

Item No. 10.	Classification: Open	Date: 24 March 2020	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: capital monitoring report, including capital programme update 2019-20 (month 9)	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

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

The final chapter of this Administration’s ‘Decade of Delivery’ should be to lay the foundations for the decade to come. So after ten years of major investments and improvements into our borough through the capital programme, I am delighted to present this latest update. It not only provides the current status of our already hugely ambitious programme but seeks approval to expand schemes and add many new ones.

The council’s capital and housing investment programmes have always underpinned our fairer future promises and our council plan priorities. These existing priorities have shaped many new schemes that will support Southwark’s young people and will help all residents lead healthy, active lives. However, this refreshed strategy also recognises that the capital programme is a vital tool in responding to the climate emergency.

This report agrees a multi-million pound tree planting and ecological project, street lighting improvements to reduce energy consumption and carbon emissions, increased residential electric vehicle charging points and nearly £3m to see a rapid expansion of our School Street Closures programme. All this underlines our determination to meet the scale of the climate and environmental challenge ahead.

I am proud that this report renews our commitment to every generation of Southwark children having the very best start in life. This report makes a massive £5.5m investment in play and sport focused on young people. This is made up of £2.5m for our Adventure Playgrounds and a £3m investment in community sports infrastructure through our new Southwark Sports Fund. Growing up in the time of austerity should be no reason to dim our ambitions for our children and young people – in fact, it should be the very opposite.

These new investments are additional to investments in school expansions, highways and infrastructure improvements, investment in environment and leisure and in our existing operational assets and IT infrastructure. Further, major regeneration projects are underway at Canada Water, Aylesbury, Elephant and Castle, Camberwell and other parts of the borough, all aimed to make Southwark a great place to live, work and study and to improve the opportunities and outcomes for all residents.

RECOMMENDATIONS

That cabinet:

1. Notes the outturn and resources for 2019-20 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D;
2. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C;
3. Approves the inclusion in the programme of the capital bids set out in Appendix E;
4. Notes the significant funding requirement of £458.5m which needs to be identified for the general fund programme to be fully delivered over the remaining term of the programme, as detailed in Appendix A.
5. Notes the significant funding requirement of £96.5m which needs to be identified for the housing investment programme to be fully delivered over the remaining term of the programme, as detailed in Appendix B.

BACKGROUND INFORMATION

6. On 17 September 2019, the capital monitoring report, including capital programme update 2019-20 (month 4) report was presented to the Cabinet. This reported the forecast capital outturn position of £167.6m and financing requirement (i.e. borrowing) of £93.6m on the general fund programme and a fully financed £220.2m housing investment programme for the financial year 2019-20.
7. The total programmed capital expenditure over the ten year period 2019-20 to 2028-29 is £683.3m for general fund and £1,973.0m for the housing investment programme.
8. 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.
9. Due to the size and scale of the programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Actual resources may also vary to the plan, due to, for example, a delay in the sale of a property, or an external development with s106 or CIL obligations not being brought forward as quickly as anticipated. This has historically resulted in the capital programme being over-programmed in year, whilst retaining a balanced programme over the entire ten year life of the programme. However, the council now faces a position where planned spend is considerably in excess of forecast resources, not only in year, but also over the life of the programme.
10. The council's constitution requires council assembly to agree the capital strategy and programme at least once every four years, ensuring effective financial

control and the achievement of value for money, within the provisions of financial standing orders. On 20 February 2019 the council assembly agreed a refreshed 10 year general fund capital programme and housing investment programme (HIP) for the period to 2027-28 and on 26 February 2020 the council assembly approved the Capital Strategy 2020 for the period 2020-21 to 2029-30. Cabinet will consider and approve the refresh of the capital programme on a regular basis through capital monitoring reports to ensure it is fully updated and aligns with the council's key priorities.

KEY ISSUES FOR CONSIDERATION

Programme position at Month 9 2019-20

11. The capital programme is detailed within the report appendices as follows:
 - Appendix A set out the summary of the general fund capital programme 2019-29
 - Appendix B sets the housing investment programme 2019-29
 - Appendix C sets out capital programme budget virements and variations
 - Appendix D provides further information on the general fund capital programme 2019-29.
 - Appendix E details new capital programme bids to support the delivery of the refreshed council plan to deliver a fairer future for all. Departmental narratives provide further detail on these bids.

General Fund

12. Attached at Appendix A is a summary of the general fund capital programme position as at month 9. The total programmed expenditure over the period 2018-19 to 2028-29 is £683.3m. The forecast spend in 2019-20 is £119.4m against a budget of £238.1m.
13. Capital expenditure to the end of Month 9 was £71.9m representing 60.2% of total forecast spend for the year.
14. Appendix C details the budget virements and variations for approval by cabinet.
15. Appendix D provides a breakdown of the programme by directorate and project and the departmental narrative statements (paragraphs 29 to 157) provide further details.
16. This programme position will continue to be monitored and reviewed over the remainder of the financial year and the final outturn position will be reported to cabinet.

Housing Investment Programme

17. The housing investment programme is forecasting total expenditure of £1,973.0m over the period 2019-20 to 2028-29. The forecast spend in 2019-20 is £183.5m against a budget of £199.0m. Spend to the end of month 9 was £92.6m representing 50.4% of total forecast spend for the year.
18. A breakdown of the schemes and budgets within the housing investment programme is included in Appendix B. Further narrative is provided at paragraphs 158 to 165.

Resourcing the 2019-20 programme and onwards

19. Capital expenditure is financed through a variety of sources, typically receipts from the sale of capital assets, capital grants, external contributions such as S106 or Community Infrastructure Levy (CIL), from reserves or from revenue budget contributions. Any capital expenditure that is not financed by available capital resources must be financed by borrowing.
20. The strategy for financing the capital programme is to utilise grants, before using council receipts and reserves, thereby minimising any requirements for borrowing which will impact on the council's revenue budget.
21. The council can temporarily utilise other resources in lieu of using external borrowing to fund capital expenditure. This is referred to as internal borrowing. Whilst internal borrowing is a useful treasury management facility to minimise debt financing costs, it merely defers the timing of external borrowing rather than obviating the need.
22. The shortfall in available capital resources is financed from borrowing and will be funded from revenue contributions to support the debt costs over the life of the debt repayment.
23. The treasury management strategy has been to defer external borrowing, borrowing only when needed for liquidity purposes. Whilst this strategy has worked well for the council, saving over £20m since 2011, the increase in capital spending can no longer be financed entirely from internal borrowing. Accordingly since 2017-18 the council has needed to borrow externally to finance previous capital spending and to maintain target cash balances.
24. The make up of the capital programme is significantly influenced by the scale of resource availability from grants, s106, community infrastructure levy (CIL) and capital receipts and their timing. Over the life of the programme, all commitments must be met from anticipated resources. In the event of any shortfall in resources to fund the programme in any particular year the council would need to consider the use of prudential borrowing to bridge the gap. The cost of servicing the debt will be a charge to the revenue budget and funded from savings and/or returns on investments.
25. In the current ten year programme included within this report, there is a forecast shortfall of available funds of £458.5m to meet the planned general fund capital commitments and £96.5m to fund the ambitious housing investment programme.
26. In addition, proceeds from capital receipts are continually kept under review especially for sales and development agreements. Financing will require careful monitoring of commitments and a drive to secure the forecast capital receipts and other resources as planned over the rest of the financial year. As part of work to review capital financing, a review of s106 has been undertaken to identify where contributions can appropriately be utilised to support the capital programme, subject to the agreement of the Planning Committee.
27. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management

facilitate this control and assist the council to have clear strategic direction on its use of resources. Beyond 2019-20, there are likely to be future demands for borrowing and these will be assessed as necessary at the time as part of our treasury management strategy. In accordance with the approved strategy, £130m is planned to be borrowed externally in 2019-20 with further external borrowing expected in 2020-21. The timing of any decision to borrow will be mindful of cash flows and risk/probability of future interest rate increases.

Departmental Updates

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

GENERAL FUND (APPENDIX A)

PLACE AND WELLBEING

29. The total value of the capital programme for the department over the period 2019-20 to 2028-29 is £288.79m. Project managers have reviewed the progress of the various schemes and budgets have been re-profiled in line with anticipated spend. Total expenditure incurred to the end of December 2019 amounted to £43.9m and the forecast spend for 2019-20 is £58.6m.

Regeneration Division

30. The regeneration division (comprising of 4 project areas namely Regeneration North, Regeneration South, Regeneration Capital Works & Development and Property Services) has a combined budget of £230.99m with a projected expenditure of £46.02m in 2019-20 and the remaining spend profiled across future years.

Walworth Rd Town Hall

31. General Projects who have been selected by the council to take forward the Walworth Town Hall project have commenced a pre application process with the view to formally submitting a planning application by May 2020. A public exhibition of proposals as part of a wider engagement strategy is being arranged for February 2020

32. In January 2019 Cabinet agreed to lease 145-147 Walworth Road in the new Elephant Park development for a new Library and Heritage Centre. The design and fit out of these units are being progressed by Southwark Council with Lendlease. Good progress is being made. Community engagement on the project has been undertaken, planning permission for a change of use has been secured, and architects for the fit out have been appointed.

Canada Water Leisure Centre

33. In September the council's planning committee resolved to grant planning permission for British Lands outline masterplan and detailed planning consent for a first phase which includes "plot A2" which is the location for the new Canada Water leisure centre. This decision is subject to the completion of s106 agreement and referral to the Mayor for London. The specification for the project incorporates an 8 lane 25m swimming pool, learner pool, 4 court sports hall,

gym, dance studio's, spin studio's and changing facilities. The timeline for the project is now dependent on completion of the planning agreement and issue of the formal decision notice.

34. Cabinet in March 2018 endorsed a framework for taking forward the project which includes agreement on a council budget cap of £35m meaning the council's contribution to the scheme from its capital programme will not be greater than this figure. The Capital Programme Refresh for 2018-19 to 2027-28 which was approved in the Cabinet meeting held on 24 July 2018 included a £35m allocation for the project. A rebasing of the project budget was undertaken at the end of RIBA stage 3 and this exercise concluded that the scheme remains within the financial framework approved by cabinet.

Elephant and Castle Open Spaces

35. Dickens Square: Planning application for the final design has been submitted with a decision expected in February 2020. Concept designs for the new playground at Geraldine Mary Hamsworth Park will be presented for public consultation from Jan – Apr 2020. Victory Community Park: Site investigations are now complete. Procurement of a landscape design consultant and public consultation in January 2020.

Top Quality Playground- Mint Street

36. The works are complete and the adventure playground and building, together with the public playground, are in operation. The project defects period has now expired and all internal defects and snags from the new building have been addressed. The team is working closely with the parks and leisure team and the main contractor to address the remaining issues in the public playground.

Aylesbury Plot 18

37. The Plot 18 scheme delivers a range of new high quality community facilities at the heart of the Aylesbury estate underpinning the regeneration programme. The scheme has started on site with completion by the end of 2021.

London Bridge Portfolio

38. Potential addition of income generating assets to replace revenues foregone from the commercial portfolio, where other assets have been released into home building, regeneration and disposal programmes. In so doing poorer quality assets are being replaced with significantly better ones in investment terms.
39. On 11th December 2018 Cabinet agreed the addition of a mixed use asset at Courage Yard, SE1 in the vicinity of Tower Bridge to the portfolio. Looking ahead, one further acquisition to complete the portfolio is anticipated, in line with our commercial property investment policy.

Planning and Transport Division

40. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £14.99m with £7.54m projected to spend in 2019-20 and the balance profiled over future years.

41. The transport planning budget of £8.37m is largely funded by Transport for London (TfL) to deliver transport improvement programme as contained within the borough's movement plan. Planning Projects budget of £6.62m is funded mainly by s106 to deliver various projects to mitigate the impacts of new developments, improve public realm, parks and open spaces as well as supporting the commercial viability of local shopping areas.

Planning Projects

42. A number of projects totalling nearly £1.3m are currently on site or have been completed by the Regeneration Teams which promote the council's programme for supporting high streets. The schemes for East Street (the "What Walworth Wants" programme) and Harper Road have been completed while the; Walworth Road; Lower Road, Tower Bridge Road and Rye Lane are currently on site or well advanced in the design phase. The first phase of the part HLF funded Peckham Townscape Heritage Initiative is complete and the second phase of the programme has been tendered and shortly to start on site.
43. Schemes funded by Neighbourhood CIL are also being developed with colleagues in Highways, Parks and the Regeneration divisions. Surrey Docks Farm is currently undergoing a £500,000 rebuilding programme funded by the local CIL which will greatly expand their education facilities. Projects under development include pedestrian improvements in Camberwell and Dulwich and parks in the Bankside area.

TfL Funded works

44. Initial works on Long Lane have been completed with longer term measures being explored in 2019-20. Having installed over 82 lamppost charging points, the council is over halfway to achieving the target of 150 charging points by March 2020.
45. Lower Road, outline design was completed in spring 2019 and underwent consultation which closed in October 2019. The consultation results will be published in February 2020. The council is still negotiating on TfL's contribution to the scheme, and an update will be provided to Cabinet once these negotiations are complete. TfL have also started construction to upgrade Cycle Superhighway 4 along Jamaica Road from Tower Bridge Road to Lower Road starting in the summer 2019.

Elephant and Castle Roundabout Project

46. The capital programme also includes the remaining s106/CIL contribution of £42.7m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.

Capital Bids

47. The following capital bids from Place and Wellbeing Department also reflected in Appendix C are submitted for cabinet approval.

Revitalising The Blue (£2m)

48. The revitalisation of the Blue local retail centre is a long standing council priority. The centre has struggled to sustain a retail offer that is attractive to residents. The council in partnership with local stakeholders has secured investment from the Good Growth Fund to re-landscape the market area and improve local routes. While this intervention will improve the physical environment of the centre, the Core Strategy recognised a need to identify niche businesses that could rejuvenate the area.
49. A partner [Really Local Group RLG] has been identified to transform the council owned Thorowgoods premises into a cultural facility combining a 3 screen cinema, event, café and co-working space. RLG are a Living Wage employer who have completed a similar community based project in Catford Town centre.
50. This is a transformational project which is capable of attracting new footfall into the Blue benefitting existing businesses and stimulating further investment. A £2m capital bid is being made to support this initiative. The funds will contribute towards the costs of the building works. Detailed terms for the repayment of the loan are to be finalised as part of the lease.

New Caledonia Wharf – Riverside Walkway (£1.5m)

51. The river Thames footpath has been a long standing initiative that is extremely successful enabling local residents and visitors to experience and benefit from the fantastic asset that is the River Thames. This capital bid of £1.5m is intended to replace a disused section of the river walk at New Caledonian Wharf on the Rotherhithe peninsular which has been closed to residents for many years.
52. This investment will replace the unsafe wooden structure with a new section comprising a steel deck and sub structure which has an expected 100 year lifespan and lower whole life costs than the other options which have been considered. The investment will support the implementation of the Council's 2019 Movement Plan that promotes the delivery of infrastructure which will provide more attractive environments that will encourage more journeys by foot and attract new people to active travel and healthy lifestyles.

Southwark Playhouse (£350,000)

53. A capital bid of £350,000 for a bridging Loan to enable Southwark Playhouse to complete the fit out of its new theatre at Elephant and Castle is submitted for cabinet approval. Southwark Playhouse is a critically acclaimed independent local theatre which was founded the borough in 1993. The council has assisted the Playhouse to secure new permanent premises at the Elephant & Castle. The opening of the theatre is planned for spring 2020 and will contribute to the council's vision for a vibrant mixed use new town centre and provide direct benefits to residents and schools in the form of free tickets and education support.
54. The company have successfully raised substantial funding to fit out the new theatre however despite this they are short of all the funds that are necessary to successfully open their new home in time for the spring 2020 opening. The Playhouse has therefore approached the council to seek a loan of £350,000

which will enable them to complete the fit out works. The Playhouse expects to be able to be in a position to repay the council the loan within the next 12 months.

21 to 23 Parkhouse Street SE5 - Mixed use B1 Commercial Space provision (£2.3m)

55. Capital funding of £2.3m is sought to develop the site which is located on 21-23 Parkhouse Street, and is currently occupied by a warehouse. The development involves the demolition of the existing buildings (warehouses) and the creation of two blocks (Block A and Block B). Block A will be 5 storeys for commercial use. Block B will a 7 storey step up to 10 storeys with ground floor commercial use and 33 mixed tenure homes. The site was previously going to be delivered through a development partnership agreement with Clarion Housing Group but in November 2018, the council and Clarion jointly decided to terminate the development agreement and the council has determined that direct delivery is the most effective approach for the Parkhouse Street site. As we are no longer funding through the development route our viability assessment has indicated that cross subsidy of both social and commercial is not viable and we will need capital support for the commercial accommodation which would not be eligible for funding from the Housing Investment Programme.

56. Capital funding will allow the proposed design of commercial space to be upgraded to include a purpose built space for light industrial business use B1 (c). The scheme will then meet fully P26 and NSP23 and hence achieve full aspirations of the site, creating opportunity for a more varied local employment need.

711 – 717 Old Kent Road (£13.035m)

57. In December 2019, the council acquired the freehold interest in the property at 711-717 Old Kent Road for the consideration of £12.3m plus all necessary to-date associated costs. The Old Kent Road Area Action Plan identifies the area for long term redevelopment and this site presents an opportunity for a strategic purchase. Inclusion of the property within the Old Kent Road Opportunity Area means it offers scope to deliver a mixed use scheme in pursuit of the Council Plan undertaking. The site is subject to a commercial lease which expires in 2022, which will yield an income and should remain occupied whilst plans for the site are formulated and taken forward ready to build. The Cabinet decision to purchase the property in December 2019 needs to be updated in the capital budget with the full costs and therefore included in Appendix C for approval.

Webber Street - CAPEX for repairs (£600,000)

58. Capital funding of £600,000 is sought for the replacement Roof and other essential building fabric repairs at 44 Webber Street SE1 8QW. The building is a Victorian school house and currently Grade II listed. It is occupied by the Centre for Literacy in Primary Education, a well respected national organisation, the trustees of which include LBS councillors. The building has suffered longstanding problems with water ingress from the roof. Investigations and surveys by heritage architects revealed how the roof covering is failing in several areas and has no waterproof membrane. It was decided to work up a scheme to replace the roof covering and include a membrane as well as modern insulation to improve the thermal efficiency. The roof includes a number of timber dormers

which will also be repaired. The works will include repairs to other parts of the building exterior including facias and parapets as well as some failing boundary walls. This bid is reflected in Appendix C submitted for cabinet approval.

CHILDREN'S AND ADULTS' SERVICES and Southwark Schools for the Future (SSF) Programme

59. The total value of the departmental capital programme for the period 2019-20 to 2028-29 is £144.0m with the forecast capital outturn for 2019-20 being £24.4m.

Adult Social Care

60. The capital programme budget for the period 2019-20 to 2028-29 is £40.4m, the main projects being; £10.7m in respect of a programme of improvements to existing care settings, £10.0m for the provision of an additional bed-based care facility, £7.9m for an essential lifecycle capital programme for four residential care homes and £5.4m for the Cator Street older peoples' hub and day centre. No additional capital requirements for Adult Social Care are identified in this report.
61. The Cator Street 2 project will provide a new dementia day care centre, community information hub and 50 flexicare housing units. This new facility will be adjacent to, and integrated with, the existing flexicare housing at the Cator Street 1 site (Tayo Situ House). The planning application was approved at the 17th December 2019 main planning committee. Detailed stage 4 designs will be delivered early in 2020 after which the invitation to tender for the main works contract will be issued. Contract award is scheduled for early July 2020.
62. The programme of lifecycle works concerning ASC's property portfolio is under way and will be ongoing over the next 10 years.
63. The Adult Social Care Capital Board has identified a number of priorities for 2019-20 and beyond to meet current and future needs of vulnerable adults in the borough. The council is actively working with commissioned providers and partners to ensure sufficient capacity and choice of high quality provision across the borough.

Children's Services and Southwark Schools for the Future (SSF) Programme

64. The capital programme budget for 2019-20 to 2028-29 is £103.7m. This consists of £32.6m development of Charter & Rotherhithe Schools, £28.3m refurbishment and £11.6m on Beormund Special School. There is a further £10.5m for the rebuilding of SILS K3, £8.5m of which is a remaining commitment from the Southwark Schools for the Future programme. The overall programme is focussed on rightsizing provision, ensuring the estate remains fit for purpose (and also on contributing to addressing high needs provision in the borough).
65. The overall context is that there is spare capacity in the primary sector because of falling rolls relating to a reduced birth rate and a slow down in growth in the secondary sector. Opportunities are being explored for rationalisation of buildings to make the best use of existing assets to reduce running costs for schools. There is also pressure to increase place supply for children with special needs, which is a national pressure.

66. Following the completion of the vast majority projects in school expansion which have now been successfully handed over, the key remaining project on school expansion is at Rotherhithe School, which received planning consent in April 2019 and is targeted for opening in the autumn term 2021. The enabling works have been completed and tenders for the main works are being assessed. Funding for this project needs to be monitored closely given the absence of basic need grant. This grant may become available again however if we are able to identify need for the Old Kent Road area.
67. Work is progressing well on Charter School East Dulwich phase 2, which includes the 6th form centre. A key aspect of completion is dependent on the NHS relocation. Surveys and enabling works will be scheduled to start on site in April 2020 and to be complete by September 2021.
68. Additional classrooms at Phoenix Primary have been added to accommodate additional forms of entry in time for the start of term 2019. In addition work is planned to start this year on the Riverside School project with funding initially coming from the schools own balances.
69. The Primary Schools Refurbishment programme for 2019-20 is now substantially complete and planning is already well progressed for 2020-21.
70. Air Quality improvement works are been undertaken to Ilderton primary School to improve the air around the school especially from road pollution. These works incorporate a new acoustic boundary screen to the school and the planting of green walls and trees, which has proven to reduce NOX emissions. Works were completed in January 2020. Work is also underway to procure air quality audits of other schools.
71. A Key Priority of the programme is the provision of SEN/ higher needs places, building upon the work at Cherry Tree Gardens and at Park College post 16 provision. Significant work is underway at SILS KS3 in 2019-20. However, there has been some slippage in the opening of resource units at COLA and Charter School East Dulwich and Spa Bermondsey (being separately managed). In addition the planned project at SILS KS4 and Beormund School needs to be reviewed given the change in market conditions, and this may be subject to a future capital bid.
72. Finally, in future there may be capital bids for other priority area such as Adult Learning.

ENVIRONMENT AND LEISURE

73. The total value of the departmental capital programme for the period 2019-20 to 2028-29 is £148.4m. The latest projected spend for the year 2019-20 is estimated to be £26.6m against the budget of £31.1m. The budget has been re-profiled in line with the projected expenditure for 2019-20 and future years. The progress of major schemes is outlined below.

Highways

74. The Highways capital renewal programme is still on target, although long term weather forecasts indicate there may be some risk to delivery. Projected spend for the planned maintenance aspect remains unchanged at £5.5m and current spend (£2.95m for planned maintenance) indicates delivery is ahead of programme and there is some contingency time available to deal with any delays. £400,000 of this budget has been allocated by ward councillors to devolved highways projects and this is expected to be spent by the end of quarter 4. £300,000 of this budget is set aside for highway structures maintenance, which is forecast for full spend. There has been a slow start on structures and Devolved Highways Budget while design work is carried out but spending will accelerate towards year end once these schemes reach site.
75. The Principal Roads spending remains below target due to programming difficulties caused by combining capital renewals with improvement schemes in order to maximise efficiencies and reduce disruption. Works programmed for Dulwich Wood Park however these are likely to run into the next financial year.
76. Cycling infrastructure fund works are currently on site and progressing well with initial works being paid for from the Local Implementation Plan. However this funding is now coming to an end and council resources from the Cycle infrastructure fund will need to be used towards the end of this quarter.
77. Some delays to permitting and traffic management authorisations have resulted in spend below expected levels, however Forest Hill Rd is now on site with Dulwich Wood Park starting on site in February and spend will accelerate significantly in the last quarter.
78. Junction improvement works for Rotherhithe New Rd are now complete with final account to be agreed and paid in quarter 4.
79. Minor design change and issues with the new motor has lead to delays to the completion of St Saviours Dock footbridge. However, this will be substantially complete by the end of March 2020 and within budget.

Flood Prevention

80. Coleman Road Flood Alleviation project completed in 2018/19 with work ongoing across the borough as planned for the gully replacement programme. A number of new Sustainable Drainage Systems (SuDS) schemes are currently under development across the borough mostly in Housing Estates and in Melior Street and Snowfields. In addition to the Thames Water funding for the London Bridge SuDS Scheme, funding has been secured for two more SuDS Schemes in Cameron House (30,000) and Mawbey House (20,000) from the Greater London Authority's Greener City Funds. A major project is under development to protect properties in Peckham Rye area.

Asset Management

81. Lamp column replacement on the basis of structural integrity and lantern replacement for energy consumption reduction continues as per programme. All

columns that failed structurally in the 18/19 testing programme have now been made safe and/or replaced.

Parks and Leisure

Cemeteries

82. Phase 2 Construction work at Area Z to create more burial space has been re-scheduled to April 2020 due to issues sourcing suitable soil materials and adverse weather conditions. From April, sample soil imports and testing will commence on site. Planned works to install new drainage, railings and resurface the chapel road at Camberwell New Cemetery have commenced and will be completed in March 2020. Final risk assessments and method statements for dismantling the portico of the East Lodge have been agreed and officers are now awaiting the final cost report and construction expected to commence in late March. Tender period for procurement of architectural design services for phase 2 have been completed and appointment will be made in February. Limesford Road Wall Repair: Preparation of design package for submission to Faculty and magistrate for stopping up order is underway.

Major Parks

83. Southwark Park Café - The fantastic new café building has now been completed and opened in January to the public. A launch event is being held in the spring and there has been lots of positive media attention. Office fit out is still to be completed by April. Old Library Baths and Wash house (OLBAW) restoration: Consultation and marketing to find a partner operator is currently underway and a positive stakeholder event took place in January. The partner operator will be working alongside the council to develop a robust business model for a restored building.
84. Southwark Athletics Centre: Planning consent was awarded in December 2019. Gateway 2 approval in progress for the appointment of the main build contractor to build the new pavilion. Officers currently exploring options for achieving a carbon neutral building. Aim is for construction to start in spring.
85. Burgess Park Urban Games: the current design is being revised to deliver phase 1 construction within the available budget. Consultation to begin in Spring / Summer 2020, which would allow construction to start in summer 2021 subject to planning consent. Further funding is being sought to deliver phase 2 works in 2022.
86. Burgess Park Sport Centre: planning consent was awarded in November 19. Gateway 1 to procure main contractor was approved in January. Detailed design is currently being completed.
87. Brimington Park Sport pitches: Phase 1 Consultation has taken place and phase 2 on high levels designs, taking on board original feedback, will begin in March. Once phase 2 consultations have taken place the final design will be produced by May 2020.

Special Projects

88. Several new parks improvement projects have commenced and are in the initial stages of consultation and early designs. Lots of positive conversations taking place with local residents to inform the designs which will result in great local open green spaces.

Parks Infrastructure and Investment

89. Dulwich Upper Woods Wall Repair: Two options that avoid tree loss through reduction of the public highway are currently being pursued and will require a stopping up order. A report with illustrations of the proposed highway changes will be presented to cabinet members in March. The stopping up order process will take some time and therefore there will be delays to this project.
90. Play: Fredericks Adventure Playground: Site surveys completed and initial consultation phase to identify the need of users and local residents aspirations for the site, commences in March. The outcome of this initial consultation will inform the development of the concept and detailed design by a specialist design consultant. Surrey Docks Adventure Playground: Concept design for the scheme is being worked up for cabinet member briefing in April.

Culture

91. Library Management System (LMS): The LMS is the overarching database for the library service containing book stock and library membership records. The existing LMS with Capita has been in place for over 20 years, is now no longer fit for purpose and the current contract does not represent good value for money. A new LMS provided by Civica has been procured. This LMS is more efficient, has additional functions, is more user friendly for both staff and customers and enables cost savings to be made. The project to transition to the new LMS is in progress and is scheduled to be completed by February 2020.
92. Library Self-Service technology upgrade: In January 2020 approval was given for procurement strategy to participate in a joint tender with South East Library Management System (SELMS) consortium members for the provision and support of libraries self-service technology for a period of five years at an estimated cost of £300,000 for equipment and £100,000 for support and maintenance, making a total estimated contract value of £400,000 over five years. The project will be implemented in 2020/21.
93. The council's current library self-service equipment which has been operating since 2009 has reached end of life and is currently out of warranty. It is therefore necessary to review requirements and refresh equipment to ensure continuity of service. The library service has recently joined SELMS to deliver the LMS project and procurement for the self service technology upgrade fits within the framework provided by SELMS membership.
94. Walworth Library and Heritage Centre: In January 2019 Cabinet agreed to lease 145-147 Walworth Road in the new Elephant Park development for a new Library and Heritage Centre. The design and fitout of these units are being progressed by Southwark Council working with the developers, Lendlease. AOC Architects have been appointed as design consultants. Following technical and cost bench-marking with other comparable projects it was concluded that

additional resources were needed to fit out the premises to meet the council's brief for the facility.

95. The costs of the exhibition of the heritage collections, an essential and unusual aspect of the project are higher than initially estimated in the original £2.3m allocation. In addition, the provision of a mezzanine floor increases the capacity of the space by an additional 150sq.m of space. This has now been agreed for inclusion and will provide extra space for activities such as reading and study which would otherwise be difficult to provide in a single ground floor area.
96. The project has progressed through RIBA stage 1 and 2 and is nearing stage 3 sign off and each stage included community consultation and subsequent feedback about design changes. The tender process for the works will commence following the signing of the RIBA stage 3 plans.

Environmental Services

Carbon reduction Investment

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

Air Quality

98. Air Quality Action Plan 2017 – 2022 – Delivery of the Air Quality Action Plan 2017 – 2022 continues. The Environmental Protection Team (EPT) will be collating data for the mandatory Annual Summary Report (ASR) 2019 in the spring by asking all relevant delivery service areas for their delivery updates. The ASR contains information regarding Southwark's air quality monitoring data.
99. Solid fuel project – Southwark Project, over winter EPT are visiting retail outlets in the borough that may potentially sell house coal and wood (logs & sticks). They are making on site checks, interviewing store managers and providing posters for display at point of sale and leaflets to educate staff as part of an information campaign to inform both the public and retailers about the Southwark Smoke Control Area (SCA) and the legal restrictions on the delivery and use of smoky fuels in the SCA. One trader has agreed not to renew stocks of house coal when existing stock has been sold. There was an article in the winter edition of Southwark Life to educate householders and social media is planned towards the end of the project in Feb.
100. Air Quality Monitoring Stations – The selection process for a contractor is complete and the formal approval process to appoint the contractor is currently underway.
101. School air quality audits – The procurement strategy will be presented for approval soon.

102. Road Closures – Production of the evaluation reports for air quality monitoring around several significant road closures has commenced.

Mayor's Air Quality Fund projects

103. Walworth LEN: public and business engagement phase 1 is complete. Two low cost air quality monitors were co-located with a monitoring station and stabilised prior to deployment. Officers from EPT and Highways are now convening a community focus group, devising specific proposals and designing the phase 2 consultation
104. Street Sweeping: Lambeth led joint project. The contractor to undertake the testing has been appointed and literature review completed
105. Anti-idling – Camden and City of London led joint project. Southwark is in process of arranging 2 anti-idling events in the borough before the end of this financial year
106. NRMM – Delivery contract with Merton continues –non compliant construction sites identified are reported to EPT for enforcement if non-compliance is not promptly addressed

CCTV

107. The upgrade of the CCTV recording system, includes a new recoding platform, monitor wall and operator workstations. These essential works will ensure continued operability of the system and the ability to meet statutory guidance for repairs and maintenance of the CCTV system. The upgrade is underway and is due to be completed in January 2020.
108. The following are capital bids from Environment and Leisure Department and this is also reflected in Appendix C for cabinet approval.

Environment- Capital Bids

Structures capital programme - £4.5m

109. The council owns 59 structures across Southwark which include a variety of types such as bridges, tunnels, subways, retaining walls, monuments and river walls. The total asset value according to the Whole Government Accounting return for 2019 is £1,150m. A capital bid has been submitted for £4.5m spread over 10 years from 2020/21.

Highways NPR Capital Programme – £12.6m

110. A capital bid is submitted for £12.6m to allow the current level of capital spend on highway planned maintenance to be maintained for the next 10 years. This will ensure we continue to fulfil our statutory highway duty of maintaining a safe highway. This is the minimum level of funding required to ensure we do not have a Non-Principal road network with a deteriorating road condition index with the associated potential for higher successful claims for vehicle damage and injuries. This will also ensure we can invest in replacing outdated traffic calming

measures with more appropriate speed control highway infrastructure which will enhance traffic safety.

Highway Gullies and SuDS Capital Programme – 1.5m

111. A capital bid is submitted for £1.5m to allow the current level of capital spend on highway drainage schemes to be maintained for the next 10 years.

Highway Lighting - Capital Programme extension 2024/25 to 2029/30 – £3m

112. There are 21,460 street lights and illuminated street furniture located on Southwark's Public Highway Network. A detailed inventory of these assets and their constituent parts are recorded in a comprehensive asset management system (Confirm). This system is also used for works ordering, payment administration and for the management of all maintenance programmes.
113. This proposed capital allocation will provide for a confirmed and renewed 10 year programme. Officers are currently delivering the capital programme allocation for the previous 10 year investment programme in street lighting 2014/15 - 2023/24. This capital allocation will extend the programme from 2024/25-2029/30.
114. The objectives of the capital programme are to replace all old high energy consumption lamps across the whole borough and replace all columns that are deemed structurally unsafe.
115. Climate Change Act 2008 set a legally binding carbon emission reduction targets for the UK for 2020, to include a reduction of 34% in greenhouse gas emissions, from 1990 levels, and for 2050 reduction of at least 80% in greenhouse gas emissions, from 1990 levels. It also introduced five-yearly Carbon Budgets to help ensure those targets were met. LED technology offers us an opportunity to do this by reducing energy and lowering carbon emission and as such an extended capital programme will replace all the old high energy consumption lanterns with LED lighting.
116. Current Energy Price rise forecasts could see an increase of over 200% over a 10 year period.
117. In addition to the LED replacements a rolling testing programme is currently in place for all lamp columns in the Borough. The structural condition of a lamp column is given as Red, High Amber, Low Amber and Green with Red being the poorest condition. All items identified as Red or High Amber are prioritised in the capital programme.

Air Quality- £1.12m

118. Capital bid of £1.120m is submitted to implement a series of air quality improvement projects to enable the delivery of the Cabinet approved Air Quality Action Plan in 2017 – 22. The additional resources will fund the following action plan items:
- Implementation of some of the highway and education building recommendations from the GLA School and Nursery Air Quality audits at 2 schools and 3 nurseries in Southwark

- Deliver the #Onething AQ campaign promotion continuously for a year in 2021, this campaign when delivered for 1 month in September 2019 was proven to be highly successful..
- Lease 4 alternatively fuelled pool-cars for 3 years.
- Invest in, support and promote to local businesses, the G&STT logistics consolidation centre, south of the river at Belvedere.
- Promote and run monthly Car Free Days for 1 year.
- Employ a consultant contractor to survey all Southwark Council large boilers & heating systems with regard to making proposals for emission reduction.
- Employ a consultant contractor (2 year contact) to project manage the delivery of the above, other air quality improvement projects and any climate emergency projects devised.

Southwark School Streets - £2.925m

119. Southwark has undertaken seven school street closures, with Bellenden Primary School and Bessemer Grange Primary School made permanent. Robert Browning Primary School and St Francis RC Primary School have received authorisation to be made permanent and the remaining three schools (Harris Academy East Dulwich, Goose Green Primary School, Hollydale Primary School) are still in the trial period. An eighth school (Albion Primary School) is currently undergoing engagement and is planned to launch a school streets trial on the 24 February 2020.
120. This capital bid requests £2.9m of funding to deliver 60 school street closures across the Borough (subject to feasibility) over a 4 year programme. The funding will be used to accelerate the current programme and provide the resource to deliver this. The school street closures will consist of physical infrastructure and ANPR cameras to enforce the closure and will include a period of engagement and consultation with residents and the school community.

Residential electric vehicle charging points - £200,000

121. There are currently 110 lamp column electric vehicle chargers located on Southwark's Public Highway Network. A detailed inventory of these assets is recorded in a comprehensive asset management system (Confirm). Information of these assets is regularly shared with third parties and locations and specification of these chargers are publicly accessible.
122. This proposed capital allocation will provide for an additional roll out of 50 No. Charge points as part of a wider council plan initiative to ensure each Southwark resident has the ability to charge their vehicle within walking distance.
123. Officers are currently delivering the Go Ultra Low City Scheme programme allocation for the previous year's investment in line with London Councils and TfLs guidelines. It is very likely we will utilise this framework and look to expand and add additional assets to this. This will help manage and maintain the assets going forward.
124. Survey and customer engagement will be key in selection of location and also ensuring continued monitoring of use and uptake.

Leisure Capital bids

Drinking Water Fountains throughout Southwark - £200,000

125. In March 2019, the council committed to providing 50 operational drinking water fountains in public spaces in the borough by 2022 as part of the council plan target aimed at reducing single use plastic. The five fountains being installed through the GLA Oneless scheme will bring the number of drinking fountains in operation to 43 by spring 2020. Funding is now being sought for costs associated with the installation of a further programme of water fountains in the public realm throughout the borough by 2021-22 including at least one in each ward.

Tree Planting Programme 2019-2025 - £5m

126. This ambitious £5m tree planting and ecological project aims to contribute to Southwark's response to the Climate Emergency Strategy. The planting programme would address the deficit that has arisen over the past 15 years between the numbers of tree removed versus those planted. On average 592 trees are removed per year (the vast majority being dead, dying or dangerous) and 412 planted resulting in a net loss of approx. 1200 trees since 2003.

127. The programme would not only address the deficit within 2 years, it would increase the trees stock by up to 7% by the end of a 5 year initial term (subject to market supply). In addition, a borough wide programme of ecological enhancement will be delivered including 34 Sites of Importance to Nature Conservation (Metropolitan, Borough & Local) which have been identified for improvement through the expansion of areas of natural habitat and good management practice.

128. The programme will be supported by the creation of a comprehensive community engagement plan forming a network of local stakeholder groups tasked with identifying new planting opportunities, establishment care and monitoring success.

South Dock Marina Lock Gates - £400,000

129. South Dock Marina is accessed via lock gates that allow vessels access to and from the River Thames. The gates installed in 1988 are in serious need of refurbishment. If the gates fail the marina cannot meet its contractual obligations to operate and generate income. The marina currently has an allocation of £678,000 however tender submissions have come back in excess of the anticipated budget. Capital investment of £400,000 is being sought to complete essential works.

Canada Water Health and Safety works - £100,000

130. Canada water contains a floating pontoon system with a wooden deck. The deck of this system is rotten and has become a health and safety hazard and requires urgent replacement. Capital investment is being sought to complete essential works of replacing the deck with a modern glass reinforced fibre (GRP) deck system with a 20 year life.

South Dock Marina Feasibility Studies - £150,000

131. To support the detailed design development of improvement to South Dock Marina and Boatyard, preparatory feasibility studies and investigations are required. These will include the following (but not limited to):

- Additional noise impact assessment
- Building conditions survey
- Structural survey
- Asbestos Management survey

Nunhead Cemetery Wall Repair - £1m

132. In February 2018, £650,000 of Capital was allocated to address the condition of the boundary wall to Nunhead Cemetery on Limesford Road. In July 2018 a further £500,000 of capital was allocated to the project making a total budget of £1.15m. At that time the exact costs of the works was not known but thought likely to be considerable. An engineering feasibility assessment has now been completed and an outline schedule for rebuilding the wall has been costed. A budget of £2m is required meaning a Capital allocation of a further £1m is sought to bring the available budget to £2.125m (including contingency).

Leisure Centre Lifecycle Maintenance - £1.025m

133. The council has a number of large leisure centres that are managed in partnership with an external leisure management contractor, Everyone Active (EA). Under the contract EA are responsible for the day to day management of the buildings and have a range of maintenance responsibilities that vary from site to site.

134. The council is responsible for the lifecycle maintenance of most of the sites and the current capital programme of works is due to come to an end. In order for the council to fulfil its contractual obligations to ensure all major plant and structure is fit for purpose, further capital investment is required. Failure to do so could result in the council being in breach of its contract and having to pay EA loss of income sums.

135. In addition to this if the centres are not maintained and facilities have to close the council could face serious reputational damage. The purpose of this funding is to address the next set of lifecycle projects whilst also commissioning up to date condition surveys to inform the requirement for the next few years.

East Lodge Nunhead Cemetery - £1m

136. In February 2018, £1m of Capital was allocated to assist with delivering the council plan target of restoring East Lodge. A cost report was produced by the council's Quantity Surveyor estimating that a budget of 1.8m is needed to complete both the enabling works and stage 2 restorations. The Quantity Surveyor also recommended that a project contingency of 15% is held bringing the total budget required to £2m. A further £1m capital funding is therefore being sought to be able to deliver the restoration in full.

Outdoor Gyms - Flexible free gym - £500,000

137. A number of the council's outdoor gyms (which are free to use) have reached the end of their serviceable life. The gyms are valued amenities in the council's parks and open spaces and contribute to improving the health of residents. Officers have recently submitted funding applications to renovate a small number of sites (Southwark Park, Peckham Rye Park and Burgess Park) but many more need replacing.
138. This capital bid, alongside any successful external bid, would deliver the upgrade the three locations above plus a further 6 location across the borough including GMH, Salisbury Row, Brunswick, Cossall, Dulwich, and Brimington. The gym equipment will provide qualitative and quantitative usage data which will provide useful insight into community activity levels.
139. The aim is that each site will also have a range of inclusive weekly sessions to be delivered to induct and connect people to the equipment. This would be one of the ways the council could deliver it's council plan target of more flexible free gym scheme by encouraging residents to use the parks and green spaces for physical activity.

Peckham Pulse Old Spa Area Refurbishment - £203,000

140. There is currently a 200sqm part of the Peckham Pulse Healthy Living Centre which is derelict as it was previously used as a health suite. In recent years, through other improvements works, the health suite was relocated to another part of the building leaving the current area redundant. This bid aims to refurbish this area as a more general, flexible and income generating space that can be adapted for various uses.
141. The council has already had interest from third parties to operate the area which would bring in a rental income and also maximise the use of the asset for community focused activities.

Southwark Sports Fund - £3m

142. In 2010 the Council, in preparation for the London 2012 Olympics, set up a £2m Olympic Legacy Fund to provide support local sports facilities and teams, engage young people, promote healthy lifestyles and celebrate London's role as the Olympic Host City in 2012. During 2011, the Council Leader and Tessa Jowell MP, supported by an advisory group, awarded the funding to 10 projects including Herne Hill Velodrome and Peckham Rye Park Football Pitches.
143. Live sport returns to London this summer with Euro 2020. Wembley will host 7 matches, including the final. We want to inspire another generation of young people to love and play sport and to lead healthy and active lives. Local sports teams and residents will be invited to submit proposals based on criteria agreed by a Southwark Sports Fund Advisory Group, led by the Council Leader and the borough's MPs.
144. There is no doubt that this borough loves football but we know that our residents also love cricket, basketball, netball and rugby as well as a myriad of other sports so the investment will be available across all sporting activities with a

particular focus on young people and team sports. We would expect a first stage of recommendations for funding to be made by Euro 2020 final day on 12 July 2020, with the possibility of a second round and final recommendations in October 2020. The total value of this element of the fund will total £2m.

145. In addition, the council has a number of external sports pitches, hard courts and other multi-use spaces that require investment in order to deliver better quality active spaces for residents to use locally. Many of these are also identified as needing investment in the council's playing pitch strategy. A further set of proposals that will total £1m of capital investment and will include playing surfaces, ancillary buildings serving sports pitches and lighting or other enhancements which extend playing time, increase access and expand provision will be agreed by the Southwark Sports Fund Advisory Group.

Adventure Playground Investments New Bid - £2.5m

146. In February 2019, £500,000 of capital funding was allocated towards refurbishing Southwark's Adventure Playgrounds. Thus far this funding has been used to undertake surveys, site investigations, initial consultation and to produce concepts designs for two sites in urgent need of investment at Fredericks Rd and Surrey Docks. Play safety inspection at these two playgrounds in August 2017 had found that much of the equipment required removal and replacement. The council's play provision has, however, continued to operate from buildings at Fredericks and Surrey Docks but significantly scaled down as a result of the lack of outside play.
147. The borough has seven staffed adventure playgrounds, two of which are managed under lease by external community-led organisations. Of the remaining five, two - Mint Street and Peckham Rye - are in either good or acceptable condition. However it is recognised that along with Fredericks and Surrey Docks, Ellen Brown also requires significant investment. In addition, those sites managed by community-led organisations (Dog Kennel Hill and Bethwin) are likely to require capital investment to ensure their long term sustainability.
148. An allocation of a further £2.5m of capital funds is sought to support the refurbishment of Fredericks, Ellen Brown, Dog Kennel Hill and Bethwin with the possibility of some smaller scale improvements at Mint Street and Peckham Rye.
149. The investigative work undertaken at Surrey Docks indicates that the scale of investment needed here is far in excess of any other site – the current estimate is that £1.75m is needed. Further planning work will be undertaken but an additional future capital bid will be needed or an alternative source of finance for site to be delivered.

HOUSING AND MODERNISATION

150. The total value of the Housing and Modernisation general fund capital programme for the ten years to 2028-29 is around £102m and comprises a diverse range of activity, mostly of a corporate nature. Spend of around £9.8m is currently forecast for 2019-20.

Modernise – Corporate Facilities Management (CFM)

151. The CFM programme aims to ensure the council meets its responsibilities for ensuring its operational buildings are statutorily compliant to ensure the health, safety and wellbeing of its employees and service users. This is achieved through a comprehensive inspection and assessment regime and building life-cycle maintenance programme. Forecast spend for 2019-20 is around £2.6m.

Modernise – Queens Road 4

152. QR4 represents a critical element in the council's office accommodation strategy by rationalising existing office provision into a two-hub model at Tooley Street and the Queen's Road complex. This will enable the disposal of a number of buildings that are at or near the end of their useful life, generating cash receipts for the wider capital programme or providing development opportunities for the council's new homes programme as appropriate. Total scheme budget is £19.75m, with delivery scheduled for late summer/autumn 2021. The project is nearing final design stage with planning approval being sought in April. Forecast spend for 2019-20 is around £0.8m.

Modernise – Shared Information and Communication Technology Service (SICTS)

153. There are a number of major projects underway and new projects in development; not least the proposed data centre migration to a cloud computing environment (Azure). The adoption of a revised SICTS operating model is designed to deliver improvements in strategic planning and greater operational resilience going forward. Forecast spend for 2019-20 is around £2.1m.

Modernise – Smart Working Programme

154. The 'modern ways of working' programme seeks to transform the way the council operates by enabling council employees to work in much more flexible and efficient ways, supported by technology, to deliver council services. A comprehensive programme timeline is now established and implementation has been undertaken at Castlemead and has commenced at Tooley Street and will accelerate during 2020-21. The programme budget now forms part of the H&M capital programme going forward. Forecast spend for 2019-20 is around £1.1m, with the majority of expenditure falling in to the next financial year.

Asset Management – Housing Renewal

155. Housing Renewal comprises a range of initiatives that principally support people living in private sector accommodation to remain living independently through assistance with repairs and maintenance and adaptations to their homes. Support is also provided to landlords and property owners to bring their properties back into use. The programme is largely funded through Disabled Facilities Grant (DFG) and the council's own resources for the provision of grants and loans. Forecast spend for 2019-20 is around £2.1m.

Resident Services – Traveller Sites

156. A programme of reconfiguration and improvement works to address health and safety and compliance issues (principally fire safety) commenced in 2018-19.

Works to the Ilderton Road West site have been completed and the Ilderton Road East works are due to complete in March 2020 with residents expected to be moved back in April. Works to the Burnhill and Brideale sites have been delayed due to health and safety concerns and as a result, the overall project is expected to complete in 2020-21. Grant funding of £1.738m has been secured from the Greater London Authority (GLA) towards the cost of this works programme. Forecast spend for 2019-20 is around £1m.

Leathermarket JMB

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

HOUSING INVESTMENT PROGRAMME (HIP)

158. Overall, the HIP is forecast to spend £183.5m in 2019-20, comprising £95.4m on existing stock, £72.8m on new council homes including acquisitions and site assembly and £15.3m on wider regeneration schemes. Over the next ten years, the council is planning substantial investment in its existing housing stock and building new council homes. This level of investment will inevitably require borrowing, specifically for the new homes programme and investment in the council's heat network, which cannot be sustained through the revenue budget. At the same time, the council must ensure the HIP remains sustainable and affordable and maintaining prudential levels of borrowing within the HRA will require continuous review and where necessary, re-profiling of programmes and projects in line with resource availability.

Quality Homes Investment Programme (QHIP)

159. QHIP is the principal strand of the council's asset management strategy for maintaining and renewing the existing housing stock and is the successor to Warm, Dry, Safe (WDS). QHIP recognises the need for a cyclical approach to maintenance and aims to address wider investment needs including internal works, such as kitchens and bathrooms. Spend in 2019-20 is forecast at £64m. In light of other programme commitments and borrowing capacity, further re-profiling of QHIP in subsequent years will be necessary.

Heat Network

160. The council is fully cognisant of the substantial investment required in the district heating network. A report commissioned in 2016 by industry experts Parsons Brinckerhoff estimated at the time investment of £350m would be required over an extended period of forty years. Notwithstanding the investment that has taken place in the intervening period and continues through QHIP and other specific works programmes, the Council is developing a comprehensive Heat Network Strategy to address the situation.
161. Running alongside this is the council's carbon reduction agenda and ambitious commitment to be carbon neutral by 2030, which adds a further layer of complexity and potentially additional cost going forward. The HIP budget for this is currently £100m (up to 2028-29), and is being increased to £350m to reflect the likely quantum of the investment need required. As the strategy develops it will be possible to more accurately consider the full cost implications of the

proposals and potential funding options. It is unlikely that the council could meet the investment need from its own resources given other council commitments and priorities and would seek to access all available funding sources to mitigate the position.

Special Schemes (High Needs)

162. The special schemes programme covers those estates identified as high need/high cost requiring extensive repair and refurbishment. The schemes by their nature are complex and resource intensive and require bespoke funding solutions outside of the main QHIP programme. Programme spend of £50m has been identified through to 2028-29, with £22m spend forecast this year, principally for the Tustin estate. Programme spend will increase as other schemes, such as the Ledbury estate are progressed.

New Build Council Homes

163. The council continues to make good progress against its ambitious target to deliver new council homes, with 2,500 completed or on-site by 2022. Achievement of the council's longer-term commitment to build 11,000 homes by 2043 will require more land for development than is currently available and this is reflected in the HIP with resources earmarked for site assembly. The current spend forecast is £72.8m for 2019-20.

Regeneration Schemes

164. Forecast spend on regeneration schemes for 2019-20 is £15.3m. The most significant project is the Aylesbury estate, which is planned in four phases. Forecast expenditure in 2019-20 is £12.4m which is almost exclusively for leasehold acquisitions. The project has been subject to unavoidable delays arising from the rejection of the council's original CPO application resulting in a slower acquisition completion rate for phases 1 and 2. Given the continued uncertainty, further revisions to the current forecast and the overall programme are likely and will be kept under close review.
165. Phase 3 environmental works on the East Dulwich estate, which commenced this year, is forecast to spend £1.7m. The scope of the works includes drainage works, playground refurbishment, new communal gardens, car parking, pedestrian paving and planting across the estate and is expected to be completed during the next financial year.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

166. The council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.

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

BACKGROUND DOCUMENTS

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

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position at Month 9 2019-20
Appendix B	Housing investment programme summary monitoring position at Month 9 2019-20
Appendix C	Budget virements and variations at Month 9 2019-20
Appendix D	General fund programme detail at Month 9 2019-20
Appendix E	New capital bids

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Finance, Modernisation and Performance	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Rob Woollatt, Interim Departmental Finance Manager	
Version	Final	
Dated	11 March 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director for Finance and Governance.	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	11 March 2020	