed strategic discussion within working groups, and collaboration across operational and commissioning colleagues will ensure the service specification arrived at is strong and detailed.
There is insufficient interest and/or quality among providers to bid	Medium	Provider consultation and a premarket warming event will indicate market interest and quality.

Risk	Risk Rating	Mitigation
Inflationary pressures impact the affordability of services commissioned	Low	Market testing and detailed cost modelling to provide an accurate cost estimate for contracts, with inflation accounted for.
A procurement challenge is issued against procurement decision	Low	Detailed service specification, cost modelling, and evaluation criteria will be developed to ensure procurement process is fair and transparent.

Key/Non Key decisions

97. This is a key decision.

Next Steps

98. Building from previous iterations of Flexi Care development work in Southwark, this report identifies the following next steps to strategically commission or in-source Flexi Care services:

- A working group is convened to conduct detailed strategic discussion around the desired cohort and outcomes of Flexi Care provision in Southwark. This working group is already underway, with plans to meet between August and October 2023.
 - i. The working group will develop a more detailed service model, including staffing structures, values, and KPIs.
 - ii. The working group will develop a lotting and procurement strategy for the procurement of Flexi Care across all five current and pending schemes.
- Provider engagement is carried out to ascertain the level of interest and capability within the market at present; findings will then feed into the service model and specification.
- Resident and care staff engagement is carried out to inform service modelling.
- Further benchmarking is undertaken to inform cost decisions moving forward.
- In-sourcing is investigated through benchmarking research, and with consideration to experiences of insourcing elsewhere within the council.
- A GW1 is prepared and submitted for final approval by the Strategic Director of Children and Adult Services, in consultation with the Cabinet Member for health and wellbeing, and the Cabinet Member for New Homes and Sustainable Development.
- A detailed service specification is produced.
- A procurement exercise is undertaken to identify a new provider/ providers across five current and pending schemes, or project plans for the delivery of in-sourced services are prepared.

Gateway 1 decision

99. This work is required to progress at pace, so that care provision is operational within reasonable time of Harriet Hardy and Tayo Situ Two becoming available. This work aims to have operational new care contracts by autumn 2024, allowing for a six-month mobilisation period, and time for a procurement exercise.
100. Due to there being no Cabinet meeting in November, and in order to progress this work in reasonable time, this report recommends the delegation of the approval of Gateway 1 to the Strategic Director of Children and Adult Services, in consultation with the Cabinet Member for Health and Wellbeing, and the Cabinet Member for New Homes and Sustainable Development.

Service Delivery Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	01/08/2023
DCRB Review Gateway 0	30/08/2023
CCRB Review Gateway 0	07/09/2023
Notification of forthcoming decision	09/10/2023
Approval of Gateway 0: Strategic Options Assessment	18/10/2023
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	26/10/2023
Enter Gateway 1 decision on the Forward Plan	01/07/2021
DCRB Review Gateway 1	08/11/2023
CCRB Review Gateway 1	16/11/2023
Brief relevant cabinet member (over £100k)	21/11/2023

Community, equalities (including socio-economic) and health impacts

Community impact statement

101. This report has detailed the benefits a thriving Flexi Care scheme can bring to local communities, summarised as follows:
- A positive impact on the health, wellbeing, and independence of a wide cohort of residents
 - The creation of an intergenerational community social hub, connected with local voluntary and community sector organisations, to reduce social isolation and build local networks and
 - The potential to regenerate an area of decline.

Equalities (including socio-economic) impact statement

102. The Public Sector Equality Duty sets out in section 149 of the Equality Act 2010, that councils are required to:

- Eliminate discrimination, harassment, victimisation or other prohibited conduct
- Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it
- Foster good relations between persons who share a relevant protected characteristic and those who do not share it.

103. This report has described the potential for Flexi Care to address local and structural inequalities for local people through inclusive values, cohort planning, and the commissioning of inclusivity-focussed providers. An Equality Impact Assessment will be conducted ahead of the completion of a Gateway 1 report to further understand and quantify the impact of a new model for Flexi Care. This assessment will inform the development of the new model, and will be presented alongside the Gateway 1 report.

Health impact statement

104. The health and wellbeing of residents within Southwark's Flexi Care schemes is the priority of this work.

105. Flexi Care enables residents to live well, independently, promoting overall physical and mental wellbeing, and sense of self. Flexible, strengths-based care provision gives residents access to the care and support best suited to their needs, and ensures residents are safe, connected, and well.

106. Through community building, Flexi Care reduces social isolation, promotes connection, and supports residents to thrive.

Climate change implications

107. The council's 2021 Climate Change Strategy commits to the review of climate implications for all key decisions in Southwark. Green New Deal thought leadership has identified care as the sector most necessary to grow to support a green national infrastructure.

108. Flexi Care represents a greener alternative to comparable Home Care services, with respect to carer travel requirements. Care and support is provided to residents in one location, and does not require travelling between clients.

109. The establishment of a successful community hub, regenerative of the local area, would encourage local people to use and enjoy the social spaces and services provided to them locally, rather than travel elsewhere. There are opportunities to design resident activities around green initiatives, such as community gardening; this will be explored in the service model

development and mobilisation period.

110. Providers will be required to comply with all legislation aligned to the Council's Fairer Future Commitment. Contract evaluation criteria will consider how providers align to Southwark's environmental priorities and operate in a sustainable manner.

Social Value considerations

111. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are set out in this report, and summarised below:

- Regenerative potential: bringing activity and intergenerational community to an area of decline through the creation of a community hub, well connected with the local area
- Addressing local inequalities: schemes can be designed with specific inclusivity objectives at the centre, centred on local need, such as supporting majority LGBTQ+ or minority ethnic people
- Providing green care jobs to local people and
- Supporting the local voluntary sector and local organisations through partnering to deliver services and outreach for residents.

Economic considerations

112. Best practice Flexi Care is centred on community building, and has potential to regenerate and bring income to areas of economic decline. Provision under the new model of Flexi Care considered within this report should support the local economy by providing jobs for local people. According to the council's commitment any workers will also be paid London Living Wage (LLW) as well as adhering to the requirements of the "Ethical Care Charter".
113. The Gateway 1 will further quantify the economic impact of the proposed provision.

Social considerations

114. As set out in the Fairer Future Procurement Framework, the Provider(s) will be expected to meet the London Living Wage (LLW) requirements for services provided. Given the need to recruit and retain high quality staff, it is considered that best value will be achieved by including this requirement.
115. Should the decision be made to tender for the service within the Gateway 1 report then as part of the sourcing/tender process, bidders will be required to confirm that they will be paying LLW and the benefits that this will provide to the council. As part of any tender process, bidders will also be required to confirm how productivity will be improved by payment of LLW. Following

award, these quality improvements and any cost implications will be monitored as part of the contract review process.

116. In accordance with the council's Fairer Futures Procurement Framework, any successful Provider would be expected to recognise trade unions.

Environmental/Sustainability considerations

117. The 'Climate change implications' section of this report sets out the environmental benefits of a successful Flexi Care scheme, including reduced travel for care staff, green initiatives within the scheme, and the potential to regenerate a neighbourhood and encourage more localised activity.
118. Also set out in 'Climate change implications' is the requirement for providers to comply with all legislation aligned to the council's Fairer Future Commitment. Bids will be evaluated on their alignment to Southwark's environmental priorities and sustainability.

Plans for the monitoring and management of project

119. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
120. The contract will be performance managed by the contract monitoring in Children and Adult Services in conjunction with operational service leads from Social Care. Managing and monitoring of the contract will include:
- Compliance with the specification
 - Performance measurement of the provider
 - Service user outcomes
 - Service user satisfaction
 - Stakeholder satisfaction and
 - Annual Performance Report to Directorate Contract Review Board and Corporate Contract Review Board, within six months of the contract anniversary.
121. Key Performance Indicators will be developed by the Flexi Care working group as part of the development of the service specification.

Resource implications

122. The recommended options proposed within this report will be further explored and a Gateway 1 Procurement Strategy Report will be produced for approval.

123. Developing the Gateway 1 report will have staff resource implications, which will be accommodated within existing resources. The Assistant Director for Commissioning Children, Adults and Families is responsible for resourcing the Commissioning function to deliver this work.
124. Operational staff involvement will be key to ensuring a clear strategy and service model that delivers high quality service provision, which complements and supports operational delivery. A working group has been formed to support the development of an operational service model.

TUPE/Pensions implications

125. The procurement may have implications for incumbent external service providers where they do not participate or are unsuccessful in the tendering exercise. Whether TUPE will apply at the point of contract award will be investigated and planned for in the development of a Gateway 1 report.

Financial implications

126. The budget for Flexi Care provision is currently £2.2million per annum, which is made up of £1.52m from the Improved Better Care Fund (IBCF) and £675k from the core budget.
127. An initial cost model estimates the contract value across all five schemes as follows:

Contract type	Total value per annum
Block	£4.8 million
Core/flexi	£4.2 - £6.0 million

128. As this is at least £2.2m greater than the current budget available, the total flexi-care proposal will have to be funded from a reduction in more traditional types of care e.g. Residential and Reablement.
129. This uses the following assumptions, based on initial benchmarking, and recommendations from earlier iterations of this work:
- Block hourly rate: £20/hr (£0.80 higher than current rates)
 - Core/ flexi rates: £20/hr (£0.80 higher than current rates)
 - Core/ flexi core hours: 10 hours per week per unit, based on Islington benchmarking
 - Needs mix:
 - Low need, 0-12 hours per week, 25%
 - Medium need, 13-22 hours per week, 45%
 - High need, 23-30 hours per week, 35%
 - Permanent staff including a full time Service Manager and 0.375 WTE Care Co-ordinator per scheme, based on previous iterations of this work

130. The above assumptions will be tested and refined as set out by the next steps recommended by this report. More detailed cost modelling, based on a final service model, will be completed as part of the GW1.

Legal implications

131. Please see concurrent from the Assistant Chief Executive, Governance and Assurance.

Consultation

132. Consultation has been undertaken over July/ August 2023, and across previous iterations of this work with operational and commissioning colleagues. Consultation with care staff and residents was conducted as part of previous iterations with this work, and through a Lunch and Learn in June 2023; further care staff and resident consultation will be conducted. Market consultation and further benchmarking will be conducted as part of the development of Gateway 1.

Other implications or issues

133. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance

134. The Strategic Director of Finance notes the recommendations of the report of the proposed strategic options assessment for the delivery of Flexi-care services within the borough. The future service requirements and the finance implications sections are also noted which clarify the implications on the demographics within the borough as well as the funding arrangement that is currently in place. It is also noted that there is currently insufficient budget to accommodate for the proposed initial contract value of £4.2m - £6m and that budget will be reliant on a reduction in more traditional placements e.g. residential and reablement packages.
135. Given that this is a GW0, further demographic analysis and financial modelling is imperative in determining a more detailed financial position and the implications on service delivery. The service, commissioning and finance will need to collaborate in order to provide further assurance for stakeholders regarding the financial envelope and the budget allocation for future years, as suggested in point 128.
136. As suggested in point 126, the contribution made by the Improved Better Care Fund (IBCF) to this activity reflects the shared benefits accruing to the council, the ICB and other health partners in their endeavours to improve outcomes for the residents of Southwark. Whilst funding is secure for 2023-24, the service and other partners will need to work closely to

mitigate any risks arising from future spending reviews and subsequent changes to the IBCF.

137. A finance concurrent reference number will be provided once any changes have been made to this report as suggested by CCRB.

Head of Procurement

138. This report seeks approval of the Gateway 0 strategic options assessment for delivery of Flexi Care services for Southwark Council, and delegation of approval for the following Gateway 1 to the Strategic Director of Children and Adult Services, in consultation with the Cabinet Member for Health and Wellbeing and the Cabinet Member for New Homes and Sustainable Development. In accordance with the council's Contract Standing Orders, decision must be taken by Cabinet, following review by DCRB and CCRB.
139. Headline options and risks associated with the proposed strategic options assessment (and recommended strategic option) are contained at the end of paragraph 96.
140. Alignment with the Fairer Future Procurement Framework (FFPF) is evidenced, specifically via confirmation of London Living Wage (LLW) payment at paragraph 114, and trade union recognition at paragraph 116 (together with the content of paragraphs 101 – 118 more generally).
141. Proposed methodology for performance/contract monitoring is detailed within paragraphs 119 - 121. The report also confirms that an annual performance review will be provided to the council's DCRB and CCRB in alignment with council Contract Standing Orders.
142. The Community, Equalities and Health Impact Statements are set out in paragraphs 101 – 106.
143. The Climate Change, Social Value, Economic and Environmental / Sustainability statements are set out in paragraphs 107 – 118.

Assistant Chief Executive – Governance and Assurance

144. This report seeks approval of the strategic options assessment for the delivery of Flexi Care services and to delegate the decision to approve the procurement strategy to be set out in a Gateway 1 report to the Strategic Director of Children and Adult Services, in consultation with the Cabinet Member for Health and Wellbeing and the Cabinet Member for New Homes and Sustainable Development.
145. Under the council's Contract Standing Orders, a pre-procurement/gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or other strategically important contract for services, goods or works where requested by the relevant cabinet member. The decision to approve the report recommendation is reserved

to the relevant cabinet member, who may choose to refer the decision to Cabinet.

146. Whilst the recommended strategic delivery option is for the council to undertake the strategic commissioning of all five current and pending Flexi Care schemes the procurement route and contract values are not yet known and those details will be confirmed in the gateway 1 report together with the proposed procurement strategy.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Southwark Delivery Plan, 2022-2026	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/council-and-democracy/fairer-future/fairer-greener-safer-southwark-s-council-delivery-plan		
Southwark Plan, 2022	Children's and Adults' Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-guidance/development-plan/new-southwark-plan		
Southwark Housing Strategy, 2043	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/assets/attach/11206/SP104-Southwark-Housing-Strategy-to-2043-2015-.pdf		
Southwark Housing Strategy, 2043, 2020 refresh	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/housing/housing-strategy		
Southwark Joint Health and Wellbeing Strategy, 2022-27	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460

Background Documents	Held At	Contact
Link (please copy and paste into browser): https://www.southwark.gov.uk/health-and-wellbeing/public-health/reports-and-strategies?chapter=3		
Southwark Stands Together programme	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/engagement-and-consultations/southwark-stands-together/our-commitment-to-tackling-racial-inequality		
Southwark's Fairer Future Commitments	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/council-and-democracy/fairer-future/fairer-future-commitments		
Southwark's Climate Change Strategy, 2021	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.southwark.gov.uk/environment/climate-emergency/reaching-net-zero/our-plan-for-net-zero		
Care Act, 2014	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.legislation.gov.uk/ukpga/2014/23/contents/enacted		
Public Services (Social Value) Act, 2012	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.legislation.gov.uk/ukpga/2012/3/enacted		
Equality Act 2010 (Section 149)	Children and Adult Services, Commissioning Directorate 160 Tooley Street, London, SE1 2QH	Russell Jones 020 7525 3460
Link (please copy and paste into browser): https://www.legislation.gov.uk/ukpga/2010/15/section/149		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Evelyn Akoto, Health and Wellbeing	
Lead Officer	David Quirke-Thornton, Strategic Director of Children and Adult Services	
Report Author	Russell Jones, Assistant Director for Children and Adult Joint Commissioning	
Version	Final	
Dated	5 October 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes
Head of Procurement	Yes	Yes
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 October 2023

Item No. 12.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Annual school place planning report financial and academic year 2023-24	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Jasmine Ali, Deputy Leader and Cabinet Member for Children, Education and Refugees	

FOREWORD - COUNCILLOR JASMINE ALI, DEPUTY LEADER AND CABINET MEMBER FOR CHILDREN, EDUCATION AND REFUGEES

Southwark Council has a legal duty under the Education Act 1996 to ensure that a sufficient capacity of school places exists for children of statutory school age. Monitoring, through the analysis of data and trends, is carried out by our education team to produce this annual report on place planning to ensure that sufficient capacity exists.

The following report provides a comprehensive overview of school place capacity for reception, primary and secondary places, as well as forward place planning for Southwark.

Southwark is meeting its duty to ensure that there are enough school places for our primary and secondary school children – and I am pleased to report that almost all of these school places are in Good or Outstanding schools.

Yet we know that this good news is not without challenge - namely the gradual over supply of primary school places that we have seen in Southwark, across London and now in the regions. Demographic changes brought about by falling birth rates, EU migration and Brexit, a lack of adequate affordable housing, changes in the benefit system are factors that have contributed to a reduction of families in Southwark and London and falling school rolls.

Too many primary school places compared with the reducing number of primary age children living locally has led to excess vacancies in schools that the Council has taken positive action to address to keep our children’s education strong in the borough.

Keeping Education Strong Strategy

In December 2022 I introduced the Keeping Education Strong Strategy in order to mitigate the damaging impact of falling school rolls on education in the borough. This joint work between the Council and Southwark schools concluded

this year with the Keeping Education Strong Plan to close, amalgamate or reduce Pupil Admission Numbers (PANs) in schools with reduced demand. The outcomes of the plan, combined with the actions of individual schools to reduce PANs and to close three schools, makes for a less challenging picture.

Primary schools

As of September 2023, overcapacity has been reduced following action taken in the previous year in Southwark primary schools, reducing Reception vacancies from 22% to 17%. Further action proposed through the Keeping Education Strong strategy would be expected reduce Reception vacancies down to 10%, though individual schools and local area will still face challenges with greater excess capacity.

Actions to deal with the oversupply of primary school places will also be more substantively monitored and addressed in separate reports to Cabinet in 2023/24 detailing PAN reductions, amalgamations and school closures.

Secondary schools

Southwark secondary school places had seen an overall increase in demand and provision since 2016. However the reduction in primary numbers is now beginning to feed through to secondary schools, with the number of Year 7 pupils falling by 6% since 2019-20. The report anticipates that secondary demand has now plateaued and will start to decrease slowly from this year onwards.

Although there are no immediate concerns about surplus capacity in the secondary sector overall, schools who experience less demand may be disproportionately affected by the overall falling numbers of pupils.

The report concludes that on balance, in spite of the downward trend in pupil numbers overall, there remain identified areas of potential growth for primary and secondary education in Southwark, linked to long term regeneration programmes such as Canada Water and the Old Kent Road area.

I ask Cabinet to note the updated forecasts of primary and secondary school places, to note the continuing over supply of primary places in specific locations and across the Council area, and to endorse and note the actions in this report to match primary demand with capacity of places, as part of the Keeping Education Strong Strategy.

Executive Summary for Pupil Place Planning Report

Southwark Council's duty under the Education Act 1996 (as amended by the Education and Inspections Act 2006) is to "ensure that a sufficient capacity of school places exist for children of statutory school age". Monitoring and analysis of appropriate data and trends are carried out to produce an annual report on place planning to ensure that sufficient capacity exists. This report therefore aims to provide Cabinet with an overview of school place capacity, as well as

forward place planning for Southwark. The number of primary pupils has been falling for several years, and the report outlines some of the measures taken to address this under the umbrella of the Council's Keeping Education Strong Strategy.

The highlights from the report for 2023-24 are as follows:

- Southwark has sufficient pupil places to meet existing demand in both primary and secondary phases of education in Southwark. The authority was able to offer a primary or secondary school place for the 2023-2024 academic year, to all on-time Southwark applicants at the normal points of entry, and has more than sufficient provision available to accommodate late and in year applicants for both phases.
- All the indicators for the short to medium term are that primary rolls will continue to fall. From September 2015 to the present time (September 2023 for rolls, December 2022 for births)
 - The number of primary pupils overall has fallen by -15%
 - The number of reception pupils has fallen by -21%
 - The number of births has fallen by -26%
 - The number of reception applications has fallen by -22%
- There are areas of Southwark where a steeper decline in primary demand has been observed, these are mainly centred around the "Borough & Bankside" and "Peckham & Nunhead" localities.
- There is therefore considerable overcapacity in the primary sector, both at reception and across all school year groups. GLA projections anticipate that primary reception demand overall will continue to decline until at least September 2031, and probably beyond this date. To address this, Southwark Council launched its "Keeping Education Strong" (KES) strategy in December 2022 as a comprehensive response to falling school rolls with decisive action taken or planned including PAN reductions, amalgamations and closure of a number of schools.
- The closure of three schools in 2022-23 has removed 960 school places (including 90 reception places), and discussions in relation to three further schools may remove a further 780 places (90 reception) by September 2024, subject to consultation. This would be a 7% reduction in places since September 2022. In addition proposed PAN reductions would remove a further 840 places including 120 reception places. It is projected that these actions, if implemented, would reduce primary reception vacancies across Southwark to 10% by 2025, though individual schools and particular local areas will still face challenges with excess capacity and the need for further action will be kept under review.
- Given the level of vacancies across primary schools this will not impact negatively on parent choice. Removal of surplus capacity is expected to have a positive impact on schools.

- In respect of secondary school places there has been an overall increase in demand and provision since 2016, but the reduction in primary numbers is now beginning to feed through to secondary schools:
 - The number of Y7-11 pupils overall has increased by +30% since 2016, but only by +6% since 2019-20
 - The number of Y7 pupils has increased by +22% since 2016, but has actually fallen by -6% since 2019-20
 - The number of Y7-11 places meanwhile has also increased by +30% since 2016 (+13% since 2019), and the number of Y7 places has increased by +20% (but only +4% since 2019) over the same time period
- Southwark is anticipating that secondary demand will plateau this academic year (2023-24), and then decrease slowly thereafter. Therefore, we do not anticipate that secondary demand will exceed capacity and additional capacity is unlikely to be required going forward.
- Although there are no immediate concerns about surplus capacity in the secondary sector overall, less popular schools may be disproportionately affected by falling numbers of pupils. Given that almost all secondary schools are now Academies or Free Schools, decisions on their future would primarily be a matter for Multi Academy Trusts and the Department for Education rather than for the Council.
- Despite the downward trend in pupil numbers overall, there are still identified areas of potential growth for both primary and secondary in Southwark linked to long term regeneration programmes in the borough – i.e. at Canada Water, and in the Old Kent Road growth area. The authority will consider appropriate ways to reconfigure existing schools to meet this demand, should it materialise. In the first instance it is anticipated that additional numbers of pupils could be accommodated in existing schools. Only if growth is unable to be contained within existing provision will new schools be considered and commissioned.

RECOMMENDATIONS

1. That the Cabinet note the updated forecasts of primary and secondary school places from 2023-2024 onwards set out in Section 8 (primary) and Section 14 (secondary) of this report.
2. That the Cabinet note the continuing oversupply of primary places and sufficiency of secondary places across the borough and actions being undertaken to monitor supply and demand.
3. That the Cabinet note the actions outlined in this report to match primary demand with capacity of places as part of the “Keeping Education Strong” strategy.

BACKGROUND INFORMATION

4. Southwark's Pupil Place Planning update was last reported to Cabinet in October 2022. The annual update describes the demand for primary and secondary school places in the Council area and details any steps being taken to manage that demand. This is particularly important given the reductions in pupil numbers in primary schools
5. School place planning for primary schools is undertaken using multi-ward "planning areas". For secondaries, the planning is undertaken as a single planning area, reflecting the distance people travel to attend secondary schools and the numerous out borough pupils that attend our schools.
6. The legal requirements as regards place planning are for the Council to "*secure sufficient places in primary and secondary schools are available for its area*". This requires Southwark to ensure projected demand is met with sufficient supply, and to determine whether an increase or decrease in demand is temporary or permanent. Based on this evidence and needs, the Council will then work with schools, Multi-Academy Trusts and the Department for Education to increase or decrease supply as required. If demand is falling this may entail merging and/or closing schools, or reducing their Published Admissions Number (PAN). Where demand has increased actions may include encouraging schools to admit additional pupils or adding an additional form of entry for a fixed period of time, or in some cases to expand permanently. The Council monitors and predicts demand for school places using a variety of methods. Each are examined in detail in the following text and planning area summaries.
7. Methods to track and monitor primary demand include:
 - Examining trends in pupil numbers at reception and Year R to 6 totals (paras 9 to 14);
 - projections provided by external bodies for school places and births – in our case, the Greater London Authority (GLA) (paras 28 to 30 and 34 to 41);
 - looking at the numbers of historical applications made (paras 44 to 46);
 - looking at the numbers of births (para 37);
 - examining the cross border flow of primary and secondary pupils – children resident in other authorities attending schools in Southwark and vice versa (paras 48 to 52).

KEY ISSUES FOR CONSIDERATION FOR FUTURE ACTION

Approach to primary and secondary pupil place planning

8. Southwark's pupil place planning figures are predominantly, based on GLA projections, commissioned by the Council annually. The GLA calculate projections based on: current school rolls, birth rates, underlying population projections, migration, and new housing developments. A detailed methodology is outlined in Appendix 1. For primary place planning, the Council area is split into five Planning Areas ("PAs"), these are detailed in Appendix 2 Section 3a. A list of primary schools by planning area and by ward is also included at Appendix 2 Section 4; a map showing all primary schools in the borough is attached at Appendix 2 Section 3b. Secondary school planning is carried out on a borough-wide basis because the admissions distance for some secondary schools extend up to and, on occasion, some way beyond borough boundaries. A map of secondary school locations is attached at Appendix 2 Section 14.

KEY FACTORS AFFECTING PRIMARY SCHOOLS

Headline figures for primary - Reception Year

9. The trend of falling rolls continues apace, and shows no sign of abating. Detailed graphs and tables of reception year projections are given in Appendix 2 Section 8 and summary highlights of the overall figures are given below:
- In September 2023, there were 3,401 available primary reception places in Southwark, and 25,055 year R to 6 primary places;
 - The take up of primary reception places shows a projected vacancy rate in September 2023 of around 590 places, equivalent to 20 forms of entry (17% overall);
 - This vacancy figure was 778 (22% - 26FE) in September 2022, so there are around 188 fewer vacancies (6FE) than this time last year – the result of rationalisation of provision, in part;
 - There are 5,217 vacancies (20%) in YR to Y6, around 550 less than in 2022-23.

Trends in rolls in primary schools – Reception rolls and R to Year 6 rolls

Table 1: Primary rolls September 2015-24 (reception and whole school)

Year	R	+/-	%	R to 6	+/-	%
2015-16	3,579			23,374		
2016-17	3,520	-59	-2%	23,476	102	+0.4%
2017-18	3,331	-189	-5%	23,426	-50	-0.2%
2018-19	3,247	-84	-3%	23,242	-184	-1%
2019-20	3,220	-27	-1%	22,690	-552	-2%
2020-21	2,985	-235	-7%	22,071	-619	-3%
2021-22	2,929	-56	-2%	21,382	-759	-3%
2022-23	2,823	-106	-4%	20,649	-733	-3%
2023-24	2,836	+12	+0.4%	19,959*	-690*	-3%*
2015-23	-743		-21%	-3,415*		-15%*

*estimated figure

10. Southwark has seen a substantial reduction since 2015-16 in primary reception and whole school rolls. Reception rolls have fallen by 743 pupils - 25 forms of entry (25FE) - -21% overall - in the 8 years since September 2015, this is an average loss of around 2FE overall per annum.
11. Whole school (years R to 6) rolls have decreased by 3,415 pupils over the same period – equivalent to 118 classes or -15% overall. It is expected that the overall number (Year R to 6) will continue to fall as each year group works its way through schools. Pupil projections received from the GLA in May 2023 and outlined in Appendix 2 Section 8 support this scenario.
12. Within the excess capacity noted in the paragraphs above, the number and percentage of empty school places in specific areas of Southwark have grown at a greater or lesser extent. Figures for reception and all primary year groups are given below by planning area – it can be seen that the percentage of some areas are considerably higher than others.

Table 2a Reception Roll, Capacity and Vacancies September 2023

Category	PA1	PA2	PA3	PA4	PA5	LBS
YR Roll 2023-4	511	879	488	482	476	2,836
PAN Total 2023-4	675	960	630	600	536	3,401
YR Vacancies	164	81	152	118	60	575
Percentage	24%	8%	23%	20%	11%	17%

Table 2b Year R to 6 Estimated Roll, Capacity, Vacancies September 2023

Category	PA1	PA2	PA3	PA4	PA5	LBS
YR-6 Roll 2023-4	3,923	5,731	3,421	3,597	3,287	19,959
PAN Total 2023-4	5,115	6,900	4,770	4,530	3,740	25,055
YR-6 Vacancies	1,192	1,169	1,349	933	453	5,096
Percentage	23%	17%	28%	21%	12%	20%

13. Between 2008 to 2016 Southwark experienced a surge in demand for primary *and* secondary places. The Council worked to support existing

primary schools to expand, as well as working to enable free schools to open, to meet demand as required. As a result of a programme of investment and expansion, Southwark primary, secondary and special schools increased pupil numbers and addressed capacity issues.

14. Since then, as outlined in this report, falling numbers of children mean that that the potential primary aged population has decreased, and will continue to do so. The ONS 2021 Census showed a 4% reduction in the 0-15 population since 2011, but a 21% reduction in the 0-4 age cohort, meaning considerably fewer children proceeding to primary schools. Drivers of this include:

- Falling birth rates (see paragraph 47);
- Brexit: Net migration from EU countries is now in decline across London;
- Rising costs of family homes in London compared with rest of the country;
- Welfare reforms: including the effects of the introduction of Universal Credit (UC), the Local Housing Allowance, and the 'bedroom tax'.

Actions taken to address falling rolls

15. The Council began to take proactive steps in 2018 (effective from September 2019) to address oversupply by reducing primary provision where it was no longer needed, and continues to do so. Variation requests made to the Office of the Schools Adjudicator (OSA), led to the removal of 300 (10FE) excess places at primary reception in 2019, and 4 further schools had PAN reductions agreed by the OSA or agreed by Cabinet at the same time. A further two schools in Peckham reduced their PANs for 2022. These actions have removed 550 places (2%) since 2020-21. St John's Walworth school closed in 2021 removing 30 reception places.
16. Officers are continue to work with school leaders of primary schools to reduce capacity further through a reduction of Reception year places at schools with a trend of high reception vacancy levels. PAN reductions for 4 schools were undertaken through a consultation process and will take effect for 3 of them in September 2023.

Table 3 – PAN Changes 2022-23

PA	Primary School	PAN 2022-3	PAN 2023-4	Reduction
1	English Martyrs	60	30	-30
1	Cobourg*	60*	30*	-30*
2	Ilderton	60	30	-30
3	St Francis RC	60	30	-30
4	Dog Kennel Hill	60	30	-30
Total (excluding Cobourg)		330	120	210

* this reduction was agreed for September 2022, but subsequently closure was agreed in July 2023 and undertaken in August 2023

17. Appendix 2 Section 13 provides details of which schools (by planning area), have or are planning to reduce their PANs since 2019. A total of 459 (15FE)

reception places will have been removed by September 2023 from the total in 2016, a reduction of 12% of the primary reception places available.

18. It is accepted national practice is for LAs to have between 5% to 10% spare places to allow for an element of parental choice, and for late and in-year applications. We are some way from addressing this target – the excess capacity at reception is 17%, +7% above this level.
19. A whole borough approach to reduce capacity effectively is being undertaken. The Council is working closely with school leaders of LA-maintained schools, the DfE's Regional Schools Director, as well as with the Church of England (the Southwark Diocesan Board of Education (SDBE)) and the Roman Catholic Church (the Catholic Education Commission for Southwark) to discuss the overprovision in their schools. Meetings with Academy Trusts that have schools in the borough have also been held and progress made to reduce capacity where this is possible.
20. As we still have an overall overprovision of primary reception places across the borough, as well as higher concentrations of excess capacity in particular localities, work on the further reduction of reception places continues to ensure we have a balance of choice and sustainable provision.

Keeping Education Strong – a strategy for future proofing primary schools

21. Falling numbers of pupils is a serious issue for primary schools right across the capital. London Councils (2023) confirmed that 'London local authorities and schools are currently dealing with a significant and sustained period of reduction in demand for reception places, which has implications for school budgets and standards. The fall in demand reflects the decline in the birth rate since 2012 and changes in migration patterns'.
22. In December 2022, Cabinet agreed a Strategy to address this issue in Southwark: 'Keeping Education Strong: Strategy for future proofing primary schools and protecting the quality of education in Southwark'. In line with this Strategy, three primary schools have closed in 2023:
 - *Cobourg Primary School (Planning Area 1), a 1FE reduction as a result of amalgamation with Camelot Primary School*
 - *Townsend Primary School (Planning Area 1), a 1 FE reduction*
 - *St Francesca Cabrini RC Primary School (Planning Area 3), a 1FE reduction.*
23. A further update on this Strategy, 'Keeping Education Strong Recommendations', was approved by Cabinet at its June 2023 meeting. Cabinet agreed that the Council should discuss potential PAN reductions with the following schools:
 - *Bessemer Grange Primary School*
 - *Goose Green Primary School*

- *Grange Primary School*
 - *Rye Oak Primary School*
 - *St Francis Roman Catholic Primary School*
 - *St Joseph's Camberwell Catholic Infants School*
 - *St Paul's Church of England Academy*
24. In addition, Cabinet agreed for discussions to be held which schools, Multi-Academy Trusts (MATs) and Diocesan bodies about potential amalgamation for the following schools:
- *Comber Grove primary school with another Southwark primary school to be identified (PA4, a 1 FE reduction)*
 - *St Mary Magdalene Church of England primary with another Southwark primary school to be identified (PA3, a 1 FE reduction)*
 - *Harris Academy Free School with Harris Primary Academy Peckham Park (PA3, a 1 FE reduction).*
25. The closure of three primary schools in 2022-23 (St Francesca Cabrini, Townsend and Cobourg) has removed 960 school places (including 90 reception places), and discussions in relation to three further schools may remove a further 780 places (90 reception) by September 2024, subject to consultation. In addition proposed PAN reductions would remove 840 places including 120 reception places. Given the level of vacancies across primary schools this will not impact negatively on parent choice.
26. The reduction in excess capacity as a result of actions already undertaken is projected to reduce the % of vacant reception places from 22% in September 2022 to 17% in September 2023. The further proposed changes set out in paragraphs 23 and 24 would be expected to reduce reception vacancies to 10% Southwark-wide. Removal of surplus capacity should have a positive impact on schools, though particular schools and local areas will still face challenges with excess capacity and the need for further action will be kept under review.

Table 4 – Projected % empty reception places following implementation of Keeping Education Strong Recommendations

Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
% of reception vacancies	14%	20%	19%	22%	17%	10%	10%	10%	10%

27. Any process to permanently decrease PANs, or close/merge schools will need to follow statutory procedures, and will be brought to Cabinet for determination, other than for Academy Schools where the Council is not the decision maker. Proposals would be brought to the Cabinet Member initially for approval of any statutory consultation processes. Full consideration will

be given to the impact of any changes on the balance of places offered and choice for parents and carers.

Primary roll projections from September 2023 to 2031

28. It is projected by the GLA that primary reception rolls will fall by a further 172 pupils (6FE – -6%) by the end of the decade. The effects of the reductions outlined above will be monitored for their effectiveness, before considering whether further reductions are required. Whilst there is a projected reduction in primary numbers overall, there will still be areas of growth in specific localities, and possibly a need for localized additional place provision.
29. We anticipate that need for additional places in the medium term to long term may fall into two discreet areas, located within Planning Area 2 (Bermondsey and Rotherhithe). Indeed, there was a +5% increase in reception numbers for PA2 in September 2023. This increase could potentially derive mainly from two areas presently being developed - around the Rotherhithe peninsula (as part of the "Canada Water" development) and along the Old Kent Road as part of the Old Kent Road Area Action Plan development, as well as pupils from schools that have been closed in the locality.
30. Detailed primary projections are provided in Appendix 2 Section 8, including by planning area. These show projections for reception and whole school rolls by planning area, as well as data for applications and the numbers of births.

Effect of free schools and academies on place planning

31. The Academies Act 2010 requires local authorities to facilitate academies or free schools, rather than providing new schools themselves. An LA can reduce or propose to close provision, but this could be negated by a school academising to avoid closure, an academy opening, or an existing academy expanding. This makes long term planning at a local and borough wide level challenging. The ESFA consults with (but does not require the approval of) the Council when academies or free schools are proposed. Academies are able to increase their PAN by simply by placing a notice on their website, and notifying the Council.
32. These schools are not required to undergo any form of statutory process to expand or to seek the Council's approval. All of this said, the Council has engaged meaningfully with the DfE, the Regional Schools Director (RSD) and MATs across the authority area, and have in more recent years ensured that schools have not opened where there is no evidence of need, and that academy schools have reduced PANs where there is evidence of declining demand. There are 39 mainstream schools in Southwark, that are free schools or academies (21 primaries, 17 secondaries and one all through (4-18) school). A list of the 39 academies and their 19 sponsors in Southwark is given at Appendix 2 Section 17.

The effects of the COVID-19 pandemic on primary rolls

33. The largest effect of Covid was on enrolment the early years' foundation stage of the school population. There was also an increase in primary age parents' home educating children particularly during 2020 and 2021. There is evidence that some parents and carers are relocating outside of London, in part driven by COVID issues. The effect of this has been to amplify the drop in primary roll numbers across year groups as set out Table 1 (paragraph 9). The longer term impact remains unpredictable but will become clearer over time.

Longer term primary need in identified development areas

34. Consideration also needs be given to need deriving from developments outlined in the Southwark Plan 2022-26 and to development profiles given to the GLA as part of this and in demographic projection work the GLA undertake. The Southwark Plan will guide and manage new development and growth in the area over the next 15 years and will provide a view on the scale of infrastructure needed to support growth. Sites for educational provision have previously been identified, and could be developed as schools should they be required.
35. As we receive data on developments in these localities, these are interpolated into the pupil place planning figures produced by the GLA. Work is ongoing to reflect developments in the projections produced, but a fair amount of development planned takes place after 2033, beyond the scope of this report. School capacity already exists in planning area 2 to absorb a great deal of any future projected growth. Should demand exceed supply, then consideration will be given to expanding existing schools, first and foremost.

Planning Area Analysis of provision, rolls, capacity and projections

36. **Section 8 of Statistical appendix 2** give an in-depth analysis of the type of primary provision that exists in each planning area, existing primary rolls, school capacities and projections for the future. This will allow Members to examine supply and demand at a finer level of geography than borough wide. The capacity in the projections takes account of PAN reductions and school closures already undertaken but not yet of proposed amalgamations or closures in early stages of discussion. A short summary for each planning area is given below.
37. **Planning Area 1 (Borough, Bankside & Walworth)** has reduced the considerable overcapacity in this area by 9 forms of entry since September 2017 (**29%**), but still remains one of the planning areas with the highest level of vacancies in Southwark. Pupil numbers at reception and across year groups are projected to regain a small percentage of their previous fall by the end of the decade.

38. **Planning Area 2 (Bermondsey & Rotherhithe)** had until recently seen a similar fall in numbers and capacity, but saw a small upswing in demand for September 2023, possibly relating to the closure of 2 schools in the adjacent PA1, and build out at Canada Water. Numbers are in any case projected to begin to slowly recover from 2028 onwards, but a considerable amount of overcapacity (17%) remains.
39. **Planning Area 3 (Peckham and Nunhead)** remains an area of concern, with vacancies exceeding 20% at reception and across all year groups. Numbers are projected to continue to fall and-or plateau towards the end of the decade. It is worth noting that some of the actions arising from the Keeping Education Strong strategy in KES may mitigate against this, but further action may be required.
40. **Planning Area 4 (Camberwell)** has in recent years become an area of concern with overcapacity exceeding 20% at reception and in years R to 6. Actions proposed in KES may mitigate against this, and numbers are expected to bottom out towards the end of the decade, but further action to address overcapacity seems likely.
41. **Planning Area 5 (Dulwich)** remains, for the most part, perennially popular and filling to capacity on an annual basis. However, additional capacity provided in this area has been primarily abstractive of other planning areas and Lambeth. Numbers are projected to remain the same or fall slightly in the foreseeable future.

Primary reception place applications and preferences

44. Another method of tracking demand for primary places outside of population-led projections is to look at trends in the levels of applications for reception places. The level of applications for primary reception places since 2008 has been in line with most London boroughs, showing an increase in demand for primary places from 2008 to 2016, and a reduction thereafter. In 2023 there have been 763 fewer (-22%) applicants to Southwark primaries overall than in 2015-6, though the reduction in numbers appears to have slowed down in past 12 months. Out borough applicant numbers have broadly remained at the same level but have risen from around 8% of applicants in 2015/16 to around 10% this year and last year (slightly above the prevalence of out borough pupils in Southwark primaries of 9%), perhaps reflecting the popularity of our primary schools.

Table 5 – Primary Reception Applications 2015-23 (Southwark & out borough)

Year	LBS	Out borough	Total	+/-	%
2015-16	3,231 (92%)	279 (8%)	3,510		
2016-17	3,123 (92%)	274 (8%)	3,397	-113	-3%
2017-18	2,929 (92%)	268 (8%)	3,197	-200	-6%
2018-19	2,861 (90%)	307 (10%)	3,168	-29	-1%

Year	LBS	Out borough	Total	+/-	%
2019-20	2,879 (90%)	309 (10%)	3,188	+20	+1%
2020-21	2,801 (91%)	267 (9%)	3,068	-120	-4%
2021-22	2,604 (91%)	248 (9%)	2,852	-216	-7%
2022-23	2,483 (90%)	275 (10%)	2,758	-93	-1%
2023-24	2,468 (90%)	278 (10%)	2,746	-12	-0.3%
2015-23	-763	-1	-764		-22%

45. In the planning area summaries in Appendix 2 Section 8, individual application statistics are given by planning area. It is perhaps worth noting that applications for planning area 2 have risen, whereas applications for all the other planning areas have fallen. The overall 22% decrease in applications over the last 8 years would seem to indicate that the trend continues to be downward for Southwark pupils, whereas the number of applications from outside Southwark remains steady, becoming a higher percentage of applications overall. Using applications as an indicator would seem to agree with the projections of an overall decreasing number of pupils going forward.
46. In terms of the actual numbers of preferences expressed for primary places, along with a fall in applications has come a fall in the number of preferences expressed. In 2018, applicants for a reception place made an average of 2.5 preferences per available place. This has fallen this year (2023) to 2.1 preferences per applicant. Demand varies by sector, with Community schools showing 2.0 preferences per place (2.3 in 2018), and academies 2.3 (previously 2.5). This is explored in detail in Appendix 2 Section 10.

Births

47. Births tend to give a fairly good indication of upcoming primary numbers in a locality. Birth rates in Southwark increased from 2002 to 2011 and peaked in that year – thereafter, from 2012 to 2022, there has been a marked decline (-33%) in the number of births, which normally feeds into reception places four years later. Southwark’s fall in births has been substantial – 2022 saw the lowest level of births in Southwark since 1986 – 37 years ago. If births are to be used as an indicator of primary numbers, then the trend would seem to indicate a continued reduction in overall demand.

Table 6 Births in Southwark 2012-21

Year	Births	+/-	+/-%	Year	Births	+/-	+/-%
2012	5,030			2018	4,181	-200	-5%
2013	4,706	-324	-6%	2019	4,027	-154	-4%
2014	4,647	-59	-1%	2020	3,557	-470	-12%
2015	4,587	-60	-1%	2021	3,525	-32	-1%
2016	4,503	-84	-2%	2022	3,393	-132	-4%
2017	4,381	-122	-3%	2012-22	-1,637		-33%

Primary internal and cross authority flows

48. Children are able to apply to and attend schools in other planning areas and other local authority areas. Indeed, for some pupils living on the border to another authority, the nearest school may not be in Southwark. Admissions authorities cannot reserve places for or prioritise pupils from a particular local authority area, and must admit children applying for the school irrespective of in which authority area they reside. Therefore, there has always therefore been a degree of ‘cross border traffic’ of pupils resident in one borough attending schools in another.
49. Pupil Projections broadly assume that there remains a similar level of cross border flows in and out of Southwark from neighbouring authorities from year to year, which was true until recently, but a variety of factors mean we now see more out borough pupils in Southwark than previously.
50. Southwark exchanges pupils with more than 30 authorities at primary level – the net effect is “positive” for Southwark (i.e. that we receive more primary age pupils from other authorities than those that leave Southwark to attend schools in other areas). The main authorities we “swap” pupils with are Lewisham, Lambeth, Croydon, Bromley and Greenwich. These five LAs make up more than 90% of our primary age “cross border traffic”, and Lewisham and Lambeth more than 75%.
51. In 2021-22 (the latest available DfE figures), 1,538 (8%) primary school age pupils living in Southwark attend primary schools in around 26 other local authorities outside Southwark, equivalent to around 4 x 2FE schools’ worth of pupils. 2,034 (10%) non-Southwark pupils from 36 LAs outside Southwark – the equivalent of five 2FE schools’ worth of pupils were educated in Southwark. This is a “net gain” of around 496 pupils (+2%), or just over 1 x 2FE school. This “net gain” saw an increase in recent years –

since 2015-6, when the net gain was around 530 pupils (+2%) which rose to +4% in 2020-21, before falling back to 2% this year. A greater availability of places locally in Lambeth and Lewisham is the likely cause of this. In planning area terms, PA3 sees a net loss (to Lewisham), and PA2 a net gain (mainly from Lewisham and Lambeth). The reduction in net gain would seem to indicate that the projections of falling rolls in Southwark will continue.

52. Notwithstanding the 8% of our primary pupils coming from outside Southwark, over the last 3 years around 10% of primary applicants come from outside Southwark, perhaps reflecting the popularity of Southwark primary schools. Appendix 2 sections 8 and 9 explore cross borough flow data in greater detail.

Private primary schooling and Elective Home Education (EHE)

53. Projections assume historically similar proportions of children who are being electively home educated or who attend private schools inside or outside Southwark. If either of these scenarios are inaccurate, then projections accuracy could potentially be affected.
54. Whilst the number of primary age home-educated children has increased to around 180 pupils in 2022-23, this amounts to less than 0.9% of all primary pupils in Southwark and is therefore unlikely to affect projections, unless that proportion increases or decreases drastically.
55. Similarly, the percentage of privately educated primary pupils (**8%**) in Southwark in January 2022 at the *seven* registered private schools with primary provision has not altered significantly in recent years, although this has increased slightly from around **7%** five years ago. The percentage of pupils at independent school who are Southwark residents is relatively low – **4%** - and lower than the UK average of **7%**. The figures, intake, roll and location of the seven private schools with private primary provision in Southwark are given in table 7 below. The planning area in which these schools fall is also included - as can be seen, almost all of the schools are situated in planning area 5 (Dulwich), **87%** of the private primary provision in Southwark is contained within this planning area

Table 7 Private Schools with Primary classes in Southwark January 2023

Southwark PA	School	Intake
1	London Christian	3-11 (Mixed)
3	The Villa	2-7 (Mixed)
5	Dulwich College	2-19 (Mixed)
5	Dulwich Prep	2-14 (Boys)
5	Herne Hill School	2-7 (Mixed)
5	James Allen's Girls'	4-18 (Girls)
5	Alleyn's School	4-18 (Girls)

KEY FACTORS AFFECTING SECONDARY SCHOOLS

Headline figures for secondary

56. In September 2023 there are presently 3,522 secondary places available in state-funded mainstream secondaries in Southwark at Year 7. From Years 7-11, there are 17,510 available places – 21,100 if you also include years 12 and 13.
57. As at September 2023, are presently 3,134 pupils in Year 7, and 16,234 Year 7-11 pupils (19,167 including sixth form pupils). This leaves 388 – 13FE (11%) vacancies in Y7, 1,276 (7%) Y7-11 vacancies, and 402 (7%) sixth form vacancies. The Y7 and Y7-11 and Y12-13 vacancy levels are within generally accepted vacancy guidelines and leave scope for late applicants and in year admissions. In anticipation of projected growth at secondary level, resulting from growth in the primary cohort from 2008-2016, Southwark worked with the Department for Education/Education and Skills Funding Agency and Free School sponsors to add a total of 14FE to the secondary provision that was in place in 2016. By 2026, this will have added an additional 2,545 secondary places from 2016 – an increase of +18% as detailed in Appendix Two, Section 14.
58. Charter School East Dulwich (a Free School), opened in September 2016 on a temporary site in Camberwell, with a steadily rising intake of from 4FE to 6FE, before moving onto its permanent site on the site of the former Dulwich Hospital in 2019. The school will take 8FE this academic year (2023-24), when the works at the permanent site have completed.
59. Haberdashers' Borough Academy, situated on the old Fire Station site on Southwark Bridge Road opened as a 6FE, new Free school, also on a temporary site in September 2019, and has taken four cohorts of 180 pupils (operating across the permanent and temporary site), and will provide 900 additional secondary places (years 7-11) by the start of this academic year. Both new schools have remained substantially oversubscribed since opening.
60. In last year's place planning report, Cabinet was advised that overall there was sufficient capacity within Southwark schools to meet the demand for year 7 for that academic year and going forward until 2030. Assessing Secondary demand is undertaken using a similar approach to primary (albeit that the LA monitor roll trends on a whole borough basis rather than by planning area), with demand for secondary places being projected using the methods below:
- *Examining trends in numbers at Y7 and Y7-11 levels*
 - *using the projections the GLA provide*
 - *looking at the numbers of historical applications made*
 - *examining the cross border flow of primary and secondary pupils – children resident in other authorities attending schools in Southwark and vice versa.*
61. This year's enrolment and the latest GLA 2023 projections show that secondary demand will probably peak in September 2024 and fall back from

that year onwards, and reduce thereafter. In these circumstances, capacity is projected to be sufficient to meet demand. Although there are no immediate concerns about surplus capacity in the secondary sector overall, less popular schools may be disproportionately affected by falling numbers of pupils.

62. Given that almost all secondary schools are now Academies or Free Schools, decisions on their future would primarily be a matter for Multi Academy Trusts and the Department for Education rather than for the Council.

Increasing (and decreasing) secondary rolls

63. Southwark has seen a +17% net increase in numbers of Year 7 pupils between January 2016 and 2023 and +29% increase in secondary pupil numbers overall (Years 7 to 11). However, Year 7 numbers have fallen since 2019-20 by 180 places (-6%) and overall Y7-11 fell slightly this year (by -0.1%) for the first time in 8 years. Evidence therefore seems to point to secondary rolls having plateaued already at Y7 and across all year groups starting in 2023-24.
64. By 2031 Year 7 numbers are projected to have fallen by around 315 pupils (11FE) (-10%), and Years 7-11 by 1,440 places (38 classes - -9%), equivalent to the roll of an 8FE secondary school
65. As regards sixth form students with Southwark's schools, a considerable increase of 59% has occurred since 2016 – over 1,200 additional pupils are now in state funded secondary school sixth forms. This is projected to continue and peak in 2024-25 and then decrease slowly, but to levels experienced in the last few years.

Table 8: Secondary rolls September 2015-2023 (Y7 and whole school)

Year	Y7	+/-	%	Y7 to 11	+/-	%
2015-16	2,695			12,448		
2016-17	3,036	+341	+13%	13,086	+638	+5%
2017-18	3,063	+27	+1%	13,739	+653	+5%
2018-19	3,268	+205	+7%	14,461	+722	+5%
2019-20	3,379	+111	+3%	15,226	+765	+5%
2020-21	3,271	-108	-3%	15,677	+451	+3%
2021-22	3,197	-74	-2%	15,838	+161	+1%
2022-23	3,249	+57	+2%	16,172	+334	+2%
2023-24	3,152	-97	-3%	16,083*	-89*	-0.5%*

Year	Y7	+/-	%	Y7 to 11	+/-	%
2015-2023	+457	+17%		+3,635*	+29%*	

*estimated

Table 9 – Sixth form rolls 2015-2023

Year	Y12-13	+/-	%
2015-16	2,099		
2016-17	2,205	+106	+5%
2017-18	1,895	-310	-14%
2018-19	2,272	+377	+20%
2019-20	2,346	+74	+3%
2020-21	2,643	+297	+13%
2021-22	2,958	+315	+12%
2022-23	3,195	+237	+8%
2023-24	3,338*	+143*	+4%*
2015-2023	+1,239	+59%	

* estimated

Secondary place applications and preferences

66. Whilst Y7 application numbers have increased by around a net 700 (+24%) since 2015-16, this hides a fall of around 280 applications since 2020-21 (-10%) The number of out borough applicants for secondary places has increased considerably – a net increase of +60% since 2015-16, with an +11% net increase in Southwark applicants over the same time period. Out borough applicants have also fallen since 2020-2021 (-10%) and Southwark applicants since 2019-20 (-21%). The proportion of out borough applicants has risen from 28% in 2015-16 to 36% this year (albeit masking a rise and fall).

Table 10 – Y7 Applications 2015-23 (Southwark and out borough)

Year	LBS	Out borough	Total	+/-	%
2015-16	2,060 (72%)	784 (28%)	2,844		
2016-17	2,146 (70%)	920 (30%)	3,066	+222	+8%
2017-18	2,137 (70%)	918 (30%)	3,055	-11	-0%
2018-19	2,861 (64%)	1,315 (36%)	3,652	+597	+20%
2019-20	2,879 (63%)	1,397 (37%)	3,790	+138	+4%

Year	LBS	Out borough	Total	+/-	%
2020-21	2,420 (63%)	1,397 (37%)	3,817	+27	+1%
2021-22	2,409 (66%)	1,256 (34%)	3,665	-152	-4%
2022-23	2,345 (65%)	1,255 (35%)	3,600	-65	-2%
2023-24	2,280 (64%)	1,255 (36%)	3,535	-65	-2%
2015-23	+273 (+13%)	+472 (+60%)		+691	+24%

67. There were a total of 12,442 preferences expressed by all applicants for the 3,522 secondary Y7 places in 2023. This equates to around 3.5 preferences per place (3.7 last year).
68. Of the preferences expressed, 4,320 (36%) came from outside Southwark – some way above the prevalence of out borough pupils in the borough (32%). The relative popularity of Southwark secondary schools, all of whom are graded Ofsted “good” or “outstanding” could go some way to explaining this. If we look at preferences per place for just Southwark applicants, this equates to 8,639 preferences, or 2.3 preferences per secondary Y7 place (2.5 last year).
69. However, the figures above are skewed by the 2,782 (22%) applications for one school in Southwark – Kingsdale – whose admissions criteria are not distance based, and whose position in the far south of the borough on the borders with Lewisham, Croydon, Bromley and Lambeth means that the school receives a majority of its *applications* (71%) from outside Southwark.
70. Kingsdale recruits the majority of its pupils (76%) from outside Southwark. Five of the 20 secondary schools receive above the average number of applicants (St Michael's Catholic College, The Charter School North Dulwich, The Charter School East Dulwich, Sacred Heart RC Secondary School and Kingsdale School), These 5 schools receive 52% of all Y7 applications, despite the total of these only offering 32% of Y7 places.

Secondary cross authority flows

71. Around 2,722 (20%) of Southwark residents of secondary school age attend state funded secondary schools out of borough. Pupils resident out of borough attending a Southwark school, total 4,407 (28%), a net gain of around 1,692 (+9%) of pupils.
72. These figures have altered substantially in recent years - in 2015-16, 22% of Southwark pupils attended out of borough schools, so this has reduced by -2%. Conversely, out borough pupils attending Southwark schools have increased from 23% to 28%. This means that the net gain has increased from +1% in 2015-16 to a net gain of +9% this year.

73. There are around 1,500 more out borough secondary pupils attending Southwark secondary schools this year than in 2015-6, equivalent to an 8FE school. This presents challenges in planning secondary places.
74. Most models of pupil place planning assume a "steady state" of circumstances, whereas Southwark secondary schools' draw in pupils from further afield each year, meaning there is less connection with Y6 pupils in Southwark and indeed any population increase or decrease. Southwark itself exports secondary age pupils mainly to schools in Lewisham, Lambeth and Westminster, and imports pupils from Lambeth, Lewisham, Croydon, Bromley and Tower Hamlets. The increasing popularity of our secondary schools - all of which are Ofsted "good" or "outstanding" rated, may explain this level of out borough demand. A breakdown of where pupils are coming from at a borough wide and an individual school level is given in Appendix 2 Section 16 – seven of our twenty secondary schools take more than 30% of the pupils from outside Southwark.
75. Y7 places predicted in the GLA projections are shown at Appendix 2 Section 10, along with the expected capacity to accommodate them. This shows that demand is unlikely to exceed supply in the foreseeable future.
76. Similarly Y7-Y11 places predicted in the GLA projections are shown in Appendix 2 Section 10, along with the expected capacity to accommodate them.
77. Again, this shows that demand is unlikely to exceed supply in the foreseeable future.

The Southwark Plan - Effect on secondary rolls

74. Consideration needs be given to the Southwark Plan and potential for growth in the secondary sector, though this may not be immediately necessary if the fall in primary rolls feeds through to secondary and offsets demand. Should additional secondary need materialise, the Council should consider supporting schemes for schools that are located close to the areas of demand.

Effects of the COVID-19 pandemic on secondary rolls

75. As outlined from paragraph 56 onwards, there was an increase in secondary age children being home educated, there is also anecdotal evidence that some parents and carers have relocated out of London, in part driven by COVID-19 pandemic issues. The number of secondary applications in Southwark for September 2022, reduced by 4% against a London average reduction of 3%, though Covid-19 seems to have been only one of a number of factors accounting for this.

Secondary private schooling and Elective Home Education (EHE)

76. Whilst the number of secondary age home-educated children has increased

to around 170 pupils in 2022-23, this amounts to less than 0.9% of all secondary pupils (Y7-Y13) in Southwark and so is unlikely to affect our projections. Pupil projections also assume that a similar proportion of children attend private schools inside and outside Southwark, and or are home educated. Table 8 below gives a list of DfE-recognised independent schools with secondary provision, their gender mix, capacity, and the number of pupils on roll. Some of these are schools – mainly “special schools” or units that are funded by referrals from local authorities, and the rest are fee-paying selective schools – the latter are shaded blue in the table below. The number of vacancies at private fee paying schools stands at around 6%. Private schools make up around 8% of the secondary school pupils in Southwark, though it is difficult to estimate what proportion of these are Southwark-based pupils.

Table 11 Private and Independent Secondary Schools in Southwark

School Name	Gender	Age Range	Roll	Capacity	Vacancy
Alleyn's School	Mixed	4 to 18	1,329	1,450	121 (8%)
Arco Academy	Mixed	11 to 16	5	60	55 (92%)
Cavendish School	Mixed	11 to 16	42	44	2 (5%)
Dulwich College	Mixed	0 to 19	1,863	1,950	87 (4%)
Dulwich Prep London	Boys	2 to 14	841	900	59 (7%)
James Allen's Girls	Girls	4 to 18	1,151	1,240	89 (7%)
Phoenix Place	Girls	11 to 16	22	24	2 (8%)
Bridge SEN School	Mixed	14 to 25	5	35	30 (86%)
Treasure House CIC	Mixed	14 to 19	15	15	0 (0%)
Total Fee-paying Private			5,184	5,540	356 (6%)
Total Other Independents			89	178	89 (50%)
Total Independent Schools			5,273	5,718	456 (8%)

Secondary expansions and closures in adjacent boroughs

77. Where secondary expansions or closures have occurred in schools in neighbouring boroughs, this could potentially have a material effect on recruitment to Southwark secondary schools. Two secondary schools in Lambeth closed in August 2023, but the effect has been minimal as there were very few Southwark pupils attending these schools

Accuracy of Projections (Primary And Secondary)

78. An analysis of the accuracy of the GLA primary and secondary projections

used by Southwark has been undertaken. Ofsted/NAO/DfE guidelines aim for these to be within $\pm 1.5\%$. This has not been achieved overall for primary schools.

79. The accuracy of projections depends very much on any changes to the social makeup and demographics of Southwark and London being gradual and that the economic outlook remaining broadly similar. In both cases, this has not happened in Southwark, and indeed, the rest of London. An accuracy check shows that:
- a. There has been an average overestimation of primary reception projections since 2016-17, of $+5.3\%$ averaged over a period from 2016 to 2023;
 - b. Overall, for YR-Y6, demand was overestimated by $+2.6\%$ averaged over a period from 2016 to 2023;
 - c. Explanations for the overestimation of primary reception derive from the effects of housing market changes, welfare reform, Covid and Brexit on the 0-4 years of age population; therefore the demand for primary reception places are less than previously anticipated and projected by the GLA;
 - d. The figure for Year 7 projections at secondary level has been underestimated by around -3.3% on average since 2016. This has not been an issue because sufficient space has existed within the system to be able to accommodate the additional pupils. e. Much of this underestimation appears to emanate from a higher proportion of out borough pupils than previously experienced – this is explored in Section 14 of the statistical appendix below. A lower percentage (-2.7%) of pupils overall were underestimated for years 7 to 11; and
 - e. The reasons for underestimation for secondary feasibly derive from a greater than anticipated number of out borough students attending our schools - this has risen considerably in recent years as set out above. In addition modelling of secondary demand is challenging, as most schools are academies which can – and do – alter their intake dependent on demand on an annual basis.
80. Y7 places predicted in the GLA projections are shown in the table in the Statistical Appendix, along with the expected capacity to accommodate them. This shows that demand is unlikely to exceed supply in the foreseeable future. Similarly Y7-Y11 places predicted in the GLA projections are shown in Section 14 of the statistical appendix, along with the expected capacity to accommodate them. Again, this shows that demand is unlikely to exceed supply in the foreseeable future.

SEND Schools Update (Primary, Secondary and 16 plus)

81. The incidence of special educational needs continues to rise. The number

of EHC plans in Southwark has more than doubled between January 2015 and January 2023 with annual increases from as little as 2.5% between 2020 and 2019 and an average annual increase of almost 10%.

82. During and following the global pandemic, Southwark experienced a sharp increase in demand for EHC needs assessments and this growth has not yet slowed.

Number of statements and EHC plans combined									
Age/Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Under 5	55	6	11	13	80	84	112	113	101
Age 5 to 10	598	578	618	631	745	757	807	877	946
Age 11 to 15	621	598	643	666	712	792	868	918	949
Age 16 to 19	147	344	455	532	522	490	518	588	631
Age 20 to 25	0	74	152	188	179	171	198	287	361
Total	1,421	1,600	1,879	2,030	2,238	2,294	2,503	2,783	2,988

83. The latest figures from the 2023 Pupil Census show that the percentage of children in Southwark with an Education and Healthcare Plan (EHCP - formerly 'a Statement'), at 4.4% and with "SEND Plus" status stands at 14.0%. These are around or higher than the London average (4.1% and 11.7% respectively) and England (4.0% and 12.6%) average. This also varies by sector (Primary 3.2% EHCP, 14.4% SEND Plus, Secondary 2.6% and 13.2%, and Special 99.7% and 0.3%). This equates to around 7,886 children with special needs in Southwark – 18% of all pupils. The number of children with the most complex needs (the 1,900 (4.4%) with EHCPs), has been increasing. This is particularly true at primary age and the need for specialist provision at an early stage is therefore greater.
84. There are approximately 3,845 children in primary school with SEND compared to almost 3,133 children in secondary schools and post-16 combined. The lower proportion of SEND pupils in secondary schools is principally because of the positive impact of interventions in primary schools, with up to 60% of SEND pupils achieving the expected standard by age 11. Consequently, they are no longer classed as SEND when they move to secondary. Some pupils with EHCPs who attend mainstream primary schools move on to secondary special schools or out of Southwark.
85. A key driver of this growth has been the increase in number of children being diagnosed with Autism Spectrum Disorder (ASD). Southwark has a broad range of provision for pupils with ASD which has developed and extended over time. It currently has three special schools that cater specifically for this type of need: one primary (Haymerle), one secondary (Spa Bermondsey) and a recently opened all through free school Spa Camberwell which will have 120 additional places when full in September 2024. A new reception class has been developed for up to 10 children at The Grove Nursery School which will feed into the new special free school.

86. There are also four ASD resource bases in mainstream primary schools (Snowfields, Brunswick Park, Rye Oak and Redriff) and a further secondary resource base is planned at the newly opened Charter School in East Dulwich, which will provide up to 22 places with phased admissions commencing in September 2023.
87. There is a significant population of pupils with ASD in Southwark who have an EHC plan (1,414 in total = 1.4% of Southwark's 0-25 residents). Almost 600 of these are in local mainstream schools, with almost 330 pupils placed in the Borough's ASD specialist provision and a further 58 in local Post 16 provision.
88. A high proportion of children and young people with EHCPs educated outside of Southwark have ASD:
- a. 59% of primary aged pupils placed outside Southwark have ASD;*
 - b. 44% of secondary aged pupils placed outside Southwark have ASD;*
 - c. 28% of sixth form pupils placed outside Southwark have ASD;*
and
 - d. 38% of college aged pupils placed outside Southwark have ASD.*
89. There is a particular need for more places with for children with complex needs and ASD. Specialist provision in Southwark is full, as can be seen in table 10 below. It is also the Council's intention is to provide more specially resourced provision in mainstream schools to enable children with additional needs to access (where appropriate) the mainstream curriculum, and to educate more children in borough rather than to transport them to schools elsewhere.
90. Details of existing special school provision in SOUTHWARK provision are outlined below. outlined below in Tables 12 and 13. Plans and proposals for the expansion of SEND provision are set out in Table 14. All of Southwark's SEND provision is either good or outstanding. As can be seen, many special schools in the authority area take some way above the formal capacity outlined, and projects to augment provision are constantly assessed to ensure that need in the authority is met appropriately, and that provision is provided "in borough" rather than a lengthy journey distant from the pupil's residence.

Table 12 – Children in school age year group in special schools (R to 13)

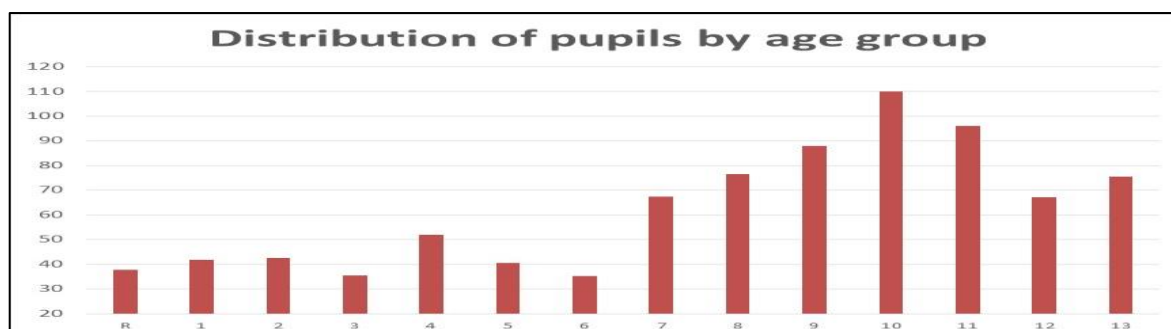


Table 13 Existing Special/non-mainstream schools in Southwark – roll and capacities

School	Specialism, school type (age range)	Roll (2023)	Capacity (2023)
Highshore School	SLD, PMLD Community School (11-19)	152	105
Spa School Bermondsey	ASD Academy (11-19)	110	100
Spa School Camberwell*	ASD Free School (11-19)*	87*	100*
Evelina Hospital School	Community Hospital School (2-19)	56	40
Bethlem & Maudsley	Community Hospital School (4-19)	54	40
Haymerle School	ASD Community Primary School (4-11)	66	72
Beormund Primary	SEMH, Community School (5-11)	46	40
Tuke School	SLD/PMLD Community School (11-19)	93	90
Cherry Garden School	SLD/MLD Community School (2-11)	86	72
Southwark Inclusive Learning Service (Sils)	Pupil Referral Unit (11-16) (KS3: Peckham, KS4: London Bridge)	48	112
Newlands Academy	SEMH Academy (11-16)	68	70
Total		866	841

* school still filling after opening in 2019

Table 14 SEND expansion proposals

School	Proposal	Capacity	Status
Beormund Primary	Relocation to former site Bellenden Primary School site	58	Gateway 2 approved
Charter School East Dulwich	ASD resource base as part of new build	20	Work underway – completes 2024

Policy implications and Borough Plan commitments

91. School place planning and investment strategies are aligned to local planning and policy frameworks, including the Borough Plan. These outline the council's commitment for:
- *Closing the attainment gap*
 - *Working towards 100% inclusion of pupils in schools*
 - *Education, employment, training or volunteering for all school leavers*
92. It is a requirement that reports to Cabinet now refer to the Council/Borough Plan and how the report and or the actions outlined will help deliver key aspects of the plan.
93. High quality schooling in sustainable and well-resourced schools will assist in closing the attainment gap for all pupils. Likewise specialist support and provision will enable Southwark to work towards 100% inclusion of pupils in schools. A sustainable and well-resourced secondary and post 16 offer will enable the commitment for "Education, employment, training or volunteering for all school leavers" to be delivered

Community, equalities (including socio-economic) and health impacts Community impact statement

94. The Public Sector Equality Duty, at Section 149 of the Equality Act 2010, requires public bodies to consider the protected characteristics of individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.
95. Public bodies should have due regard when carrying out their activities to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between people with protected characteristics and those with none. The Council's "Equality Framework" explains how the council is putting equality at the heart of everything we do.
96. "Protected characteristics" are the grounds upon which discrimination is unlawful. The characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In this case, the characteristics covering gender reassignment, marriage and civil partnership, pregnancy and maternity, and sexual orientation are unlikely to be issues to consider in terms of place planning. In terms of age, disability, race, religion or belief,

any concrete proposals that emanate from the consultations with stakeholders will naturally be equality impact assessed.

97. Paragraph 21-25 of this report set out proposals under discussion to manage a reduction of school capacity. Any proposal would require full consideration of the equality impact this could have on families, children and the community. A full EINA would be undertaken at the commencement of any proposal to amalgamate or to close a school and form part of the decision making process.

Equalities (including socio-economic) impact statement

Health Impact Statement

98. There are no specific identified health impacts resulting from any of the proposals or recommendations, so a EINA (including health implications) is not necessary for this report.

Climate change statement

99. Following the Council Assembly meeting on the 14th July 2021, the Council has now committed to considering the climate change implications of any decisions made. Cabinet report authors are now required to detail the implications of their recommendations.
100. The place planning report has not directly considered the impact of climate change in the main body of the report, as recommendations are expected to have a minimal effect on climate change. As the numbers of pupils in the authority area falls, and the numbers of pupils attending particular schools reduce, then it is likely that less pupils overall will be travelling to schools, thereby potentially reducing car use and travel (and carbon emissions) overall.
101. There will be a negligible effect on the other categories outlined - enhancing the environment and green space, green jobs and businesses, sustainable energy and reducing waste, as these are not substantively addressed or required in this report. No direct measures have been taken to reduce or enhance the impact on climate change as part of this project, as no substantive negative effects have been identified. Additionally, as no direct measures have been taken to reduce or enhance the impact on climate change as part of this project, no monitoring will be required.
102. Reducing the number of school places will not directly enhance the environment and green space, nor will it create "green" jobs and businesses, or benefit sustainable energy or reduce waste, albeit that less pupils in a particular school could potentially use less energy and produce less waste. Therefore, there will be, in our opinion, no substantive negative effects as a result of the recommendations and proposals.

Resource and risk implications

103. It is in the interest of the Council to ensure demand is closely matched to supply. Excess capacity in maintained schools has contributed to the financial burden on the council. Reducing the PANs of the schools concerned mitigates risk to the Council budget. The reduction of primary rolls also impacts on the Dedicated Schools' Grant (DSG) authorities receive from the DfE .and could therefore indirectly reduce the amount available to the Council to spend on supporting schools
104. There is a small risk that reducing school capacity if there were to be a future increase in demand could potentially leave the Council vulnerable to legal action for not meeting its duty to provide sufficient school places.
105. As outlined in paragraph 6, section 14 of the Education Act 1996 places a duty on local authorities to "*secure that there are sufficient primary and secondary school places in their area as well as working to [...] increase opportunities for parental choice*". However, the large level of vacancies and compact nature of Southwark's geography mitigate considerably against this risk.

Legal Implications

106. The report sets out at paragraph 6 the council's duty to secure sufficient school places. Section 13 of the Education Act 1996 requires the council to "*contribute towards the spiritual, moral, mental and physical development of the community by securing that efficient primary education, and secondary education [...] are available to meet the needs of the population of their area*".
107. Section 14 requires the council to "*secure that sufficient schools for providing (a) primary education, and (b) education that is secondary education [...] are available for their area*". The council must exercise this duty "*with a view to (a) securing diversity in the provision of schools, and (b) increasing opportunities for parental choice*".

Finance Implications

108. The responsibilities for funding and the sources for that funding pertinent to this report are clearly set out in the relevant funding and grant regulations. As described in the report there is a significant overcapacity in the primary sector, largely due to the decrease in pupil numbers in Southwark. As the schools receive their funding based on the number of pupils on roll this overcapacity led to the financial instability of a large number of the borough's maintained primary schools.
109. Whilst the number of primary schools in deficit doubled to 17 between 2015-16 and 2019-20, that number has continued to decline since 2019-20, reflecting the positive impact of the action taken to strengthen and support financial management in schools.

110. This, however, does not release the financial pressure on schools. It is clear that the financial viability of the Council's maintained primary and nursery sector continues to be at risk as income rapidly declines in conjunction with spiralling operating costs of running a school, most notably energy costs alongside increased employment costs and general inflationary pressure.
111. Whilst there will be a positive impact on the overall financial position of schools as a result of the current School Organisation changes and those proposed under the Keeping Education Strong strategy, if a school closes with a deficit balance remaining that balance still falls to the Council and, therefore, the residents of Southwark.

Consultation

112. Any concrete proposals for changes to schools will follow the required statutory consultation procedures for stakeholders, including individual schools, parents/carers, staff and governors. With regards to any school closures/amalgamations, at the formal stages consultation and statutory notices would be issued and Southwark councillors and MPs, neighbouring councils, and the Diocesan Board authorities would all be contacted to request their views.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

113. No services are being procured as a result of this report. There is no requirement for comments from the Head of Procurement.

Assistant Chief Executive - Governance and Assurance

114. The council has duties under the Education Act 1996 to secure that there are sufficient school places in its area to meet the needs of the population. In practice, discharging these duties requires the council to actively monitor demand for school places, and plan to match supply to demand.
115. A number of changes are proposed to primary schools within the borough. Statutory processes apply to any proposal to alter a maintained school. These proposals will be subject to statutory notification and consultation procedures under the Education and Inspections Act 2006, and in accordance with regulations, and guidance issued under that Act.
116. Cabinet is also asked to note a possible increase in demand in the Old Kent Road area in future years. Similar statutory processes apply to any proposal to open a new school. As set out in the report, there is a presumption that new provision will be made through an academy, which inhibits the establishment by the council of new maintained schools.
117. Cabinet is reminded that the public sector equality duty under Section 149

Equality Act 2010, as set out in the Community Impact section of the report, applies to the exercise of these functions.

Strategic Director of Finance REF: [CAS23/32]

118. This report seeks to inform Cabinet of the updated forecasts of primary and secondary school places.
119. The potential revenue consequences to schools flowing from changes in pupil admissions numbers contained within this report flow to and from the DSG and the Schools Block, which is ring fenced for funding mainstream schools.
120. These arrangements are supplemented further within the DSG by a growth and falling rolls fund which is set aside by Schools Forum to assist in managing flexibility to variation in pupil numbers and also a Schools in Financial Difficulty Fund (de-delegated from maintained schools and accessible only to maintained schools) which has set criteria for use. Schools governing bodies have a responsibility to manage their delegated budgets in accordance with the Southwark Scheme for Financing Schools, which in turn is based on nation regulations. The scheme was updated in April 2023.
121. Therefore, any revenue consequences flowing from the changes contained within the report to individual schools delegated budgets will need to be managed closely and carefully by schools having due regard to the provisions set out in scheme.
122. The Strategic Director of Finance notes the Financial Implications paragraphs (paras 108-111) and that whilst the number of primary schools in deficit has continued to decline since 2019-20 the continuing falling pupil numbers pose future financial risk to the schools and the council. Therefore close financial management of the situation and continuous management action is necessary to minimise the financial risk to the schools and to the Council.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Making significant changes ('prescribed alterations') to maintained schools - Statutory guidance for proposers and decision-makers January 2023	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser):		
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1131672/Making_significant_changes_prescribed_alterations_to_maintained_schools_Jan_2023.pdf		

Background Papers	Held At	Contact
Southwark Council Delivery Plan 2022-26	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s108711/Appendix%201%20Council%20Delivery%20Plan.pdf		
School Admissions Code - Statutory guidance for admission authorities, governing bodies, local authorities, schools' adjudicators and admission appeals panels. DfE, September 2021	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001050/School_admissions_code_2021.pdf		
Joint Strategic Needs Assessment (JSNA) – Health and Wellbeing	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://www.southwark.gov.uk/health-and-wellbeing/public-health/health-and-wellbeing-in-southwark-jsna/southwark-profile		
Southwark Plan 2022	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-guidance/development-plan/new-southwark-plan?chapter=3		
ISOS Partnership - Southwark Primary Places planning – final report	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s114694/Appendix%202%20Keeping%20Education%20Strong%20-		

Background Papers	Held At	Contact
%20Isos%20Partnership%20Southwark%20Primary%20Place%20Plannin g.pdf		
“Keeping Education Strong”: Strategy for future proofing primary schools and protecting the quality of education in Southwark, December 2022	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s113486/Report%20Keeping%20Education%20Strong%20-%20Strategy%20for%20future%20proofing%20primary%20schools%20and%20protecting%20the%20.pdf		
Keeping Education Strong Recommendations, June 2023	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s114705/Report%20Keeping%20Education%20Strong.pdf		
The Essential Guide to the Public Sector Equality Duty – EHRC July 2014	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://www.equalityhumanrights.com/sites/default/files/guidance-essential-public-sector-equality-duty-england_0.docx		
Education Act 1996	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://www.legislation.gov.uk/ukpga/1996/56/contents		
Academies Act 2010	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser): https://www.legislation.gov.uk/ukpga/2010/32/contents		

Background Papers	Held At	Contact
Equalities Act 2010	Children and Adult Services, 160 Tooley Street, London, SE1 2QH	Ric Euteneuer 07925 637558
Link (please copy and paste into browser):		
https://www.legislation.gov.uk/ukpga/2010/15/contents		

APPENDICES

Number	Title
Appendix 1	GLA School Roll Projections Forecast Methodology For 2023
Appendix 2	Statistical Appendix

AUDIT TRAIL

Cabinet Member	Councillor Jasmine Ali Deputy Leader and Cabinet Member for Children, Education and Refugees	
Lead Officer	David Quirke-Thornton Strategic Director of Children and Adult Services	
Report Author	Ric Euteneuer Principal Strategy Officer (School Place Planning)	
Version	Final	
Dated	9 October 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
List other officers here	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	9 October 2023	

Item No. 13.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Commercial Property Portfolio: Addition of Income Generating Asset	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Homes, Communities and Finance	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR HOMES, COMMUNITIES AND FINANCE

Commercial rental income is an important revenue stream to the council assisting it in the delivery of its core functions and key commitments. The council has always taken a prudent and cautious approach to property investment based on risk, financial return and strategic alignment. This proposed acquisition is a fully let commercial property in an excellent location within the Central Activity Zone. More importantly however is that it forms the final piece of a jigsaw consolidating the council’s ownership in this strategic location. This will allow us to acquire a significant holding which provides options for the council in the future in the utilisation of the land. These opportunities will be explored in the medium and long term and will allow us to have a long term strategy for our commercial assets and how they can support the emerging Southwark 2030 priorities.

RECOMMENDATIONS

That Cabinet shall:

1. Note the circumstances leading to the proposed acquisition of the freehold asset and actions and investment due diligence being undertaken by officers and their professional advisers
2. Approve the acquisition of the freehold interest as detailed in the closed report to include:
 - a. Note the agreed heads of terms, price and acquisition costs
 - b. Note the Valuation and Building Survey Statements
3. Delegate to the Chief Executive, advised by and in consultation with strategic director of finance, the assistant chief executive for governance and assurance, and the director of planning and growth, authority to:
 - a. Complete the purchase of the freehold interest
 - b. Agree detailed transaction terms

- c. Agree the financing structure to be adopted to fund the acquisition of the asset.

BACKGROUND INFORMATION

4. The council is presented with a unique opportunity to acquire an asset which will strategically enhance its existing portfolio holdings and provide a long-term financial contribution to the council's revenues
5. The asset is regarded as well located within an area acknowledged for ongoing occupier demand

KEY ISSUES FOR CONSIDERATION

6. The acquisition of this asset presents a logical continuation of previous commercial property investment by the council and is based on the same rationale
7. The assets presents future opportunities for improvement and income enhancement
8. Along with other commercial property assets this presents a secure positioning of financial resource and being in a quality location capable of liquidation to realise the investment value

Community impact statement

9. In formulating the recommendations of this report the potential impact on the Community has been taken into account, including people identified as having protected characteristics. No specific equality implications have been identified in relation to this report.

Equalities (including socio-economic) impact statement

10. In formulating the recommendations of this report the potential impact on protected characteristics of the Equalities Act and the Public Sector Equality Duty, no specific Equalities impacts have been identified in relation to this report

Climate change implications

11. In common with all assets in the commercial portfolio this asset will be subject to regulatory requirements and subject to the council's Climate Emergency policies

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance

12. Section 120(1) of the Local Government Act 1972 provides local

authorities with the power to acquire any land by agreement for the purpose of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. Cabinet Members may therefore make the recommendations as set out in paragraph 1 of this report if they consider this to be appropriate.

Strategic Director of Finance

13. This acquisition will allow the council to efficiently utilize existing resources to secure an asset with significant and varied long term potential whilst generating a secure source of ongoing funding
14. This acquisition will be funded through the Council's General Fund capital programme

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Homes, Communities and Finance	
Lead Officer	Caroline Bruce, Strategic Director, Environment, Neighbourhoods and Growth	
Report Author	Adrian Sancroft, Principal Surveyor	
Version	Final	
Dated	5 October 2023.	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive - Governance & Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	5 October 2023	

Item No. 14.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Elephant and Castle Town Centre – Compulsory Purchase Order	
Ward(s) or groups affected:		North Walworth, St George's	
Cabinet Member:		Councillor Helen Dennis, New Homes and Sustainable Development	

FOREWORD - COUNCILLOR HELEN DENNIS, CABINET MEMBER FOR NEW HOMES AND SUSTAINABLE DEVELOPMENT

In December 2022 Cabinet unanimously agreed to make and pursue a compulsory purchase order (CPO) for the Elephant and Castle Town Centre development scheme. The CPO was made in February 2023.

Further discussions with affected parties have resulted in improved proposals for local businesses impacted by the CPO. These revised proposals would enable the local nightclub to have a long term future in its current premises (rather than having to relocate to different premises on Elephant Road), an outcome which would be in general accordance with the Council's July 2018 planning committee report and would be one which the Council would very much welcome. Also, under the revised proposals, a number of small, local, mainly Latin-American businesses will be able to relocate into a like-for-like premises on Elephant Road with improved frontage which is more suited to their needs. That these revised proposals have been achieved in response to points raised by the affected businesses is a testament to the positive collaborative approach between the Council, the developer and the affected parties, with detailed and innovative input from specialist acoustic consultants.

Considerable benefits will arise from the town centre development, including new homes, jobs and workspace. The main change under these revised proposals is that the adverse impacts on the affected businesses will be less than those previously set out and approved by Cabinet in 2022. Accordingly, I look forward to Cabinet endorsing both the making of a fresh CPO to reflect the new proposals and the withdrawal of the current CPO.

The development is progressing on site and the Council is committed to supporting all those concerned to achieve the best outcome and completion of the scheme.

RECOMMENDATIONS

That the Cabinet agrees:

1. To authorise the withdrawal of the London Borough of Southwark (Elephant and Castle Town Centre) Compulsory Purchase Order 2023 dated 2 February 2023.
2. The Director of Planning and Growth be authorised on behalf of the Council to notify the Secretary of State and affected parties of the withdrawal referred to in recommendation 1 and to take any steps necessary to deal with all ancillary or incidental issues arising from such withdrawal.
3. That subject to the prior completion of a deed of variation to the existing CPO indemnity agreement between the Council, Elephant & Castle Properties Co. Limited ("EC") and Get Living plc dated 1 February 2023, the Council makes and (subject to any necessary confirmation by the Secretary of State) implements a new CPO ("the new CPO") under section 226(1)(a) of the Town and Country Planning Act 1990 and section 13 Local Government (Miscellaneous Provisions) Act 1976 (and in accordance with the procedures in the Acquisition of Land Act 1981) in respect of the area edged red on the plan at Appendix A ("the Order Land") for the acquisition of the land shown coloured pink on the same plan and the creation and acquisition of new rights over the land shown coloured blue on the same plan¹ for the purpose of facilitating the redevelopment, development and improvement on or in relation to that land, namely a mixed use town centre redevelopment scheme including residential, retail, offices, education, assembly and leisure, a new station entrance and station box for use as a London Underground operational railway station, nightclub incorporating sound mitigation lobby, commercial, business and services, access and highway works, public realm and landscaping, car and cycle parking, plant and servicing and associated and ancillary works and structures ("the Scheme") on and adjacent to the Order Land, with the land comprised within the Scheme ("the Scheme Land") being shown edged red on the plan at Appendix B.
4. The Director of Planning and Growth be authorised on behalf of the Council to finalise the terms of and enter into the deed of variation to the CPO indemnity agreement dated 1 February 2023, and
5. Subject to completion of the deed of variation to the CPO indemnity agreement referred to in recommendation 4, the Director of Planning and Growth be authorised on behalf of the Council to:
 - (a) take all necessary steps to secure the making, confirmation and implementation of the new CPO, including the publication and service of all notices and the presentation of the Council's case at public inquiry should one be called;
 - (b) acquire for planning purposes all interests in land and new rights within the Order Land as may be necessary to facilitate the Scheme, either by agreement or compulsorily, including entering into negotiations with any

¹ Colour versions of the CPO map are attached at **Appendix A**; a black and white version of the draft CPO map, showing the areas to be acquired (pink) as hatched black and the areas of new rights (blue) as light grey is included at **Appendix C**.

third parties for the acquisition of their land interests and/or for new rights over their land (as appropriate), the payment of compensation and dealing with any blight notices served in connection with the new CPO;

- (c) approve agreements with land owners setting out the terms for the withdrawal of objections to the new CPO, including where appropriate seeking the exclusion of land or new rights from the new CPO or giving undertakings as to the enforcement of the terms of the new CPO;
- (d) make any deletions or amendments to the draft CPO map at Appendix A and/or the related draft ownership schedules of the new CPO (including any minor additions) should the need arise, so as to include all interests in land and rights required to facilitate the construction, maintenance and use of the Scheme;
- (e) dispose of the land acquired from third parties pursuant to the new CPO and/or through private negotiations, pursuant to section 233 of the Town and Country Planning Act 1990, in accordance with the terms of the CPO indemnity agreement (as varied);
- (f) take all necessary actions in relation to any legal proceedings relating to the new CPO, including defending or settling (as appropriate) any compensation claims referred to the Lands Chamber of the Upper Tribunal due to the making or implementation of the new CPO, and to take all necessary steps in respect of other legal proceedings that relate to the making, confirmation or implementation of the new CPO;
- (g) authorise entry onto land to undertake surveys under section 172 Housing and Planning Act 2016 and/or other relevant powers;
- (h) where necessary in the absence of agreement, to exercise powers under section 271 and/or 272 Town and Country Planning Act 1990 in respect of the extinguishment of rights of statutory undertakers and electronic communications code network operators;
- (i) appoint and/or retain such external professional advisors and consultants as are necessary to assist the Council in facilitating the Scheme, including in the promotion of the new CPO and the settlement of any compensation claims;
- (j) take all necessary, ancillary or incidental steps to give effect to the recommendations in the report.

BACKGROUND INFORMATION

Introduction and the need for a further Cabinet decision

1. Cabinet is well aware of the redevelopment, having previously received two reports concerning compulsory purchase powers to support the implementation of the E&C town centre scheme. On both occasions Cabinet unanimously supported the use of those powers. The first of these was approved in April 2020 and encompassed all of the land required to deliver the 2019 planning consent

on both the East and West Sites. The developer subsequently made significant progress acquiring land and interests within this area through negotiation and therefore it was not necessary to implement this CPO.

2. The second report in December 2022 was for a much smaller and more targeted CPO. The scope of the CPO was significantly reduced when compared with the original 2020 report. In broad summary the 2022 CPO resolution sought to achieve the following objectives;
 - (a) The delivery of the pedestrian route (referred to as the Park Route) identified in the 2019 planning consent and the Southwark Plan. The route beneath the rail viaduct is intended to connect the town centre site to Elephant Road and Elephant Park. Two rail arches (6/7 Farrell Court, Elephant Road) owned by Arch Co are required to achieve this outcome. The arches are currently occupied by two local businesses, Beset (7 Farrell Court) and DistriAndina (6 Farrell Court). Beset have shared occupation of 7 Farrell Court with various other small businesses.
 - (b) The relocation of Corsica Studios from their current premises at 4/5 Farrell Court Elephant Road to a new venue in Arches 113A/120 and 113B/121 Elephant Road. Corsica Studios is identified as a grass roots music venue in the Mayor for London's Culture and Night Time Economy SPD. The town centre scheme includes the construction of new residential properties within 10m of the western elevation of the venue. A condition of the planning permission requires the developer to provide details as to how the scheme will ensure that the amenity of residents occupying these units is protected from noise emanating from the premises. Planning policy requires the developer to take appropriate mitigation measures in line with the agent of change principle to ensure that the venue can continue to operate in the new context created by the town centre redevelopment. The evidence available at the time of the December 2022 report suggested that relocation of the venue further up Elephant Road was the only practical way to achieve this outcome and meet planning policy requirements. The December 2022 report included that arches 113A/120 and 113B/121 would be used for retail/café uses if not for relocating Corsica Studios.
 - (c) Securing Corsica Studios existing premises at 4/5 Farrell Court so that it could be used to facilitate the relocation of Beset and its occupiers who are required to relocate from their current premises to provide the Park Route. It was envisaged at the time of the report that DistriAndina would move to an affordable retail unit within the town centre scheme.
 - (d) To secure other relatively minor land interests along the edge of the viaduct to facilitate the delivery of public realm necessary to complete the East Site. On the West Site there is a need to acquire two sub-stations to ensure the second phase of the development can be implemented.
 - (e) In addition some limited rights were sought to ensure the scheme could be implemented e.g. from Network Rail to implement works to the

underside of the Arches and on the West Site for access to the Metropolitan Tabernacle to remove the immediately adjacent London College of Communication building and for crane oversailing rights from the Tabernacle.

3. Following the Cabinet decision to approve the December 2022 report, the CPO indemnity agreement (whereby EC, backed by the guarantee of Get Living, underwrites the cost of the CPO process) was completed on 1 February 2023 and the CPO was made on 2 February. The relevant statutory procedures were followed as to notification to affected parties and 11 objections were received. Following the making of the CPO further discussions were held with Corsica Studios. While Corsica recognised that relocation a short distance up Elephant Road was one option, having considered it in detail it was not their preferred outcome and they requested that the Council reassess whether there was a solution by which they could continue to operate from their current premises at 4 and 5 Farrell Court. This was the outcome which had been envisaged at the time of the 2018 planning committee report.
4. To facilitate the review, new acoustic surveys were undertaken during the summer period. These were overseen by a specialist acoustic engineer appointed to advise the Council. Corsica also participated in this exercise and had their own independent acoustic advisor.
5. This work has had a positive outcome. A technical solution has now been devised in the form of the construction of a sound mitigation lobby on the western façade of 4 and 5 Farrell Court. This intervention is considered sufficient to mitigate noise from the premises.
6. Corsica will have the option to continue to operate from their current premises through the grant of a new lease. In the event that they opt not to do this, the design of the premises with the sound mitigation lobby will be such that the premises can continue to be used as a nightclub by an alternative operator.
7. The developer does not currently have the necessary land interests and rights to construct the sound mitigation lobby, nor to grant Corsica a new lease. To enable it to do so, it needs to acquire Arch Co's long leasehold interest and a right from Network Rail to affix the lobby to the viaduct structure (as well as carrying out associated works).
8. The solution summarised above is materially different from that set out in the December 2022 report. Moreover, the February 2023 CPO does not contain the new right to affix the sound mitigation lobby to the viaduct. A new CPO resolution is therefore sought from Cabinet as detailed in this report. In summary, the following changes to the approach set out in the December 2022 report are proposed: (**Appendix D** contains an updated indicative location plan of the Elephant Road arch units which Cabinet may find helpful in this respect)
 - (a) CPO powers will no longer be required for the relocation of Corsica to new premises in Arches 113A/120 and 113B/121 Elephant Road.

- (b) In order to ensure that Corsica can have the option to operate from their current premises at 4/5 Farrell Court Elephant Road with the benefit of a single new lease over 4/5 Farrell Court and the sound mitigation lobby (once built), it is necessary to acquire Arch Co's long leasehold interest in that land and the new right from Network Rail referred to above. Without these, the construction of the sound mitigation lobby, which is intended to mitigate noise from the premises, and associated works, will not be possible.
- (c) It is proposed that Arches 113A/120 and 113B/121 Elephant Road remain in the new CPO. Given the change of position with a solution now having been devised to allow Corsica to remain in situ, the need for the acquisition of these arches is no longer to provide replacement premises for Corsica but rather to provide replacement premises for Beset and its occupiers (in arch 113B/121) and (potentially, if they wish) DistriAndina (in arch 113A/120), both of whom are still required to relocate to deliver the Park Route. Therefore it will ensure that these Black Asian Minority Ethnic (BAME) businesses have options for continuity of trade in the immediate area of their current premises. DistriAndina as a retail business continues to have an option to take an affordable business unit in one of the new blocks on the East Site should they wish to do so. The Council is seeking to give effect to whichever is DistriAndina's preferred relocation option. To the extent that Beset and DistriAndina do not take up the offers in respect of arches 113A/120 and 113B/121, those premises will otherwise be used for retail/café purposes. At the moment the long leasehold interest held by the developer in arches 113A/120 and 113B/121 is not sufficient to allow any beneficial occupation and the Council does not want to see these units left vacant.
9. Positive progress is being made through negotiation to secure the other minor interests and rights summarised in paragraph 2 above. Despite this progress, CPO powers are still required to address these issues, which will ensure the full delivery of the Scheme benefits detailed elsewhere in the report.
10. In conclusion, the proposed changes compared to the CPO agreed by Cabinet in December 2022 are overwhelmingly positive ones which will help facilitate the delivery of the Council's objectives for the Scheme with even further reduced impacts.
11. Paragraphs 4-13 of the December 2022 report (as corrected in respect of the phasing plan point by the December 2022 addendum report)² set out the general position at that time, the need for CPO powers and in broad terms the outstanding land interests and new rights required for the Scheme to continue and be completed. Further detail on the outstanding land interests and why they were required was set out in paragraphs 27-51 of the December 2022 report. Although some progress has been made in private treaty negotiations, the same

² References hereafter in this report to the December 2022 Cabinet report are references to that report as corrected by the December 2022 addendum report. Members can find the relevant extracts from the December 2022 Cabinet papers at **Appendix K** to this report. A full set of the December 2022 Cabinet papers can also be accessed via the background papers link at the end of this report.

outstanding land interests and new rights are still at issue now (although as explained above, the proposals for 4-5 Farrell Court and 113A/120 and 113B/121 have altered), except that it is also necessary now to acquire an additional new right to affix the sound mitigation lobby and associated works to the western elevation of the railway viaduct, to the rear of 4-5 Farrell Court. Such an additional new right would need to be exercised against Network Rail who own the viaduct structure. Given the change in nature for what is proposed for arches 113A/120 and 113B/121, a further additional new right to affix two kiosk units to the railway viaduct which enclose those arches is also sought. As with the other new rights sought in respect of the railway viaduct, these proposed additional new rights in the new CPO would be subject to the caveat that the rights would not be exercised so as to interfere with the railway. Otherwise the requisite land and new rights are as they were when Cabinet last considered them. No additional areas of land are required as compared to the February 2023 CPO.

12. The justification for acquiring the Arch Co title to the land to the immediate rear of 4 and 5 Farrell Court was previously so that it could form part of the proposed public realm. That is still correct in part but, as the proposed sound mitigation lobby will be located there, it is necessary to acquire the rear area for the construction of that lobby too. Without being in control of that area EC and the Council cannot bring about the construction of the lobby. The Arch Co title to 4 and 5 Farrell Court and the fire escape accessway which bisects those two units is required because EC intends to undertake internal reconfiguration works in addition to the lobby works, which will require adjustments to the fire escape and other alterations and, once the works are complete, EC needs to offer Corsica a new lease of the unified area. The cost of these works is considerable and EC, understandably, wishes to have the comfort that it can control the whole of the unit plus the rear area, so as to deliver the lobby and other works and to grant a lease of the unified whole, before embarking on those works.
13. The uncertainty about the solution for Corsica gave rise to uncertainty about whether 4 and 5 Farrell Court would be available as relocation premises for displaced occupiers of 7 Farrell Court. In addition, in the continuing negotiations for the acquisition of its interest and its relocation on Elephant Road, after the CPO had been made, the tenant of 7 Farrell Court (Beset) expressed a preference to have one relocation unit with a mezzanine floor (as it currently has), of comparable size to 7 Farrell Court, rather than two adjoining units which together are of comparable size (such as 4 and 5 Farrell Court). Neither 4 nor 5 Farrell Court have the height to incorporate a mezzanine floor on the scale which is currently in 7 Farrell Court, whereas arch 113B/121 does have such height.
14. Objections to the February 2023 CPO were made by some of the affected parties. Given the uncertainty that occurred as regards the Corsica situation, the Council held off from submitting the February 2023 CPO to the Secretary of State for confirmation. When the Corsica position had become clearer, the Council wrote to affected parties in July 2023 notifying them that the February 2023 CPO had not been submitted to the Secretary of State, that there was a likelihood that a different solution for Corsica would be found, and that the Council was proposing that the occupiers of 7 Farrell Court would be relocated to one of arches 113A/120 or 113B/121. EC have therefore offered arch 113B/121 to

Beset, which as explained above, would be a suitable replacement premises in which to re-create their current trading arrangements.

15. The February 2023 CPO does not include a right to attach the sound mitigation lobby to the railway viaduct, which will be necessary to implement the new technical solution.

KEY ISSUES FOR CONSIDERATION

16. As stated in December 2022, exercising compulsory purchase powers is a step of last resort that should only be used appropriately. Cabinet was unanimous in its support for the Scheme in December 2022 and there are compelling reasons for the Council to continue its support through the new CPO. This report sets out why the use of CPO powers through the new CPO continues to be necessary and justified and should be pursued. Unless the Cabinet authorises the new CPO as recommended in this report, there is a very real risk that the East Site will not be completed in full and therefore not all the public benefits of the Scheme would be secured. In particular, the long standing objective of establishing a pedestrian route between the East Site, Elephant Road and Elephant Park would not be provided. Title and new rights are also required in respect of the West Site. Agreeing this resolution will also ensure that the Council can be confident that its long term commitment to provide alternative locations for businesses impacted by the Scheme will be delivered and that the position of Corsica Studios will be secured.

The Scheme and its benefits

17. Paragraphs 18-21 of the December 2022 Cabinet report (contained within Appendix K to this report) described the Scheme, and paragraphs 23 – 25 of the December 2022 Cabinet report (also within Appendix K of this report) described the many benefits of the Scheme and the specific benefits that would be derived from what became the February 2023 CPO. That description of the Scheme is still applicable now, in respect of the new CPO, except with the introduction of the sound mitigation lobby, and the benefits of the Scheme are as set out in **Appendix J** and now include securing the long term future of Corsica Studios within 4 and 5 Farrell Court (rather than relocating them in arches 113A/120 and 113B/121) and providing a relocation opportunity for the displaced occupiers of 7 Farrell Court within arch 113B/121 (rather than in 4-5 Farrell Court). Both of these outcomes have been shaped by discussions with the affected tenants as to what they want and it is considered that, as they will result in only one move on Elephant Road (rather than two as previously proposed), they are better outcomes than the Cabinet had previously approved, and should be supported. For the avoidance of doubt, the specific benefits that the new CPO would directly deliver are:

- Improvements in pedestrian connectivity between the East Site and Elephant Park by enabling the creation of the Park Route beneath the railway viaduct;
- Improvements in pedestrian connectivity on the East Site between the new Underground station and the railway station;

- Improvements in the public realm on the East Site;
- Allowing for the longer term future of Corsica Studios at 4 and 5 Farrell Court, at their option, with the benefit of the sound mitigation lobby; and, if they choose not to take up that option, nevertheless facilitating the use of the units as a nightclub with the benefit of the sound mitigation lobby. The new lease would be of benefit to Corsica as it would regularise their use of the fire escape which bisects 4 and 5 Farrell Court and the area to the rear and would be a longer-term lease and therefore offers a more secure future.
- Providing a relocation opportunity for the displaced occupiers of 7 Farrell Court within arch 113B/121 on Elephant Road.
- The ability to physically construct the West Site through the acquisition of title to the small unregistered areas and the electricity sub-stations thereon and the new rights to facilitate the redevelopment of the West Site, with all the benefits that entails, including 498 new residential units (of which 165 are affordable housing units), 3,962 sq.m. of new retail units and a new cultural venue.

Planning Policy

18. Paragraph 22 of the December 2022 Cabinet report (contained within Appendix K to this report) pointed out that there was strong planning policy support not just for the Scheme as whole but also for (among other things) the creation of the Park Route, pedestrian connectivity, public realm improvements and protecting the night-time economy. Officers have considered whether there have been any relevant planning policy changes since that time and also whether the same positive conclusions can be drawn in respect of the revised proposals. An updated planning policy summary is included at **Appendix E**. It is not considered that there are any planning policy changes which undermine the Scheme and the Scheme continues to enjoy strong policy support and the revised proposals for the relocation of the Elephant Road occupants are considered to be better than Cabinet approved in December. Planning permission will need to be secured for the sound mitigation lobby, the refurbishment and change in use of arches 113A/120 and 113B/121 and the installation of the additional kiosks to the viaduct where it encloses arches 113A/120 and 113B/121, but it is considered likely that planning permission will be granted in respect of the same, because they will lead to improvements in land use terms.

Progress on site

19. Construction on the East Site continues. Officers are of the view that this makes it all the more imperative that the Council supports the Scheme through CPO powers to enable the Scheme to continue and be completed.

Efforts to acquire interests by agreement

20. Paragraphs 56-64 of the December 2022 Cabinet report and Appendix F thereto (contained within Appendix K to this report) set out in some detail the efforts that had been made at that time to acquire the necessary land and rights by

agreement. Officers consider that the making of the February 2023 CPO has had the beneficial effect of convincing some of the affected parties about the seriousness of the Council's intentions. An update on the current status of the negotiations is set out at **Appendix F**. Cabinet will see that some progress has been made with the various parties but no agreed terms have been reached. Officers and EC are very much of the view that the new CPO will be needed to underpin continuing efforts to acquire the necessary interests by agreement wherever possible. Without the Council making the new CPO, the delivery of important parts of the East Site is jeopardised, as is the ability to carry out the Scheme on the West Site, and the impetus for private negotiations will be removed.

Relocation

21. The relocation provisions now proposed are for Beset and the other occupiers of 7 Farrell Court to move within the Scheme to arch 113B/121 on Elephant Road; and DistriAndina (for their retail/café operation) to move into a new unit within one of the new buildings on the East Site or to take arch 113A/120 (whichever is their preference). To the extent that Beset and DistriAndina do not take up the offers in respect of arches 113A/120 and 113B/121, those premises will otherwise be used for retail/café purposes.
22. Currently Corsica have a periodic tenancy of short duration and EC has offered to grant them a 15 year lease of the revised 4 and 5 Farrell Court once it has acquired the necessary land interests. As and when EC acquires the necessary land interests EC proposes to bring to an end Corsica's existing tenancy, and grant them a new lease with clear title of a slightly bigger area, incorporating the sound mitigation lobby to the rear and the fire escape which bisects 4 and 5 Farrell Court. At Corsica's request it is proposed that they would be given (at the outset) an option for a new lease which Corsica could choose to activate once EC had acquired the necessary interests and obtained the requisite planning permission for the sound mitigation lobby works. If Corsica do not wish to take up the proposed option, it is intended that EC would then offer the space to other nightclub operators. This offers a solution which will not only deliver the Park Route as set out in the July 2021 planning permission but will also retain the nightclub use. The physical alterations that have been discussed with Corsica would necessitate 4 and 5 Farrell Court closing temporarily (potentially for around 9 months) whilst EC carries out the necessary works to these units, but this is understood by Corsica and would facilitate their chosen solution.
23. Detailed discussions are still taking place with Corsica and agreed heads of terms have not been signed. However, it is felt that the offer that has been made to Corsica, with the option for a much longer new lease than they currently have, is reasonable and deserves support.
24. The envisaged sequencing is that the public realm areas on the other areas of the East Site would be complete by around February 2026; it would then take approximately 6 months to construct and fit out the replacement units for Beset (and their occupiers) in arch 113B/121 and potentially DistriAndina in arch 113A/120 (August 2026); the works to alter 4 and 5 Farrell Court as summarised above are envisaged to complete by the end of 2026; and the Park Route would

be ready by February 2027. It can be seen that this sequencing, which will ensure continuity of trading for Beset (and their occupiers) and DistriAndina, would result in the Park Route opening after the rest of the East Site. However, officers are of the view that the likely interval would be acceptable given the more favourable outcomes for affected occupiers enabled by the new CPO. EC has confirmed that it will be responsible for the fit out of arch 113B/121 and (if DistriAndina take up the offer in respect of it) arch 113A/120.

25. Officers are of the view that the revised arrangements are reasonable and beneficial, are an improvement over that approved by the Cabinet in December 2022, and should very much be supported.

Objections to the February 2023 CPO

26. A summary of the objections received to the February 2023 CPO is set out at **Appendix G**. It seems likely that similar objections will be made by the same persons to the new CPO. Those objections should therefore be borne in mind in taking the decisions to which this report relates. This report does not seek to rebut the points made by the objectors - the Council will do that in due course in the context of the new CPO by way of its Statement of Case and its evidence before the anticipated public inquiry. Officers have considered the objections and are satisfied that, for the reasons set out in this report, there is a compelling case in the public interest for making and pursuing the implementation of the new CPO, notwithstanding the objections that have been raised against the February 2023 CPO.
27. Cabinet will note that some of the occupiers of 7 Farrell Court objected to the February CPO in very similar terms. Officers and EC are of the view that the revised relocation proposal to relocate Beset and their occupiers to arch 113B/121 is a suitable relocation opportunity, objectively judged, and one which better suits Beset's preferred arrangements (and which would more accurately reflect the current trading arrangements) than the previously identified solution of their relocation to 4-5 Farrell Court.
28. Council officers and EC's representatives met with the occupiers of 7 Farrell Court in September to explain further the revised proposal for them to relocate and to seek to understand what concerns they may have as regards that relocation. These meetings were positive and further discussions will take place in an effort to address any residual concerns they may have.
29. Corsica Studios have not submitted an objection to the February 2023 CPO. Instead they sought and were granted several extensions of time by the Secretary of State in which to object if they wish. The Council supported these applications for an extension of time on the basis that the additional time was used to devise a workable solution in respect of 4 and 5 Farrell Court. This has now happened and also has what officers consider to be a benefit of being able to offer arch 113B/121 to Beset and their occupiers, which would allow for a closer recreation of the trading arrangements in 7 Farrell Court.

The Council's powers and the legal and policy guidance framework

30. Appendix G to the December 2022 report (contained within Appendix K to this report) sets out the relevant legal and policy framework in respect of considering the exercise of CPO powers. There has been no change in this respect.
31. Among the key legal and policy tests, section 226(1)(a) of the Town and Country Planning Act 1990 gives the Council power to acquire compulsorily any land in their area if the Council thinks that the acquisition will "facilitate the carrying out of development, re-development, or improvement on, or in relation to, the land". Not only must this test be met, but in addition the Council must have regard to and apply Section 226(1A) of the 1990 Act so the Council must not exercise the power under section 226(1)(a) unless it thinks that the development, re-development or improvement is likely to contribute to the achievement of any one or more of the following objects:
 - (a) the promotion or improvement of the economic well-being of their area
 - (b) the promotion or improvement of the social well-being of their area
 - (c) the promotion or improvement of the environmental well-being of their area.
32. Among the Government's guidance tests are: a CPO should only be made where there is a compelling case in the public interest; compulsory purchase is intended as a last resort, however it may often be sensible to initiate formal CPO procedures to mitigate loss of valuable time; the purposes for which the CPO is made must justify interference with the human rights of affected parties; acquiring authorities should address sources of funding and the timing of that funding, and the potential financial viability of the scheme for which land is being acquired; the acquiring authority are expected to evidence that meaningful attempts at negotiation have been pursued and reasonable offers to acquire have been made by the acquiring authority; that the scheme is unlikely to be blocked by any physical or legal impediments; and the acquiring authority should show the extent to which the proposed purpose of the CPO will contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of their area.

The new CPO

33. The new CPO will enable the outstanding land interests that are required for the Scheme shown shaded pink on the plan at Appendix A to be acquired. It will also provide for the creation and acquisition of new rights over the land shaded blue on the plan at Appendix A. As with the February 2023 CPO, title is being sought in respect of the arch units, with new rights being sought against the viaduct structure. There are no changes to the extent of land areas which would be affected by the new CPO as compared to the February 2023 CPO. The only substantive change in terms of the acquisitions would be the acquisition of the additional new rights to affix the sound mitigation lobby and associated works to

the railway viaduct, and to affix additional kiosks to the viaduct where it encloses arches 113A/120 and 113B/121.

34. The rationale for including these areas was explained in the "Significant progress – but land assembly is not complete" section of the December 2022 report, save that the proposals for 4-5 Farrell Court and arches 113A/120 and 113B/121 have altered, as explained above.
35. It may nevertheless be necessary as part of the finalisation of the new CPO to make amendments to the draft new CPO map and the recommendations allow for this.

The CPO Process

36. Appendix H to the December 2022 report (contained within Appendix K to this report) explains the detailed (and lengthy) process of a CPO and the compensation that would be payable to affected parties both for the acquisition of title and for new rights.
37. As with the February 2023 CPO, all costs associated with the new CPO process and all compensation payable to third parties for the acquisition of their land (or for new rights) under the new CPO will be underwritten by EC (and guaranteed by Get Living) through the CPO indemnity agreement as varied.

Revisions to the CPO indemnity agreement

38. Cabinet is referred to paragraphs 74-76 of the December 2022 report (contained within Appendix K to this report). The CPO indemnity agreement was entered into on 1 February 2023. Some minor revisions will be required to that agreement to reflect the revised proposals for relocation of the Elephant Road occupiers and the withdrawal of the February 2023 CPO. In addition, a further provision will be added to the agreement with the intention of requiring Beset, if they take up the proposed relocation premises, to offer comparable floorspace on comparable terms in those premises to their occupiers. In this way, the occupiers of 7 Farrell Court can have further comfort that they will be offered the opportunity to relocate with Beset. The completion of a deed of variation to the CPO indemnity agreement is a prerequisite of making the new CPO under the proposed Cabinet resolution.

Adverse effects of the new CPO

39. The new CPO will (or in some cases may) result in some adverse effects for those affected. These are very similar to, but overall less than, the adverse effects for the February 2023 CPO. **Appendix H** contains details of the adverse effects that can be ascribed to the new CPO.
40. Regard is to be had to the adverse effects at Appendix H and they should be weighed in considering whether to resolve to authorise the new CPO.

Community, equalities (including socio-economic) and health impacts

Community impact statement

Human Rights Implications

41. The acquisition of land (and the creation and acquisition of new rights) authorised by this report will interfere with rights under Article 1 of the First Protocol to the European Convention on Human Rights (right to peaceful enjoyment of possessions). The new CPO will give rise to the acquisition of property interests against the will of the owner and may also in certain instances infringe the enjoyment of existing assets with economic value, such as the goodwill of a business (which could happen in a worst case scenario in respect of the tenants of 4 and 5 Farrell Court and 6 and 7 Farrell Court). It will also interfere with rights over the CPO site. However, Article 1 of the First Protocol allows for such interference if it is in the public interest and subject to the conditions provided for by law and the principles of international law. The interference must also be in pursuit of a legitimate aim, which is the case here. Therefore, the use of planning powers contemplated in this report is lawful in Article 1 terms provided that the Council strikes a fair balance between the public interest and the private rights protected by Article 1. It is also relevant that compensation is available to persons affected by compulsory acquisition in certain instances. By way of the very considerable benefits that will arise from the Scheme (even limited to those specific benefits that the new CPO would directly deliver), it is considered the compelling benefits in the public interest when weighed against the private rights of individuals, and indeed the wider adverse implications set out in Appendix H, justify the interference with Article 1 rights in this case.
42. As regards Article 6 Convention rights (right to a fair and public hearing to determine a person's civil rights), there are well-established statutory procedures that give all of those likely to be affected by the new CPO the right to be notified and the opportunity to object. Any such objections may cause a public inquiry where such objections can be heard. Disputes as to compensation can be referred for hearing by the Lands Chamber of the Upper Tribunal. For these reasons, Article 6 is complied with.
43. Article 8 Convention rights (right to respect for private and family life, a person's home and his correspondence) can potentially be relevant in compulsory acquisition. The rights guaranteed by Article 8 may include the right to respect for private and family life enjoyed at a company or individual's business premises. Since Article 8 guarantees the right to a "private social life", it covers private social life enjoyed at a place of work or in professional, business or commercial activities. Article 8 does, though, allow for interference if it is necessary in the public interest and proportionate to the legitimate aim being pursued (here, economic wellbeing). For the new CPO, there is no evidence to show Article 8 is engaged but assuming conservatively that Article 8 is engaged by reason of any interference with business premises and to affected individuals' private social lives derived from the business setting, given the public benefits of the Scheme (even if limited to those specific benefits that the new CPO will directly deliver) and the compensation which will be payable in respect of any acquisition of land

or new rights over land or the overriding of rights, any interference with rights in this case is proportionate, in the public interest and in pursuit of a legitimate aim.

44. Regard has been had to whether Articles 9 (freedom of thought, conscience and religion), 11 (freedom of peaceful assembly and association) or 14 (freedom from discrimination) of the Convention are engaged and whether there is any infringement of them. In each case it is considered that they are not engaged and there is no infringement.

Equalities (including socio-economic) impact statement

45. Cabinet is referred to Appendix G of the December 2022 report, contained within Appendix K to this report, which sets out the nature and effect of the Public Sector Equality Duty (PSED). In considering the recommendations herein the Cabinet must have due regard to the possible effects of them on any groups sharing a protected characteristic to discharge the PSED. This is an ongoing obligation.
46. The PSED analysis was updated in January 2023 prior to the making of the February 2023 CPO and a copy of that analysis is at **Appendix L**. An updated PSED analysis for the new CPO has been undertaken by officers and Cabinet is referred to this at **Appendix I**. The conclusions reached are similar to those previously reached but Cabinet will note that, as a result of some of the objections made to the February 2023 CPO, it is also recommended that the key new CPO documents produced by the Council be translated into Spanish (in a reasonable and proportionate way) to aid the understanding of those affected occupiers whose first language is Spanish. The key findings in respect of the exercise of the CPO powers now envisaged are in summary:
- There is a potential adverse effect on the Latin American and (in one case) Black African (protected characteristic of race) businesses who occupy 6 and 7 Farrell Court, which in a worst case scenario may include the closure and loss of those businesses. However, the Council and EC are seeking to acquire 113A/120 and 113B/121 Elephant Road to redevelop them, with 113B/121 being used as a relocation opportunity within the Scheme for Beset and their occupiers, and to relocate DistriAndina into the Scheme in a new unit on the East Site or into arch 113A/120 (whichever is their preference), thus mitigating the adverse impacts on those occupiers. Accordingly, it is considered unlikely that their businesses would close as a result of the exercise of the new CPO powers or suffer significant uncompensated adverse effects.
 - To avoid potential disadvantage to those affected occupiers whose first language is Spanish, the Council will make available Spanish translations of its key CPO documents to those parties in a reasonable and proportionate way.
 - In respect of Corsica Studios, and a worst case scenario of its business permanently closing if the confirmed new CPO does not include the acquisition of all necessary rights and interests for EC to deliver the proposed solution of a long term home for them at 4 and 5 Farrell Court, it is not considered that any one group with protected characteristics would

be disproportionately affected. However, the Council and EC's intention is to acquire the long leasehold title to those units and to construct the sound mitigation lobby to the immediate rear of the units and offer the unified floorspace to Corsica on a new lease for a longer term basis than they currently have. If Corsica do not take up the offer of a new lease then the intention is that the units would be offered to another nightclub operator so that the use would be preserved in situ.

- There will potentially be some temporary short term (up to 3 months) adverse impacts on the Tabernacle due to the need to scaffold part of their land whilst works to decouple and demolish the immediately adjacent LCC building take place. This is explained in detail in Appendix I and potentially could disproportionately affect groups sharing the protected characteristics of religion, age, race, pregnancy and maternity, and disability. Any adverse impacts are considered to be minor. For the avoidance of doubt, the Tabernacle will be able to remain open and the main entrance on the front façade will remain open, and the disabled entrance within the front side arch will be available at all hours when the Tabernacle is being used.
 - There will be benefits to all users of the East Site from the creation of surface level public access to create the Station Route, the Park Route and further public realm adjacent to the railway viaduct. This is likely to be particularly beneficial to the elderly, those with ambulant disability, pregnant women and families with young children. It will also ensure the permeability of the site for visitors to all parts of the East Site, including the replacement affordable retail floorspace and proposed replacement bingo facility, both of which are included in the East Site at least in part to address adverse equality impacts identified at the planning permission stage.
 - In addition, the title and new rights being sought in respect of the West Site will enable the ability to develop the West Site, including the affordable retail floorspace, new dwellings (including affordable housing units, and 10% wheelchair accessible units) and job opportunities associated with that phase of the Scheme, all of which are considered to have positive equality impacts.
 - It is not considered that the daylight and sunlight impacts which could arise from the construction of tall buildings on the West Site would disproportionately affect any one group with protected characteristics.
47. The decision before Cabinet is whether to exercise the CPO powers now envisaged.
48. The recommendations in this report will facilitate the redevelopment of the East Site and the West Site. This will bring benefits to all, including groups sharing protected characteristics, as set out elsewhere in this report. Weighing up the relevant considerations and recognising the potential adverse impacts on those with protected characteristics as set out above, which the Council has sought and will continue to seek to mitigate, for the reasons summarised in this report there is a compelling case for the new CPO and the benefits that will result to the community at large.

49. In terms of environmental and socio-economic impacts, as explained earlier in this report, the Council must not exercise the power under section 226(1)(a) unless it thinks that the development, re-development or improvement is likely to contribute to the achievement of any one or more of the following objects:
- (a) the promotion or improvement of the economic well-being of their area
 - (b) the promotion or improvement of the social well-being of their area
 - (c) the promotion or improvement of the environmental well-being of their area.
50. For the reasons set out in detail in paragraphs 3-18 of Appendix J, it is considered that the redevelopment is likely to contribute to the achievement of all three of the well-being objects.

Health impact statement

51. If the recommendations of this report are adopted and the new CPO is made and subsequently confirmed and implemented, this will facilitate development of the Elephant and Castle Town Centre. Whilst the making of the new CPO has no direct health impacts it is considered that the development, with improved public realm, better housing, new facilities and access as described elsewhere in this report will have beneficial effects on the locality and the local population. The route through the railway arches will encourage greater pedestrian access.

Climate change implications

52. If the recommendations of this report are adopted and the new CPO is made and subsequently confirmed and implemented, this will facilitate development of the Elephant and Castle Town Centre. Whilst the making of the new CPO has no direct climate change implications the development which is facilitated by it will have climate change impacts.
53. One of the key purposes of the new CPO is to secure the delivery of a new pedestrian link between the East Site, Elephant Road and Elephant Park. This route will connect the town centre with adjoining communities providing a safe, convenient and sustainable option for residents to walk to retail and leisure facilities. The connection will also provide a convenient route to the new integrated underground station, Network Rail over ground station and to bus services helping to encourage the use of public transport and reducing the reliance on the car. This approach is consistent with the Council's objectives in the adopted movement plan. The proposals for the rail arches will require planning permission and the applicant will need to demonstrate how the scheme complies with the Council's carbon reduction policies.

Resource Implications

54. The making of the new CPO and, if there are objections, the resulting public inquiry, will require significant staff resources. This will come from various disciplines including Regeneration, Planning, Legal and Communications, as well as external advisors including Counsel. EC will meet these costs in full

under the CPO indemnity agreement, so there will be no negative cost implications, but the process will result in staff resources being diverted from normal duties as necessary. This will create some challenges that will be managed.

Legal Implications

Whether the use of the Council's CPO powers is justified

55. This question involves testing the proposed use of the powers against the legal and policy guidance framework set out in Appendix G of the December 2022 report, contained within Appendix K to this report. A detailed analysis has been undertaken in **Appendix J** and in respect of human rights and the PSED in the preceding sections of this report. It is concluded all of the relevant legal and policy tests are met.

Financial implications

56. The Council's costs of the new CPO process and all compensation payable to affected parties will be underwritten in full by EC, with Get Living Plc providing a guarantee. Accordingly, there should be no adverse financial implications for the Council.

Consultation

57. The parties directly affected by the making of the new CPO have been contacted and made aware of the Council's proposals. This follows engagement between them and the developer (and the Council) in relation to the arrangements for their relocation, details of which are given in **Appendix F**.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive, Governance and Assurance

58. The acquisition of land through the use of compulsory purchase powers is a matter reserved to Cabinet by virtue of part 3C of the Council's constitution.
59. The purpose of this report is to seek authorisation for the withdrawal of the current CPO and the making and (subject to confirmation by the Secretary of State) implementation of the new CPO under section 226(1)(a) of the 1990 Act. In addition, variations to the existing CPO indemnity agreement would be authorised.
60. A detailed summary of the legal powers available to the Council in connection with the use of its CPO powers and the curbs on the use of those powers is set out in Appendix G to the December 2022 report, contained within Appendix K to this report. These include the tests to be met under sections 226(1)(a) and 226(1A) of the 1990 Act (among other legal requirements). The tests under those sections are also set out earlier in this report.

61. Appendix J sets out a summary of the benefits of the Scheme and paragraph 17 of this report summarises the specific benefits that the new CPO would directly deliver.
62. Appendix H provides detail on the adverse effects which can be attributed to the new CPO, and the preceding sections of this report detail the human rights and equalities implications of the use of CPO powers. Due regard must be had to the equality implications of the new CPO, particularly on groups sharing a protected characteristic as defined in the Equality Act, including eliminating discrimination, harassment and victimisation, and advancing equality of opportunity and fostering good relations between persons who share a relevant protected characteristic and persons who do not share it. In terms of human rights, there needs to be a fair and proportionate balance struck between the adverse effects of the new CPO and the public interest benefits which the new CPO will directly deliver.
63. Appendix J provides a detailed analysis of the justification of the use of the Council's powers.

Strategic Director of Finance

64. The Strategic Director of Finance notes that EC will underwrite in full the Council's costs and liabilities associated with the existing CPO and the proposed new CPO through the operation of the CPO indemnity agreement as varied. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

CONCLUSIONS

65. The town centre redevelopment comprised in the Scheme is a crucial component in meeting the Council's long held policy aims for the Elephant & Castle Opportunity Area. This comprehensive redevelopment is supported in national, London and local planning policy. It would contribute very significantly to the improvement of the economic, social and environmental well-being of the area.
66. It is genuinely a matter of last resort that the Council and EC are pursuing compulsory acquisition.
67. The Council has been patient in allowing ample time for private negotiations to resolve land ownership issues but there is a significant risk these will not be successful. The new CPO is needed to enable the Scheme to continue and be completed. The new CPO is essential to the successful implementation and conclusion of the Scheme.
68. The compulsory acquisition of land and new rights pursuant to the new CPO will interfere with the human rights of those parties who hold the land interests. These rights have been carefully considered, as have the significant public benefits which are likely to arise from the exercise of the CPO powers and the fact that compensation is payable to anyone whose interests are acquired or whose rights are infringed.

69. Having regard to government guidance on the use of CPO powers, including the fit of the Scheme with the planning policy framework, the efforts made to acquire by agreement, the purpose for which the new CPO is being made and whether that justifies the interference with human rights, the lack of likely impediments to the delivery of the Scheme if the new CPO is made, resources and funding, and consideration of any alternative means of achieving the Council's objectives, the new CPO proposals are no more than necessary to accomplish the objectives of the new CPO and there is a compelling case in the public interest for making the new CPO to facilitate the Scheme. Such a case is consistent with the statutory tests set out in the 1990 Act, the PSED and the Human Rights Act.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
December 2022 Cabinet papers – report with appendices, addendum report	160 Tooley Street London SE1 2QH	Catherine Brownell 020 7525 3625
https://moderngov.southwark.gov.uk/mgAi.aspx?ID=65541#mgDocuments		
Reports to Cabinet April 2020	160 Tooley Street London SE1 2QH	Catherine Brownell 020 7525 3625
Cabinet report template 2012 (southwark.gov.uk) Report EC CPO.pdf (southwark.gov.uk) Report EC Property Rights.pdf (southwark.gov.uk) Agenda for Cabinet on Tuesday 7 April 2020, 4.30 pm - Southwark Council		
Elephant and Castle Supplementary Planning Document and Opportunity Area Planning Framework	160 Tooley Street London SE1 2QH	Catherine Brownell 020 7525 3625
Link (please copy and paste into browser): https://www.southwark.gov.uk/assets/attach/1817/1.0.5-elephant-castle-spd-oapf.pdf		
Southwark Plan 2022	160 Tooley Street London SE1 2QH	Catherine Brownell 020 7525 3625
Link (please copy and paste into browser): https://www.southwark.gov.uk/assets/attach/94325/Southwark-Plan-2022.pdf		
The London Plan 2021	160 Tooley Street London SE1 2QH	Catherine Brownell 020 7525 3625
Link (please copy and paste into browser): https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf		
Listed building consent report 16/AP/4525	160 Tooley Street London SE1 2QH	Dipesh Patel 020 7525 1778
Link (please copy and paste into browser): http://moderngov.southwark.gov.uk/documents/s76029/ITEM%20%20-%20REPORT%2016AP4525.pdf		
Planning Committee report Application 16/AP/4458	160 Tooley Street London SE1 2QH	Dipesh Patel 020 7525 1778
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s73204/Report%20-%20Shopping%20Centre%20site%20Elephant%20and%20Castle%2026%2028%2030%20and%2032%20New%20Kent%20Road%20Arches%206%207%20E1e.pdf		
Officer report, section 73 application 20/AP/3675	160 Tooley Street London SE1 2QH	Dipesh Patel 020 7525 1778

Background Papers	Held At	Contact
Link (please copy and paste into browser): https://planning.southwark.gov.uk/online-applications/files/BADE128DB62EE9E05BD128DEC7D3EF02/pdf/20_AP_3675--1109296.pdf		
Officer report, section 73 application 21/AP/1104	160 Tooley Street London SE1 2QH	Dipesh Patel 020 7525 1778
Link (please copy and paste into browser): Report - E and C Shopping centre.pdf (southwark.gov.uk)		
Guidance on Compulsory Purchase Process and The Crichel Down Rules	160 Tooley Street London SE1 2QH	Catherine Brownell 020 7525 3625
Compulsory purchase process and the Crichel Down Rules (publishing.service.gov.uk) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1071500/CPO_guidance_-_with_2019_update.pdf		

APPENDICES

No.	Title
Appendix A	Draft new CPO Map (sheets 1 of 2 and 2 of 2)
Appendix B	Plan of Scheme Land
Appendix C	Further version of draft new CPO map in black and white
Appendix D	Indicative arch units location plan
Appendix E	Updated planning policy summary
Appendix F	Updated summary of status of negotiations
Appendix G	Summary of objections to the February 2023 CPO
Appendix H	Potential adverse effects of the new CPO
Appendix I	Equalities impact assessment in respect of the new CPO
Appendix J	Analysis of whether the use of CPO powers is justified for the new CPO
Appendix K	Extracts from December 2022 Cabinet papers
Appendix L	January 2023 Equalities impact assessment in respect of the February 2023 CPO
Appendix M	February 2023 Statement of Reasons (in respect of the February 2023 CPO, not the new CPO – some elements of this Statement have been superseded)

AUDIT TRAIL

Cabinet Member	Councillor Helen Dennis, Cabinet member for New Homes and Sustainable Development	
Lead Officer	Steve Platts, Director of Planning and Growth	
Report Author	Catherine Brownell, Programme Manager, Sustainable Growth, North	
Version	Final	
Dated	5 October 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	5 October 2023	

Item No. 15.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Gateway 0 - Strategic Options Assessment Commercial Fleet Procurement	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor James McAsh, Climate Emergency, Clean Air and Streets	

FOREWORD – COUNCILLOR JAMES McASH – CABINET MEMBER FOR CLIMATE EMERGENCY, CLEAN AIR & STREETS

In our Streets for People Strategy, we have set out how we will explore new ideas and ways we will work to deliver improvements to residents’ quality of life.

We are committed to reducing vehicle carbon and particulate emissions and this procurement options appraisal supports the next steps in renewing our own commercial fleet to do so.

With the content of this report and future reports and with the use of data and technology to make evidence led and informed decisions we will reduce the impact of our own fleet delivering our own services.

RECOMMENDATIONS

Recommendations for the Cabinet

That Cabinet

1. Notes the content of this strategic options assessment for delivery of commercial fleet procurement for Southwark Council.
2. Notes and approves the outcomes and recommendations of the strategic options assessment which are summarised in paragraph 71.

Recommendations for the Leader of the Council

3. That the Leader delegates the decision to approve the Gateway 1 procurement strategy and associated Gateway 2 contract awards for the required light commercial, specialist and heavy goods vehicles to the Cabinet Member for Climate Emergency, Clean Air and Streets in consultation with the Cabinet Member for Cabinet Member for Homes, Communities and Finance for the reasons noted in paragraph 75.

BACKGROUND INFORMATION

4. The council is committed to reducing carbon emissions from its commercial fleet and continues to explore opportunities to reduce the number of vehicles used and new ways of working to reduce vehicle movements and any negative impact.
5. The council is also committed to reviewing technology developments, its availability and assessing its suitability and affordability. When selecting new vehicles for a commercial fleet, all options will be explored and assessed with selections based on the whole life cost, operational suitability and environmental performance.
6. This Gateway report has been developed with reference to a number of adopted strategies, action plans and policies to ensure alignment including the recently adopted Streets for People – Transport Strategy.
7. This options assessment is for the delivery of light commercial, heavy goods and specialist vehicles to the council.
8. Arrangements for the delivery of light commercial vehicles currently in operation has been through the Halton Housing Trust Framework Agreement. This agreement commenced 1 March 2016 for a period of six years. This framework has now expired.
9. Southwark also had approval to access the Bath & North East Somerset Council framework agreement, to procure heavy commercial and specialist vehicles for a period of six years also commencing in March 2016. Due to timing and the existing heavy and commercial fleet provision, this framework was not utilised and has also now expired.
10. Access to both frameworks were agreed via a Gateway 1 report to Cabinet in February 2016. Following approval, four tranches of required vehicles were approved and ordered via four individual Gateway 2 reports.
11. In January 2023 a Gateway 3 contract variation (extension) report was approved for the four previously agreed Gateway 2 reports. The approved contract variations mean that Southwark have certainty for its light commercial fleet through until October 2025.
12. In line with contract standing orders, this pre-procurement assessment decision is required due to the related contracts having an estimated lifetime value of in excess of £10 million. Additionally, the replacement of the council's commercial fleet is strategically important.
13. A breakdown of our existing contract hired fleet and their respective replacement dates is set out in Appendix 1.

KEY ISSUES FOR CONSIDERATION

Commercial Fleet

14. The council's current commercial fleet (contract and spot hire) by type and by service area is set out in Table 1

Service Section	Specialist*	Car	Small van	Medium van	Large van	3.5t Tipper	Total
Asset Management Services	7	0	6	4	1	3	21
Building Services	0	0	15	131	2	0	148
Emergency Planning	0	0	0	1	0	0	1
Handy Persons	0	0	0	2	0	0	2
Housing Services	0	0	1	2	0	0	3
Libraries	0	0	2	0	1	0	3
Parking / Markets	0	0	4	0	0	0	4
Parks Services	0	2	3	0	0	1	6
Pest Control Services	0	0	22	2	0	0	24
Sheltered Housing	0	2	0	0	0	0	2
Social Services	1	0	0	0	0	0	1
Temp Accommodation	0	0	2	0	3	0	5
Tree Section	0	0	2	0	0	5	7
Wardens	0	4	0	0	0	0	4
Waste and Cleansing	17	0	37	7	1	37	99
TOTALS	25	8	94	149	8	46	330

Table 1

*Cherry Picker, Refuse Collection Vehicle, Sweeper

15. The council's current commercial fleet carbon emissions is set out in Table 2

Service Section	Diesel	Petrol	Hybrid	EV	Total	Metric Ton*
Asset Management Services	17	4	0	0	21	42
Building Services	132	9	0	7	148	148
Emergency Planning	1	0	0	0	1	1
Handy Persons	2	0	0	0	2	2

Service Section	Diesel	Petrol	Hybrid	EV	Total	Metric Ton*
Housing Services	3	0	0	0	3	3
Libraries	1	2	0	0	3	4
Parking / Markets	1	2	0	1	4	4
Parks Services	1	3	1	1	6	6
Pest Control Services	2	22	0	0	24	26
Sheltered Housing	0	0	2	0	2	1
Social Services	1	0	0	0	1	2
Temp Accommodation	5	0	0	0	5	6
Tree Section	5	2	0	0	7	6
Wardens	0	0	4	0	4	2
Waste and Cleansing	62	28	0	9	99	169
TOTALS	233	72	7	18	330	422

Table 2

*Calculated against average mileage per vehicle type per service area.

16. The council's current annual commercial fleet expenditure is set out below in Table 3.

Department	Annual Costs
Asset Management Services	£226,179.00
Building Services	£571,392.48
Emergency Planning	£3,492.36
Handy Persons	£6,511.92
Housing Services	£17,851.08
Libraries	£9,007.92
Parking / Markets	£10,909.92
Parks Services	£19,962.96
Pest Control Services	£67,646.88
Sheltered Housing	£4,978.08
Social Services	£17,467.80
Temp Accommodation	£17,351.04
Tree Section	£35,024.40
Wardens	£10,080.96
Waste and Cleansing	£987,853.68
TOTALS	£2,005,710.30

Table 3

Future service requirements and outcomes

17. Southwark Council employees, many with tools and equipment or service need, moving around the borough has an impact on the air quality, the built environment and the local economy. Proper management of our commercial fleet, freight and service delivery with vehicles can help support the residents of the borough, sustainably.
18. A level of operational vehicles are needed to deliver efficient and effective services. However, all motor vehicles, including electric vehicles (EVs), discourage people from active travel due to safety concerns and because they take up the majority of road and kerb space.
19. As service providers the council will need to react to new ways of travelling. Other modes like cycling (docked and dock less), e-bikes, cargo bikes and e-scooter hire have the potential to reduce the reliance on motor vehicles and encourage alternative ways of working.
20. Reducing the number of vehicles operating in the council's fleet and ensuring it procures the correct type of vehicle are key objectives whilst also ensuring that service delivery is not adversely affected.
21. A robust fleet selection process has been developed for services to ensure;
 - That services will be encouraged to consider alternative forms of travel before opting for a vehicle replacement.
 - That the need to procure/replace vehicles is supported by a service director approved business case.
 - That vehicles will be 'fit for purpose' to ensure that the council continues to deliver reliable services and ultra-low emission vehicles where possible.
 - That the vehicles provided deliver maximum economy and efficiency.
 - That reductions in emissions are achieved to support the council's target of zero carbon emissions by 2030.
 - That the performance of the vehicle fleet will be maximised through the training of drivers and use of telemetry and other technological aids.
22. In recommending a service director approved business case for vehicles the council will ensure appropriate consideration and rigour is applied to the selection process and will facilitate the need for ongoing review of Climate Change, Finance, Service and Fleet Officers and alignment with corporate aspirations.
23. The outlined fleet selection process will identify what are the optimal number of vehicles required to satisfy service delivery (either existing or redesigned), and the correct type of vehicle for that purpose. All with the appropriate specification and credentials.

24. The Council Delivery Plan includes a commitment to reduce operational emissions by 50% by 2026. While fleet is a comparatively small emitter when compared to say buildings, the principle of a reduction in numbers of vehicles and the distance they drive (therefore reducing emissions) is therefore strongly supported in council policy.
25. Appropriate branding and communications in relation to the new commercial fleet will be designed and agreed through the communications officer and in line with the council's communication protocol.

Vehicle Supply Market

26. Manufacturers are investing heavily in alternative fuels. They have their own targets to achieve in this regard. The current legislation is for no new internal combustion engine (ICE) cars to be sold in the UK beyond 2030. Current governmental policy discussions may push this back to 2035. Similarly, no hybrid car and no petrol or diesel commercial vehicle is to be sold after 2035, with a date of 2040 for trucks.
27. The vehicle manufacture market has, for many years, been characterised by over-supply and heavy discounting. This has certainly been the case with cars and light commercial vehicles up to 5 tonnes. It has been common practice for clients to historically order vehicles safe in the knowledge they will likely arrive in approximately 12-16 weeks. This is not the case now. Vehicle lead times can be 10-18 months, irrespective of size or value of vehicle.
28. The current vehicle marketplace is summed up by demand outstripping supply, not because demand has massively risen but because capacity to supply has been hindered. There are several reasons for this, and manufacturers will point to Covid-19, the war in Ukraine, Brexit impact, a shortage of semi-conductors, a shortage of ships and shipping containers being in the wrong part of the world.
29. Manufacturers are reacting to the imbalance between demand and supply not by increasing supply, but by attempting to dampen demand. Many have increased prices, others have reduced discount levels, some have done both, others have closed their order books altogether.

Procurement options and assessment

30. The UK fleet supply chain is very large and mature. Over the years many options for commercial fleets have been developed each with their advantages and disadvantages.
31. The key differences can include: the overall cost and payment profiles, additional services provided and levels of risk.
32. There are five main forms of fleet procurement.
 - Outright purchase – own funds

The council buy the vehicles and have full ownership rights.

- **Conditional Sale/Hire Purchase**
The council buy the vehicles and assume full ownership rights on completion of an agreed payment plan.
 - **Contract Purchase**
A flexible 'keep or return' option based on timed payments aligned with vehicle capital cost, interest, expected residual values and final 'balloon' payment.
 - **Finance Lease**
Comparable to the Conditional Sale / Hire Purchase approach but the vehicle is returned to the Lessor.
 - **Contract Hire**
The most common form of supply. The Lessor provides the vehicle, ensures compliance and undertakes all maintenance and repair functions. The vehicle is returned at the end of the agreed lease period.
33. A detailed appraisal of each of the forms of procurement has been completed and is attached in Appendix 2. A summary of main considerations are set out below in Table 4.

Option	Key considerations
Outright purchase	Council owns the vehicles
	Council funds from capital or borrowing
	Council arranges support / maintenance services separately
	Council takes the risk on damage and residual values
Conditional Sale/Hire Purchase	Council owns the vehicles upon completion of the payment term
	Council pays the owner of the vehicle plus interest
	Council arranges support / maintenance services separately
	Council takes the risk on damage and residual values
Contract Purchase	Council can own vehicles upon payment of a "balloon payment" or vehicle owner sells
	Payments only cover depreciation and charges
	Council arranges support services / maintenance separately
	Council takes the risk on any shortfall in residual value

Option	Key considerations
Finance Lease	Council (usually) never owns the vehicle
	The lessor will take most of the risk (and charge accordingly)
	Council has the risk of cost of disposal
Contract Hire	Council never owns the vehicles
	Vehicle owner is a fleet management company not financial institution
	Vehicle owner has relationships with manufacturers and distributors
	Vehicle owner can provide all maintenance, repair, and related services
	Costs met from council revenue budgets

Table 4

34. It is important that the situation is regularly reviewed to ensure that the chosen arrangements maximise the benefits to the council.

External Procurement

35. There are a large number of procurement frameworks available and these are the usual route used by local authorities seeking to replace their vehicle fleets. They consolidate otherwise disparate purchasing and can provide economies of scale and cost savings that, independently, Southwark Council are unlikely to be able to access.
36. Due diligence is undertaken when a Public Contract Regulation (PCR) compliant framework agreement is established. Suppliers' expertise, reliability, contract support and quality both pre- and post- agreements is assessed. As such, users can be confident in the suppliers accepted onto the framework. Additionally, social value and carbon neutral objectives are included within the selection criteria.
37. It is proposed that the procurement of vehicles, associated service, maintenance and management is via existing framework agreements. In doing so we will avoid the significant administrative burden of contract and specification design and tender management and the associated time for preparation, procurement and delivery of a bespoke fleet procurement process.
38. The various frameworks available for the provision of vehicles offer:
- Vehicles of all fuel types including electric, hybrid and hydrogen derivatives along with petrol, diesel and hybrid combinations.
 - The complete range of vehicle sizes and types; light, medium and heavy commercial vehicles including refuse collection and street management.

39. Framework users can also access a wide range of bespoke vehicles and conversion services including specification design, body build, testing and associated maintenance needed for the specialist types such as cherry pickers or caged tippers.
40. The framework selection will form part of the Gateway 1 process. Due to framework lengths and periods of operation and our expected replacement phasing, the framework access may span 2 contract periods.
41. To enable economies of scale, value for money, technical, operational and corporate compliance with any vehicle procurement and use in the council, it is vital that the Fleet Services Business Unit lead and manage future contract compliance.

In-Source

42. The council currently provides its overarching fleet management service using an in-house team. This team provides the corporate control as well as professional and technical support to council services.
43. Whilst vehicle purchase or lease considerations are relatively straight forward based on financial appraisals, consideration to the associated ongoing maintenance and compliance management of the vehicles is complex.
44. Existing additional supplied arrangements for all vehicles include:
 - Routine maintenance and servicing
 - Safety & Compliancy inspection and testing.
 - Annual MoT testing (as required).
 - Replacement of all parts, tyres (incl. rapid response puncture repair), batteries and exhaust systems for fair wear and tear.
 - All other repairs (excl. collision damage, vandalism, theft or driver negligence).
 - 24-hour, 365-day breakdown and recovery.
 - A replacement vehicle as required for all of the above situations.
45. Ultra-low emission vehicles require servicing and maintenance that are very different to that required for traditional vehicles. As the current fleet is contract hire including maintenance the council does not have any delivery requirements or capability, so would have to either create the capability from scratch or enter into complex servicing arrangements with third-party maintenance providers.
46. Currently Southwark Council does not have the infrastructure (specialist workshops, depot space), vehicle capacity (replacements), the required safety compliance arrangements (inspectors, specialist repairers) required expertise (technicians, mechanics, fitters) or the available supply chain to meet the required service standards.

47. Whilst it is not cost effective and highly likely to negatively impact on service efficiency to build our own delivery capability, through any procurement process the council are able to support local repair services and support the local economy by identifying and signposting suppliers to be considered in any prospective arrangements.

Shared Service Delivery

48. The proposed approach for the use of framework agreements in the procurement process allows for London local authorities to access economies of scale and cost savings if required.
49. Review of the current status and delivery models of 12 London local authorities demonstrate that there are few opportunities beyond sharing technical reviews and advice.
50. The London Borough of Greenwich, with viable workshop facilities with any possible geographical link to Southwark has externalised their facilities 'arm's length' to a trading company. Aside from the operational challenges of their location they currently serve 550 vehicles and could not facilitate an additional 300+ vehicles from Southwark Council.

Market considerations

51. Current expenditure of c. £2m per annum is based in contract hire rates secured between 2017 and 2020 and current ad-hoc rates for spot hire. There has been considerable inflation in vehicle manufacturer pricing. Additionally, there has been dramatic Interest rate rises in the past 18 months.
52. A completed soft market testing of similar vehicles by type or size indicates vehicle purchase cost rises of up to 41% for smallest increase (tipper) through to 84% in the worst case scenario (medium van) in the period of our existing vehicle contracts.
53. When procuring new, proposing zero emission vehicles carry a cost premium against internal combustion engines. This premium ranges from c. 30% for the most basic of vehicle (car) to over 135% for the largest of vehicles (Refuse vehicle). An outlier includes a 270% premium should Southwark choose to procure electric skip lorries.
54. A combination of these market factors are certain to have an adverse financial impact on service users against their existing fleet expenditure / budgets.
55. The visibility of timing of future pricing increase or decrease due to the manufacturer issues set out in paragraph 28 is largely unknown.

Vehicle Options

56. In respect of the standard small and medium sized standard vehicles, most of the major manufacturers provide viable zero emission vehicle options,

including Peugeot (e-Partner and e-Expert), Vauxhall (e-Combo, e-Vivaro) and Ford (e-Courier and e-Transit). There are also emerging electric versions of the 3.5 tonne cage tipper available. Any selected will be tested for performance and suitability.

57. For the bulk of Southwark's commercial fleet, given the required mileages, there are a range of vehicle options available that can be relied upon to be operationally effective and can be selected via the standard vehicle procurement processes.
58. The electric vehicle options for the heavier and specialist vehicles is not as well advanced. There are some vehicle categories where no appropriate electric alternative currently exists (such as gulley suckers) and there are other vehicle categories where the electric vehicle alternative does exist but is very much in its infancy (such as compact sweepers) and must be tried and tested by end users prior to ordering.
59. Whilst there are alternatives to electric vehicles, such as Hydrogen Fuel Cell vehicles, the practical aspects of delivering the required refuelling and delivery infrastructure are more costly and complex, and in the medium term are operationally unviable.
60. Hydrogen technology is emerging and will provide another option to replace internal combustion engine fleets in the coming years. Given the normal daily range requirements for Southwark however, there is little benefit (and more cost) over pure electric vehicles, which themselves will be more than adequate for the fleet replacement programme in the coming years. Paragraph 66 reflects the infrastructure need.
61. Hydrated Vegetable Oil and other biofuels are claimed to significantly reduce greenhouse gas emissions and can be used either alone or as part of a blend with diesel. They require no adaptation to existing diesel-powered vehicles and are seen as a way of reducing the environmental impact of large vehicles (for which there are no readily available electric-powered alternatives).
62. The vehicle selection process allows for consideration of all engine and power types with an identified hierarchy headed by electric vehicles but including diesel and petrol when necessary.

Infrastructure

63. The council's Electric Vehicle (EV) plan is currently in production. This document will set out the overall approach to EV infrastructure across the Borough, with a focus on public charging infrastructure.
64. As part of the EV Plan a commitment has been included to develop depot based charging to ensure there is a balance and provision of infrastructure need against zero emission vehicle selections in any procurement. This commitment will not be without challenge including depot space, electricity grid capacity, possible service impacts and associated installation cost.

65. Southwark Council currently has no agreed supply chain or infrastructure for the distribution, at pump, of Hydrated Vegetable Oil (HVO). It is however committed to exploring the technology and associated cost / benefit of adopting it for use.
66. There is a limited existing infrastructure supporting Hydrogen fuel cell refuelling in the UK; there are currently 12 hydrogen fuelling sites across the UK, the nearest ones to Southwark are at Rainham, Teddington and Heathrow, but these remain far enough from the borough to render them impractical to use on a day-to-day basis.

Decommissioning Services

67. Existing contract hire arrangements have built in policy and specifications for decommissioning and return of the current fleet and cessation of any associated service provision.

Policy Framework Implications

68. Streets For People - The council should seek to reduce its own vehicle needs and usage but, where necessary, will ensure any vehicles used are the most environmentally friendly to meet operational need. Any vehicle procurement will support the Streets for People Strategy and the council's aspirations regarding carbon neutrality and air quality improvements.
69. Climate Change Strategy - The Council adopted this strategy in 2021 with the stated objectives of become a carbon neutral borough by 2030. Latest data shows that 22% of all emissions in the borough are produced by transport, and a reduction in vehicles and mileage driven remains a key strategic priority. In support of this any procurement the council undertakes ensures:
 - Design and implementation of a strategic plan to trial low emissions vehicles into the HGV fleet.
 - Review and update fleet management guidelines to specify that certain vehicles must be Ultra Low Emissions Vehicles (ULEV)
70. Air Quality Action Plan - This strategy was refreshed in 2023 and includes the action that the council will continue to lead by example by making improvements in its own fleet.

Recommended Strategic Delivery Options

71. Based upon the information and details outlined in this report, the recommended strategic delivery options are that.
 - In line with the Public Contracts Regulations 2015 & Contract Standing Orders Southwark will access available appropriate framework agreements for its vehicle procurement

- That the vehicle selection principles set out in Paragraph 21 and 22 are applied to any prospective new addition to the Council's commercial fleet
- That any future maintenance, specialist support and supply chain requirements of commercial vehicles remains delivered by the mature fleet management market.
- That Fleet Services Business Unit procure and contract manage all commercial vehicles in use in the council.

72. Detailed analysis and the approach required to progress and deliver these options will be set out in a Gateway 1 report.

Identified risks for the recommended strategic options

R/N	Risk Identification	Likelihood	Risk Mitigation
R1	Affordability / Additional costs to services	High	Work with services to: -Reduce the number of vehicles required -Reduce the size and complexity of vehicles required. -assess vehicle costs on a whole life basis -Introduce measures to improve efficiency Constantly monitor prices and market developments. Regularly review the most economic procurement arrangements available to the council.
R2	Timescales for vehicle delivery	High	Undertake business case reviews as soon as possible. Simplify vehicle specifications wherever possible. Use time-efficient procurement methods.
R3	Cost of Infrastructure investment	High	Assess need and potential use of all council buildings and estates. Costed options appraisals produced. Potential use of existing and planned public charging network.
R4	Current Home Parking Arrangements (No EV Infrastructure)	High	Undertake a home charging pilot scheme. Gain access to the public charging network. Assess potential for charging within depots.

R/N	Risk Identification	Likelihood	Risk Mitigation
R5	Interest rates	High	Review of the cost of borrowing versus other funding methods at GW1 / 2
R6	Failure of existing vehicles whilst procuring new.	Medium	Ensure effective maintenance regimes are in place. Monitor costs and performance at an individual vehicle level. Ensure drivers are trained in eco driving. Have a responsive short term hire contract in place.
R7	Failure to meet reduction in operational emissions by 2026 (50%) and 2030 (100%)	Medium	Constantly seek to reduce the need for vehicles. Resolve charging infrastructure issues. Procure electric vehicles wherever it is possible and affordable to do so. Research other ways to reduce emissions e.g. use of bio fuels/HVO.

Key/Non Key decisions

73. This is a key decision.

Next Steps

74. Following completion of this GW0 process a GW1 - Procurement Strategy report will be prepared for the purpose of seeking approval to access the required framework agreements. Following this a series of GW2 reports will be prepared in order to secure approval to make awards under the frameworks to deliver appropriate, compliant and approved commercial vehicles across the council.
75. This report recommends that the future GW1 procurement strategy is approved by the Cabinet Member for Climate Emergency, Clean Air and Streets in consultation with the Cabinet Member for Cabinet Member for Homes, Communities and Finance. Doing so will enable Officers to deliver commercial fleet to services in line with business need and meet supply chain demands without any delay related to the Cabinet timetables.
76. The GW2 – Contract Award decisions will be smaller in spend size. This is due to procurement of vehicles taking place in tranches to match vehicle type and existing vehicle expiration dates. The overall cumulative spend will however reflect the detail set out in this report.

Service Delivery Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	24/07/2023
DCRB Review Gateway 0	19/09/2023
CCRB Review Gateway 0	21/09/2023
Approval of Gateway 0: Strategic Options Assessment	17/10/2023
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	31/10/2023

Community, equalities (including socio-economic) and health impacts.

Community impact statement

77. The recommendation set out in this report are not considered to have a disproportionate effect on any particular community group.

Equalities (including socio-economic) impact statement.

78. The recommendations set out in this report are not considered to have any significant adverse effect on socio-economic equalities. Further analysis will take place at the GW1 procurement stage.

Health impact statement

79. Vehicle exhaust emissions contain a range of toxic substances that can have a serious impact on health. Both short- and long-term exposure to such pollution can lead to a wide range of diseases, including stroke, chronic obstructive pulmonary disease, trachea, bronchus and lung cancers, aggravated asthma and lower respiratory infections.

80. The approach proposed in this options analysis paper provides a clear route to reducing emissions from the council's commercial fleet and the associated toxic substances.

Climate change implications

81. As part of any prospective suppliers' inclusion in framework/s to be used, Carbon Reduction Plans have been provided. This includes but is not limited to.

- Confirming the supplier's commitment to achieving Net Zero for their UK operations.
- Providing the supplier's current emissions for the sources included in Scope 1 (fuels, vehicles, air conditioning, production processes) and 2 (electricity acquired / used) and a defined subset of Scope 3 (indirect emissions)

- Providing emissions reporting in CO₂e (Carbon Dioxide Equivalent) for the six greenhouse gases covered by the Kyoto Protocol
- Setting out the environmental management measures in effect, including certification schemes or specific carbon reduction measures you have adopted, and that you will be able to apply when performing the contract and that support achieving Net Zero

Social Value considerations

82. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.
83. The use of framework solutions is designed to enable meeting social value and carbon reduction objectives. Typically, the social value considerations in the evaluation of the frameworks include, for example;
- Create new businesses, new jobs and new skills
 - Effective stewardship of the environment
 - Reduce the disability employment gap
 - Improve health and wellbeing outcomes
84. Any call-off mini competitions in relation to this procurement process will include social value in its assessment and evaluation. The council will also, if possible, include the requirement to make a financial contribution to an appropriate Southwark community organisation.
85. Minimising vehicle numbers and associated emissions in the council's public realm, housing repairs and waste and cleaning services will support resident cleaner and greener initiatives.

Economic considerations

86. It is not likely that local small and medium sized enterprises have the capacity to bid successfully for inclusion in fleet framework agreements to be used. However, the suppliers used by the council under the framework arrangements are likely to use local commercial dealerships to supply vehicles and use local motor trade networks for servicing and maintenance.

Social considerations

87. There are no specific social considerations. The London living wage is not applicable due to the supply nature of these contracts.
88. The proposed use of frameworks will be in due regard to section 149 of the Equality Act 2010 under which the council has a duty to have due regard in its decision making processes to the need to; Eliminate discrimination, harassment, victimisation or other prohibited conduct; Advance equality of opportunity between persons who share a relevant protected characteristic and those who

do not; Foster good relations between those who share a relevant characteristic and those that do not share it.

89. There are no equality implications associated with this options appraisal.
90. The council will ensure that any arrangement it enters is flexible enough to enable it to meet requirements relating to wider road safety issues, for example those of the London Cycling Campaign's "Safer Lorries, Safer Cycling" pledge.

Environmental/Sustainability considerations

91. As part of any vehicle ordering process, business units will be required to consider the following matters:
 - The number and size of vehicles required to deliver services, consider shared use of vehicles or using fewer vehicles of greater carrying capacity.
 - Anticipated daily mileage and load carrying requirements,
 - Consider electric or hybrid vehicles where low mileage and loads allow.
 - The requirement to comply with Ultra Low Emission Zone.
 - The council's commitment to reduce operational emissions by 50% by 2026.
92. As part of the replacement programme and our operational plans our driver training programmes supports smoother driving helping to reduce fuel consumption and CO2 emissions.
93. Ensuring we have specified regular maintenance and servicing schedules and daily vehicle checks will further reduce our carbon footprint.
94. Ensuring safe and efficient vehicles will keep our trained drivers, pedestrians and other road users safe. This isn't only good for individuals; it reduces pressure on the emergency and health services.

Plans for the monitoring and management of project

95. Any procured fleet and associated contract will be monitored and managed by the Fleet Services Team. Performance of providers will be closely monitored through agreed key performance indicators and reviewed at regular contract meetings. Regular feedback will also be sought from the end user business units.
96. Annual Performance Reports of any contract performance will be prepared and shared at appropriate Contract Review Boards in line with contract standing orders.
97. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author will ensure that all appropriate details of future procurement are added to the contract register via the eProcurement System.

Resource implications

98. It is anticipated that managing any contracts resulting from this process will require no additional input from the Fleet Services Team and can be managed within existing staffing levels.

TUPE/Pensions implications

99. None

Financial implications

100. Due to the nature of this decision (options analysis) there are no direct financial investment implications. However, it should be noted that due to the current commercial fleet market when compared to previous procurement environments this process will lead to additional cost when at procurement GW2 stage, as signposted in paragraphs 51, 52 and 53.
101. For the purposes of estimation and indication of this a soft market testing exercise has been completed. Estimated increases on a like for like basis by service is set out in table 6. The indicative increases are variable due to the mix of vehicle types each service user has and the time of procurement.

Service Area	Current Annual Costs (£ -'000)	Estimated Annual Cost (£ -'000)	Indicative % Increase	Notes
Asset Management Services	226	246	9	Whilst there are significant increases in light vehicles savings will be made in spot against contract hire specialist vehicles
Building Services (BS)	571	1,212	112	This is due to a disproportionate market increase in medium vans of which BS have 131.
Emergency Planning	3	8	115	1 medium van
Handy Persons	7	16	115	2 medium van
Housing Services	18	20	11	
Libraries	9	17	47	Includes Large van
Parking / Markets	11	21	93	Includes medium van

Service Area	Current Annual Costs (£ -'000)	Estimated Annual Cost (£ -'000)	Indicative % Increase	Notes
Parks Services	20	32	38	Cars & Small Vans
Pest Control Services	68	129	49	Small vans only
Sheltered Housing	5	8	38	Cars only
Social Services	17	24	38	Transporter
Temp Accommodation	17	29	41	Small & Large vans
Tree Section	35	49	29	Tippers
Wardens	10	17	41	Cars
Waste and Cleansing	988	1,168	18	Whilst there are significant increases in light vehicles savings will be made in spot against contract hire HGVs
TOTALS	£2,005	£2,996	49	The whole fleet

Table 6

102. It should be noted that future service design minimising fleet requirements will positively impact on the identified 'like for like' costs. Service's fleet requirements will be rigorously assessed in line with the principles set out in paragraphs 19-23.
103. It should also be noted that the information in table 6 is indicative and will have factors such as numbers, type, bodywork amendments, power source and payback / contract period all effecting the final arrangements and cost.
104. There will also be, yet to be determined, savings in relation to running costs (diesel to electric) and savings in transferring from spot to permanent contract hire.

Investment implications

105. In achieving the expansion of the zero emission vehicles in use by the council, costs associated to the infrastructure installations required will need to be supported. Methods to be explored will be external funding (for shared public facilities), partnership working with Charge Point Operators, internal capital investment and service absorption. The council's EV Plan considers a range of funding models for roll out of EV charging infrastructure, particularly rapid charging, that will be developed in the year ahead.

Legal implications

106. Please see concurrent from the Assistant Chief Executive (Governance and Assurance)

Consultation

107. The following internal groups have been consulted as part of this options appraisal process.

- Climate Change & Sustainability
- Principal service users of Traded Services, Waste & Cleaning and Building Services.

Other implications or issues

108. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance

109. This report highlights a number of key considerations that need to be addressed, amongst which are:

- a. The Councils Co2 reductions of 50% targets by 2026
- b. The Councils vision to shift modes of transport (including for service delivery) to other modes of active travel i.e., cycling, walking and EV.
- c. The rising cost of vehicles that could potentially affect the Councils fleet cost if service delivery stayed "as is".
- d. The limited capacity of the Fleet service to accommodate alternative fleet delivery modes, compared to the current methodology, which entails Contract Hire which includes maintenance etc.

110. The report is recommending that the principles set out in Paragraphs 19-23 is applied to any prospective additions to the Council's fleet.

111. The report identifies that the cost implications (due to prevailing circumstances in the market) is expected to increase by 49% on a like for like basis. This would increase the cost of Council fleet by c£1m if there are no mode shift. It is anticipated that some of this would be offset by reduction in fuel and other associated costs. If there is a move to EV's, the infrastructure costs i.e., charging points etc. would also need to be factors into any future GW reports.

112. The Strategic Director of Finance and Governance is broadly in support of the reducing emissions approach, recommends that ahead of any future procurement, a fleet (reduction) strategy needs to be developed that ensures our approach on fleet links to & supports other strategies; identifies when & why we would use vehicles; and identifies the most economically

advantageous mode of delivering further services, which could include, but should not be limited to the current “Contract Hire” mode.

- 113. In addition, the GW1 report needs to address the mitigating of any additional costs pressure, i.e., via fleet reduction or any other cost effective combination.
- 114. Finance Officers will continue to assist and give advice to client officers as the procurement progresses.

Assistant Chief Executive (Governance and Assurance)

- 115. This report seeks approval of the strategic options assessment for delivery of the commercial fleet procurement and to delegate the decisions to approve the Gateway 1 procurement strategy and associated Gateway 2 contract awards for the required light commercial, specialist and heavy goods vehicles to the Cabinet Member for Climate Emergency, Clean Air and Streets, in consultation with the Cabinet Member for Homes, Communities and Finance.
- 116. Under the council’s Contract Standing Orders, a pre-procurement/gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or other strategically important contract for services, goods or works where requested by the relevant cabinet member. The decision to approve this report is reserved to the relevant cabinet member, after consideration of the report by the Corporate Contracts Review Board, but the cabinet member may choose to refer the decision to Cabinet.
- 117. Paragraph 71 sets out the recommended strategic delivery options, and subject to the cabinet approving the recommendations in this GW0 report, a GW1 report will be brought for approval in due course, which will set out a detailed analysis and the approach required to progress and deliver these options. Legal officers from Governance and Assurance will continue to assist and give advice to client officers as the procurement progresses.

Head of Procurement

- 118. This report seeks approval of the Gateway 0 strategic options assessment for delivery of commercial fleet procurement for Southwark Council, and to delegate the decisions to approve the Gateway 1 procurement strategy and associated Gateway 2 contract awards for the required light commercial, specialist and heavy goods vehicles to the Cabinet Member for Climate Emergency, Clean Air and Streets, in consultation with the Cabinet Member for Homes, Communities and Finance. In accordance with the council’s Contract Standing Orders, decision must be taken by Cabinet, following review by DCRB and CCRB.
- 119. Headline options associated with the proposed strategic options assessment are contained within paragraphs 30 - 34.
- 120. Headline risks associated with the proposed strategic options assessment are contained within table at the end of paragraph 72.

121. Alignment with the Fairer Future Procurement Framework (FFPF) is evidenced, specifically via confirmation of commitment to Net Zero (paragraph 81) together with the content of paragraphs 77 - 94 more generally.
122. Proposed methodology for performance/contract monitoring is detailed within paragraphs 95 - 97. The report also confirms that an annual performance review will be provided to the council's DCRB and CCRB in alignment with council Contract Standing Orders.
123. The Community, Equalities and Health Impact Statements are set out in paragraphs 77 - 80.
124. The Climate Change, Social Value, Economic and Environmental / Sustainability statements are set out in paragraphs 81 - 94.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
Appendix 1	Fleet Replacement Timetable
Appendix 2	Fleet Procurement Options

AUDIT TRAIL

Cabinet Member	Councillor James McAsh, Climate Emergency, Clean Air & Streets	
Lead Officer	Caroline Bruce, Strategic Director of Environment, Neighbourhoods and Growth	
Report Author	Mick Lucas, Head of Traded Services	
Version	Final	
Dated	9 October 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes
Head of Procurement	Yes	Yes
Assistant Chief Executive (Governance and Assurance)	Yes	Yes
Director of Exchequer (For Housing contracts only)	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		9 October 2023

Appendix 1 - Fleet Replacement Timetable

	2025										Nil replacements in this period	2026				
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec	Jan	Feb	Mar	Apr
Tranche 1 - Contract Expiry Date - 104 vehicles	33		39	26	1		2	3								
Tranche 2 - Contract Expiry Date - 56 vehicles		30				5	1	15	5							
Tranche 3 - Contract Expiry Date - 35 vehicles								35								
Tranche 4 - Contract Expiry Date - 38 vehicles													9	14	2	13

Tranche 1 Vehicles	104
Small Vans	33
Pest Control Services	22
Building Services	7
Asset Management Services	4
Medium Vans	68
Building Services	62
Pest Control Services	2
Asset Management Services	4
3.5t Tipper	3
Asset Management Services	3
Total	104

Notes:

- The tranches reflect the original ordering batches.

- The staggered return dates reflect the staggered actual delivery dates of the vehicles.

- The residue of the commercial fleet on spot hire can be ordered as soon as possible after Gateway approval.

Tranche 2 Vehicles	56
Small Vans	32
Waste & Cleaning	30
Tree Section	2
3.5t Caged tipper	12
Waste & Cleaning	6
Parks	1
Tree Section	5
Small Van	12
Waste and Cleaning	8
Markets	1
Building Services	3
Total	56

Tranche 3 Vehicles	35
Medium Vans	35
Building Services	35
Total	35

Tranche 4 Vehicles	38
Small Van	20
Library	2
Out of Hours Service	1
Markets	3
Parks	3
Pest Control Services	1
Waste and Cleaning	8
Temporary Accommodation	2
Car	8
Parks	2
Sheltered Housing	2
Wardens	4
Medium Van	3
Handy Persons	2
Out of Hours Service	1
Large Van	4
Library	1
Temporary Accommodation	3
3.5t Tipper	3
Asset Management Services	2
Parks	1
Total	38

APPENDIX 2

FLEET PROCUREMENT OPTIONS

The UK fleet supply chain is very large and mature. Over the years many options for commercial fleets have been developed which need to be considered carefully:

There are material differences in what is normally included in the various packages, the overall cost and payment profiles, additional services and the implications for various types of risk.

The difference between a good and an indifferent process can amount to many hundreds of pounds per vehicle. With pressure on all overhead costs, it is important that the overall situation is reviewed on a regular basis to ensure that the arrangements actually do maximise the opportunities within the fleet environment of the Council.

There are 5 main forms;

- Outright purchase – Own funds
- Conditional Sale/Hire Purchase
- Contract Purchase
- Finance Lease
- Contract Hire

Each of these main forms has many derivatives, often with quite subtle differences in payment terms and risk position.

Purchasing

Option	Appraisal	Pros	Cons	Indicators
Outright purchase	<ul style="list-style-type: none"> • This appears to be the simplest method of all, but is not necessarily the cheapest or the most efficient. 	<ul style="list-style-type: none"> • The vehicle can be used as required and sold at our discretion into the relevant used-vehicle market when no longer required. 	<ul style="list-style-type: none"> • With full ownership further ongoing financial responsibilities arise. • These include overall depreciation, total 	Outright Purchase route may be appropriate for larger fleets where there is a fully operational in-house workshops or a well developed 3 rd party supply chain (maintenance, tyres, inspections, testing, and

	<ul style="list-style-type: none"> • In basic terms, it means selecting the vehicle(s) we want and acquiring the vehicle together with all rights and responsibilities. • Funds will need to come from either cash reserves, bank overdraft facility, or fixed loan / Public Works Loan Board (PWLB). • All other aspects of operation, disposal, maintenance, Vehicle Excise Duty (VED), administration are OUR responsibility. • For many years, this was the funding method of choice for most public sector organisations. However, it requires ready availability of the full capital sums of the purchase price, and puts the vehicle on the 'balance sheet' of the authority, as an asset. 	<ul style="list-style-type: none"> • All the disposal proceeds come back to the authority as the owner. Assuming the total required capital is available, there are no further funding costs for purchase. • The council owns the assets from day one • Complete flexibility on retention of the asset. • Complete flexibility on disposal or upgrade of the assets • Vehicle / equipment can be significantly modified without third party consent. 	<p>management and administration, VED and retention of all the risks (residual value, reliability, maintenance).</p> <ul style="list-style-type: none"> • The council has a debt liability • The council must instigate process management for the disposal of assets and absorb the associated costs. • The council is liable for the cost of disposal of the asset • The council is liable to achieve the sales proceeds anticipated for the vehicle asset at the end of the retention period. 	<p>replacements). This is not the case in Southwark.</p> <p>It may also be the only commercially-suitable method for very expensive / specialised / unusual vehicle types where external supplier expertise is very limited. The risk premium demanded by external funders may be a prohibitive element of cost.</p>
<p>Summary Vehicles purchased outright belong to the Council from Day1. Other services such as maintenance, repairs, tax and insurance all have to be procured and managed separately however, There are risks around interest rates that will change from time to time, residual values and the need to</p>				

manage and co-ordinate the external providers of the supporting services. Finally, the decision as to whether to purchase or not will depend on the council's existing capital budget position and its ability/desire to borrow compared to its other priorities.

Option	Appraisal	Pros	Cons	Indicators
Hire Purchase / Conditional Sale	<p>The popularity for this method of fleet funding has varied considerably over the years due to concerns over VAT and balance sheet considerations. The overall principles are identical to outright purchase, but payments against the capital cost are made monthly/quarterly to the Finance-House lender, to repay an amount of the capital cost and interest, which is normally quoted at a fixed, flat rate. As this is essentially only a cash-flow variation on outright purchase the pros/cons. Indicators are the same.</p> <p>However, there is an additional disadvantage in that early disposal of the vehicle before the end of the agreement period may incur a termination cost.</p>			

Summary

The vehicle becomes the council's asset upon completion of the payment term. As with outright purchase the council would need to procure, manage and co-ordinate other supporting services for maintenance, repair, tax etc. There will be an additional cost as the interest charged by the finance house will be greater than what the council can achieve itself but the council does not need to find the full purchase price when the vehicle is first obtained.

Option	Appraisal	Pros	Cons	Indicators
Lease Purchase (AKA Contract Purchase / Balloon HP)	<ul style="list-style-type: none"> This is essentially a development of the options above, but here the full capital cost is not paid off during the period of operation. At the start, recognition is made of the likelihood of a material residual value to be achieved when the vehicle is sold, so that payments only cover the anticipated depreciation and funding charges. 	<ul style="list-style-type: none"> Using an external guarantor for the residual value for 'standard' vehicle types (mostly cars and smaller vans), there is the possibility of using the supplier to carry the residual value risk. This method may also offer advantages where vehicles are required for relatively short fleet lives. The 	<ul style="list-style-type: none"> The disadvantages reflect the impact of flexibility for the client who retains full ownership responsibilities. These include overall depreciation, total management and administration, VED and retention of all the risks (residual value, reliability, maintenance). 	<ul style="list-style-type: none"> As with the outright purchase route may be appropriate for larger fleets where there is a fully operational in-house workshops or a well-developed 3rd party supply chain (maintenance, tyres, inspections, testing, and replacements). This is not the case in Southwark. The absence of a need for capital funding provides flexibility to tailor the fleet to requirement

	<ul style="list-style-type: none"> • This brings reduced outlay and better cash flow. The greater 'borrowed balance' throughout, means higher interest charges for any given interest rate. • The anticipated residual value can be dealt with in either of two ways. A final 'balloon' payment (set broadly to equate with the expected disposal value at the end of the fleet life) can be built into the calculations, with the risk of the actual residual value staying with the local authority (LA). Ownership/title is passed to the client with the final payment, who may retain the vehicle, or dispose of it at, or hopefully over the 'balloon' value. • Any shortfall must be made up by the LA. Conversely any surplus is retained by the LA, essentially reducing the overall cost of depreciation. 	<p>benefit of the residual value risk transfer is much higher for vehicles sold relatively young.</p> <ul style="list-style-type: none"> • However, there remains the issue of availability of capital budget. It is also necessary to ensure by careful checking that any residual value risk transfer is to a commercial entity that is likely to be able to honour its obligations, possibly some years down the line. 	<ul style="list-style-type: none"> • If the lease is terminated, there will normally be a penalty to recover a large proportion of the outstanding finance and profit elements of the lease. 	<ul style="list-style-type: none"> • This is a form of simple funding and the vehicle operator retains all the responsibilities. So while it provides access to revenue-based funding, those without still need to arrange the management resource and infrastructure to monitor and maintain vehicles and control costs
<p>Summary This option results in lower monthly payments but with a requirement to purchase the vehicle at the end of the agreement period at an agreed price.</p>				

Other services need to be procured separately as with outright purchase and hire purchase/conditional sale. There is a risk if the actual residual value is lower than the agreed figure but also a benefit if the actual figure is higher. This option retains an element of uncertainty for the council.

Leasing

Option	Appraisal	Pros	Cons	Indicators
Finance Leasing	<ul style="list-style-type: none"> This is comparable to Hire Purchase but title in the vehicles can never be passed to the user ('Lessee'). The owner ('Lessor') claims such corporation tax allowances as are available, and (in theory at least), uses them to 'subsidise' the funding costs. At the end of the agreed period, the vehicle is sold by the Lessee through any of the normal channels, at a 'fair market price'. The sales value should go to the Lessor as the 'owner', but most (typically 95%) of the disposal proceeds are then returned to the Lessee as a rebate of rentals. 'Peppercorn' rental extensions are also available, to permit the continued use of the 	<ul style="list-style-type: none"> Provides access to the use of the vehicles and the associated funding, but with maximum flexibility for the client. Essentially similar to Hire Purchase but using revenue budgets rather than capital. The rental profile and term can be matched to an asset(s) working life The council enjoys the risk and rewards of ownership with total cost of ownership known at the outset. If the council wishes to extend the lease beyond the preferred retention period, it is at nominal peppercorn levels 	<ul style="list-style-type: none"> The disadvantages reflect the impact of flexibility for the client who retains full ownership responsibilities. These include overall depreciation, total management and administration, VED and retention of all the risks (residual value, reliability, maintenance). If the lease is terminated, there will normally be a penalty to recover a large proportion of the outstanding finance and profit elements of the lease The council has a debt liability and the expenditure is on balance sheet. 	<ul style="list-style-type: none"> This method may be very suitable where there is a relatively large established fleet with an existing infrastructure including workshops and transport expertise. The absence of a need for capital funding provides flexibility to tailor the fleet to requirement This is a form of simple funding and the vehicle operator retains all the responsibilities. So while it provides access to revenue-based funding, those without still need to arrange the management resource and infrastructure to monitor and maintain vehicles and control costs.

	<p>vehicle after the end of the original Agreement term for a nominal annual rental.</p>	<ul style="list-style-type: none"> The council can (if required) take title to assets for a nominal sum at the end of lease 	<ul style="list-style-type: none"> The council is liable for the cost of disposal of the asset. The council is liable to achieve the sales proceeds anticipated for the asset at the end of the retention period, and must account for these accordingly. A third party owns the assets during the lease term. 	
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Summary
 Finance leasing means that the risks sit with the lessor who will charge the council accordingly. The cost to the council is met from revenue budgets, not capital. This option still requires the Council to procure, manage and co-ordinate supporting services.

Option	Appraisal	Pros	Cons	Indicators
<p>Contract Hire With Maintenance</p>	<ul style="list-style-type: none"> This is a highly specialised lease, now the most common form of supply in the overall UK fleet market. In general the method includes the Lessor sourcing and providing the vehicles (of any kind) from its own supply network, together with 	<ul style="list-style-type: none"> Contract Hire provides a highly developed solution to vehicle provision, with a high level of fixed costing and risk transfer to an external supplier. The supplier's economies of scale reduce their costs. 	<ul style="list-style-type: none"> Whilst negotiable this approach can be inflexible in terms of contract terms (periods / mileages) with some rigidity on the range of cycles on which they will offer terms. The inflexibility can also extend to 	<ul style="list-style-type: none"> The product has evolved so that is has extremely wide applicability. The potential for fixed costs for with minimal risk has significant attraction. Mixed fleets can use the one-stop shop opportunity offered by many. The additional integration of other

	<p>funding, administration, VED, and tailor-made system for maintaining the vehicles.</p> <ul style="list-style-type: none"> • All costs go to the Lessor, who also recovers the vehicles for disposal at Lessor's risk at end of period. • No in-house maintenance, workshop or specialist staff provision is required. • Commercial vehicle lessors focus on specific areas of the market (waste management / cleansing; parks/agricultural; tippers etc.) Although there are a few organisations which cover the full spectrum of vehicle types required by Southwark. • The scale of operations extends to economies of scale on vehicle discounts and lower-cost funding (often through a parent bank). • Most have well-developed large-scale IT resources with specialist 	<ul style="list-style-type: none"> • Most suppliers are large enough to absorb realistic levels of risk transfer across all cost types. • Most suppliers offer a range of makes / models. This provides a one-stop solution for most (if not always all) vehicle types required by an LA • The risks and rewards of ownership are with the lessor • The residual investment is incorporated into the rentals payable, so the council pays rentals based on the depreciation of the asset(s), rather than their full cost • The council has no cost obligations to sell the asset or recognise loss/surplus on sale proceeds • Promotes a discipline to replace assets regularly at the end of 	<p>premature terminations where contract cancellations can incur material costs.</p> <ul style="list-style-type: none"> • Also needs care over specification of the period / mileage. A low-mileage contract will be cheaper than a high-mileage one, but excess mileage charges can become expensive – and payable in a lump sum. • Assets need to be returned and therefore potentially tracked during their life • The council must ensure the assets are returned in a saleable state and if they do not comply with the return conditions specified in the contract, the council could be liable for charges • If the council decides to purchase assets at the end of lease, the 	<ul style="list-style-type: none"> • These agreements have manageable and auditable Service Level arrangements in any agreement to monitor supplier on a regular basis • Supplier IT/MIS system reduces the need for internal administrative resource. • LBS can expect some technical support (like in-house consultancy) on areas of their transport policies. • As a mixed fleet user Southwark may need more than one specialist / semi-specialist supplier to deal with all our needs. • LAs undergoing major / long-term changes might face significant costs for vehicle changes and early terminations.
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	applications to collect asset and operational data and report this as management information.	the preferred retention period	total cost of ownership will be more than that of borrowing or a Finance Lease	
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Summary

Contract hire with maintenance is the most prevalent arrangement for providing vehicles to local authorities and other similar organisations in the UK. Contract hire companies provide vehicles from many manufacturers and are expert in vehicle purchase and management. Costs are met from the council's revenue budgets. This arrangement provides a "one stop shop" for the council and allows the Fleet Management Service to focus on customers' needs and corporate management of the vehicle fleet. There is no need for the council to procure, manage and co-ordinate supporting services.

Overall Conclusion

The first three options focus on the financing of the cost of the vehicles with the vehicles themselves becoming owned by the council at the start or end of the arrangement. Capital budgets are used to finance the purchase which may or may not be seen as the best use of the council's capital receipts.

Under finance leasing and contract hire with maintenance the vehicle never becomes the property of the council. The cost is met from revenue budgets. Contract hire with maintenance has the advantage of being offered by vehicle management organisations rather than financial institutions and means that they understand the market, have relationships with the vehicle manufacturers and suppliers. They also offer support services, such as maintenance and repair, as part of one contract.

Item No. 16.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Appointment to Outside Bodies 2023-24 - London Councils Transport and Environment Committee (S101 Joint Committee)	
Ward(s) or groups affected:		Not applicable	
From:		Proper Constitutional Officer	

RECOMMENDATION

1. That the cabinet agree that Councillor Kieron Williams be appointed as the council's representative to serve on the London Councils Transport and Environment Committee (S101 Joint Committee).

BACKGROUND INFORMATION

2. Each year the council makes appointments/nominates individuals to outside bodies.
3. Council assembly appointed to a number of outside bodies at its annual meeting on 20 May 2023. Councillor James McAsh was appointed as the council's representative to serve on the London Councils Transport and Environment Committee (S101 Joint Committee) and this report seeks to update that nomination to Councillor Kieron Williams.

KEY ISSUES FOR CONSIDERATION

Appointments to outside bodies

4. It is for the cabinet to affiliate to and appoint representatives to outside bodies where such appointments are a function of the cabinet.

Legal implications

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

Consultation

6. The political group whips have been consulted on appointments to outside bodies 2023-24.

Community, equalities (including socio-economic) and health impacts**Community impact statement**

7. The council is being invited to make nominations to various outside bodies. The nominations process has no direct impact on the community.

Equalities (including socio-economic) impact statement

8. There are no specific implications arising.

Health impact statement

9. There are no specific implications arising.

Climate change implications

10. There are no specific implications arising.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Chidilim Agada, Head of Constitutional and Member Services	
Report Author	Paula Thornton, Constitutional Officer	
Version	Final	
Dated	26 September 2023	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	No	No
Strategic Director of Finance	No	No
Date final report sent to Constitutional Team		26 September 2023

CABINET AGENDA DISTRIBUTION LIST (OPEN)**MUNICIPAL YEAR 2023-24**

NOTE: Original held by Constitutional Team; all amendments/queries to
Paula.thornton@southwark.gov.uk

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		Caroline Bruce	1
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		Dated: 20 September 2023	