

London Borough of Hammersmith & Fulham

# Finance, Commercial Revenue and Contracts Policy & Accountability Committee Minutes



**Monday 23 September 2019**

## **PRESENT**

**Committee members:** Councillors PJ Murphy (Chair), Patricia Quigley, Guy Vincent and Donald Johnson

**Co-opted members:** Tony Boys and Chris Littmoden

**Other Councillors:** Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

**Officers:** Kim Smith (Chief Executive), Hitesh Jolapara (Strategic Director - Finance and Governance), Emily Hill (Assistant Director, Corporate Finance), Peter Smith (Head of Policy and Strategy), Steve Miley (Director of Children's Services), Tony Burton (Head of Finance – Children Services), Prakash Daryanani, (Head of Finance - Social Care), Michael Sloniowski (Principal Consultant - Risk Management), (Ian Cairns - Business Continuity Manager), Kayode Adewumi (Head of Governance & Scrutiny).

## **13. MINUTES**

The minutes of the meeting held on 2 July 2019 were approved and signed by the Chair.

### **Monitoring of productivity**

Culture piece - HR to provide a report on productivity. Monitoring productivity changes as a result of our new ways of working.

**Action by:-** Dawn Aunger – Assistant Director – People and Talent

## **14. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Fiona Smith, Judith Worthy and Eric Hohenstein.

## **15. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **16. BREXIT IMPACT REPORT**

The Chair welcomed the Members and officers to the meeting and asked the officers to focus on potential financial impact of a no deal on the borough. Officers noted that the Council and all other public bodies are planning for a no deal exit but the outcome was unknown.

### **Settled Status**

H&F is providing a free document scanning service for EU residents. We are promoting the EU settled status scheme through our website; household leaflet drops have been made and adverts on 200 lampposts in the Borough will be placed. We are promoting positive messages encouraging EU nationals to stay, live and work in the Borough. We will know in November the impact of our messages when the next set of data is released by the Government. To date, 8,300 out of 30,000 eligible people have applied for settled status. Members expressed concern that over 22,000 residents have not applied for settled status. Officers noted that there is an expectation that the figures would double due to our local and national campaigns and residents have up to December 2020 to apply. Members asked officers to request for up to date data before the next set of data is released in November.

### **Action**

- Seek up to date details of numbers of H&F residents applying for settled status before release of government figures in November (Peter Smith)
- Counter the negative Brexit messages – Add to our current messages that “We offer great opportunities for you to develop yourself and career”. (Peter Smith)
- Look into how we might be even more encouraging about persuading EU citizens to stay in the borough by promoting the learning and development opportunities we can offer them (Peter Smith)

### **Workforce**

The Committee noted that officers were currently modelling a scenario of a potential 4% increase on the social care costs that may result from inflationary pressures, including those arising from Brexit. Any pressures that arise will need to be considered as part of the annual budget setting process. In addition, the Council have a business continuity plan which will deal with potential staff shortages.

### **Action**

- Officers to circulate to Members copies of Business Continuity Plans from our social care providers (Ian Cairns/Jon Lillistone)

## **Supply chain**

The Committee noted that Business Continuity and Corporate Procurement are identifying clusters of corporate contracts (e.g. food, IT, construction, care and medical equipment) that may be more sensitive to no-deal Brexit changes. A cross-departmental Service Resilience Group (SRG), consisting of the core Directors from the Strategic Leadership Team, is forming strategies around contingencies for partial or whole loss of critical suppliers. The SRG chaired by the Chief Executive meets quarterly. In addition to the SRG, a 'Tiger Team' has been formed with specific Assistant Directors given lead responsibility for making urgent decisions in key areas of the Council's operations.

## **EU Funding**

Officers reported that our Adult Learning and Skills Service was funded by an Education and Skills Funding Agency (ESFA) grant up until August 2019, when the budget was devolved to the London Mayor. This funding amounts to £2.7 million per year. We will continue to receive the current level of funding up to 2021, after which there is no guarantee that the funding will continue.

Environmental improvement projects, such as the sustainable drainage systems (SuDS) on Queen Caroline Estate and Maystar Estate, were funded by the EU Life project. From October 2019, we will not be able to apply to this funding stream anymore.

## **Action**

- Identify the amount of EU Life Project funding received by the SuDS and other environmental improvement schemes at Queen Caroline and Maystar estates (Emily Hill)
- Clarify whether the Government will replace the £2.7m funding which is at risk. (Emily Hill)
- Confirm if we receive the whole of the £2.7m funding from EU through the GLA. (Emily Hill)

## **Social Care**

The Committee was informed that the Council's three main homecare providers have 11 - 21% of their workforce from EU countries and pay London living wage. These three contractors provide 81% of the Council's homecare services. Officers are actively assessing the potential impact of social care provision in the event of a no-deal Brexit and service providers are supplying their contingency plans.

## **Action**

- Officers to provide a breakdown of the non-European union workforce. (Peter Smith)
- Officers to ask the homecare providers to add a message on staff payslips to promote settled status. (Peter Smith)

## **Risk Register and Mitigation Costs**

The Committee noted the Council's Corporate Brexit issues log. Officers reported that the Council has access to other London authorities' risk registers which we will review to ensure all bases are covered. The Government has not approached the Council to second staff to the civil service to support ongoing Brexit planning.

## **Action**

- Officers to provide an update on what the cost of the mitigation would be to give a better clarity of funds required. (Ian Cairns)
- Find out what the issue is with the Coroner's Service as set out as Issue 3 in the Corporate Issues Log (Ian Cairns/Michael Sloniowski)

## **Item for the next meeting – Update Brexit Report (Peter Smith)**

The Chair thanked the officers for presenting the reports.

## **17. CIVIC CAMPUS PROGRAMME - SEPTEMBER UPDATE**

The Committee was informed that the programme is developing as planned and on track. A small underspend of £44,031 against the budget is currently forecast. However, this may improve as the decant programme and reconciliation of budgets is completed. The overall programme is made up of 3 distinct phases as follows:

**Phase 1 (Office Decant)** – The decant of 1,400 staff from the Town Hall and Town Hall Extension into new office locations at Shortlands, Clockwork, 145 King Street and 43 Beavor Lane was completed on 31 August as planned. There is a small group of staff waiting to relocate to 43 Beavor Lane upon installation of a BT fibre line which is due by the beginning of October.

**Phase 2 (Demolition and Enabling works)** - This involves initial surveys, soft strip and final demolition of the site (Town Hall Extension only) in preparation for main works contract to process. The demolition contractor started onsite on 1<sup>st</sup> September. Hoardings have been erected and there is now no public access to the Town Hall and Town Hall Extension.

**Phase 3 – (Main works)** – This sets out the design development, procurement of a main contractor and start on site.

The Committee congratulated officers on the successful and smooth decant of the Town hall and town hall extension. Officers were asked to set out the

whole project's cost. In response, officers explained that the JV construction works will cost £130 million, another £38.8 million for the Town hall refurbishment works and £6.8 million for the Town Hall fit out. The development funds and capital costs will come from borrowing. Up to £90 million can be borrowed from the Public Works Board and lent to the JV at market rate, if required, to ensure we do not fall foul of the state aid rules. The Council will add £25 million in form of the land value which A2Dominion will match fund with another £25 million. It was noted that A2 Dominion are paying for the current works.

Members expressed concern that the Council was proceeding at risk with such a substantial capital programme with no contracts signed. Nothing is preventing A2Dominion from walking away if they consider the development unviable. The report was unclear on what the risks to the Council were nor where we are getting the money from.

Officers reassured the Committee that the JV agreement will be signed in December. A head of terms had been signed with a risk share agreement in place. The JV would be responsible for managing and delivering both contracts.

The Committee concluded that a lot of good work is ongoing with good intent, but the details have not been nailed down. The commencement of the TOWN Hall extension demolition works without a signed contract was an issue of grave concern. Officers must ensure that these concerns are addressed.

### **Action Points**

Members requested an update on the legal agreement covering: -

- What is our risk?
  - What will prevent A2Dominion from walking away?
  - When will our risk be mitigated as the JV has not been set up?
  - Provide details of contracts to be signed between the Council and the JV up to the occupation of the refurbished town Hall.
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- Invite Currie Brown to the next meeting to provide an update.
  - Officers to re-circulate the heads of terms.
  - Officers to model more than 1 scenario in the terms of the timing factoring in major influences such as Brexit (deal or no deal), inflationary pressures etc.

### **Action by Andy Starkie**

**Item for the next meeting - Update Civic Campus – David Burns/Andy Starkie**

**18. COMMITTEE WORK PROGRAMME**

The Committee noted its work programme and agreed that following reports be presented at its November meeting:-

- Brexit – Peter Smith
- Civic Campus – David Burns/Andy Starkie
- Mitie Repairs – The report must contain KPIs – David McNulty
- Financial assessment of the Council’s Carbon Zero policy (To check if this item would go to PSR, Environment or Finance PAC)

**19. DATES OF FUTURE MEETINGS**

The following meeting dates for the municipal year were noted:-

- Wednesday 20 November 2019
- Wednesday 29 January 2020
- Wednesday 1 April 2020

Meeting started: 7.00 pm  
Meeting ended: 8.29 pm

Chairman .....

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