



London Borough of Hammersmith & Fulham

Cabinet

Agenda

MONDAY
23 APRIL 2012
7.30 pm

ASSEMBLY HALL
HAMMERSMITH
TOWN HALL
KING STREET
LONDON W6 9JU

Membership

Councillor Stephen Greenhalgh, Leader
Councillor Nicholas Botterill, Deputy Leader (+Environment and Asset Management)
Councillor Mark Loveday, Cabinet Member for Strategy
Councillor Helen Binmore, Cabinet Member for Children's Services
Councillor Joe Carlebach, Cabinet Member for Community Care
Councillor Harry Phibbs, Cabinet Member for Community Engagement
Councillor Andrew Johnson, Cabinet Member for Housing
Councillor Greg Smith, Cabinet Member for Residents Services

Date Issued
13 April 2012

If you require further information relating to this agenda please contact:
David Viles, Committee Co-ordinator, Governance and Scrutiny, tel:
020 8753 2063 or email: David.Viles@lbhf.gov.uk

Reports on the open Cabinet agenda are available on the Council's website: http://www.lbhf.gov.uk/Directory/Council_and_Democracy

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on non-exempt item numbers **4-11** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to David Viles at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 18 April 2012.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Wednesday 25 April 2012**. Items on the agenda may be called in to the relevant Scrutiny Committee.

The deadline for receipt of call-in requests is: **Monday 30 April 2012 at 3.00pm**. Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Monday 30 April 2012**.

Members of the Public are welcome to attend.
A loop system for hearing impairment is provided, together with disabled access to the building

Cabinet Agenda

23 April 2012

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	<p>If a Councillor has any prejudicial or personal interest in a particular report he/she should declare the existence and nature of the interest at the commencement of the consideration of the item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a prejudicial interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken, unless a dispensation has been obtained from the Standards Committee.</p> <p>Where members of the public are not allowed to be in attendance, then the Councillor with a prejudicial interest should withdraw from the meeting whilst the matter is under consideration, unless the disability has been removed by the Standards Committee.</p>	
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16.	EXCLUSION OF PRESS AND PUBLIC	

The Cabinet is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

17.	EXEMPT MINUTES OF THE CABINET MEETING HELD ON 5 MARCH 2012 (E)	
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19.	TENDER ACCEPTANCE REPORT FOR A CONTRACT FOR SERVICING AND MAINTENANCE OF FIRE FIGHTING EQUIPMENT TO HOUSING PROPERTIES BOROUGHWIDE : EXEMPT ASPECTS (E)	
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21.	SUMMARY OF EXEMPT URGENT DECISIONS TAKEN BY THE LEADER, AND REPORTED TO THE CABINET FOR INFORMATION (E)	

Agenda Item 1

London Borough of Hammersmith & Fulham



Cabinet

Minutes

Monday 5 March 2012

PRESENT

Councillor Stephen Greenhalgh, Leader
Councillor Nicholas Botterill, Deputy Leader (+Environment and Asset Management)
Councillor Mark Loveday, Cabinet Member for Strategy
Councillor Helen Binmore, Cabinet Member for Children's Services
Councillor Joe Carlebach, Cabinet Member for Community Care
Councillor Harry Phibbs, Cabinet Member for Community Engagement
Councillor Andrew Johnson, Cabinet Member for Housing
Councillor Greg Smith, Cabinet Member for Residents Services

ALSO PRESENT

Councillor Michael Cartwright

181. MINUTES OF THE CABINET MEETING HELD ON 30 JANUARY 2012

RESOLVED:

That the minutes of the meeting of the Cabinet held on 30 January 2012 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

182. APOLOGIES FOR ABSENCE

There were no apologies for absence.

183. DECLARATION OF INTERESTS

The following Councillors declared a personal interest in agenda item 10 (School Organisation Strategy 2013 – 13) as follows:-

Councillor Helen Binmore as a School Governor at Burlington Danes Academy.
Councillor Joe Carlebach as School Governor at James Lee Nursery.
Councillor Michael Cartwright as School Governor at Sacred Heart High School.
Councillor Harry Phibbs as his wife is a founder of the West London Free School.

184. THE GENERAL FUND CAPITAL PROGRAMME, HOUSING CAPITAL PROGRAMME AND REVENUE MONITORING 2011/12 MONTH 9 AMENDMENTS

RESOLVED:

- 1 That the changes to the capital programme as set out in Appendix 1 be approved.
- 2 That the changes to the General Fund revenue budget and Housing Revenue Account as set out in Appendix 2 be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

185. NATIONAL NON-DOMESTIC RATES : WRITE OFFS

RESOLVED:

1. That the write off of debts totalling £518,167.23 be approved.
2. That the cost of these write offs are met by the National Non-Domestic Pool and not the Council be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

186. TRI- AND BI-BOROUGH LEGAL AGREEMENTS

RESOLVED:

That the Executive Director for Finance and Corporate Governance (LBHF), the Town Clerk and Executive Director of Finance (RBKC) and the Chief Operating Officer (WCC) be authorised to enter into the Bi and Tri-Borough Agreements in respect of the services set out in paragraph 6 on the terms set out in paragraph 5 of the report or such other broadly similar terms as she/he, in consultation with the relevant Director of Legal & Democratic Services, considers appropriate.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

187. AWARD OF TERM CONTRACT FOR PUBLIC LIGHTING AND ANCILLARY WORKS 2012-2015

RESOLVED:

To note that the annual current notional value of the contract is in the region of £1,000,000, and that the value may go up or down depending on the work ordered through the contract, but that all works ordered under the contract will be subject to the appropriate budget being available.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

188. EARLS COURT OLYMPIC VOLLEYBALL - LOCAL AREA TRAFFIC MANAGEMENT AND PARKING PLAN (LATMP)

RESOLVED:

That approval be given to carry out the Local Area Traffic Management and Parking Plan at a total cost of approximately £300,000 as set out in paragraph 5 of the report.

That authority be delegated to the Deputy Leader (+ Environment and Asset Management), in consultation with the Executive Director of Transportation and Technical Services, to approve the final LATMP and enter into an 'undertaking' with LOCOG in order to facilitate funding the project.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

189. TFL FUNDED ANNUAL INTEGRATED TRANSPORT INVESTMENT PROGRAMME 2012/13

RESOLVED:

1. That approval be given to carry out feasibility design and consultation on projects C1 to C3 and N1 to N4 at a total cost of £217,000 (approximately 15% of the project total) as set out in paragraph 3 of the report.
2. That authority be delegated to the Deputy Leader (Environment + Asset Management), in consultation with the Executive Director of Transportation and Technical Services, to approve implementation of the seven individual schemes (C1 to C3 and N1 to N4) subject to local consultation.
3. That approval be given to complete the 2011/12 LIP projects, at a cost of £190,000 and to initiate the 2013/14 projects, at a cost of £50,000, as detailed in paragraph 4 of the report.
4. That approval be given to deliver the smarter travel programme at a cost of £303,000, as detailed in paragraph 5 of the report.
5. That approval be given to carry out stage 1 of the Shepherds Bush Town Centre West Major Project at a cost of £180,000, as detailed in paragraph 6 of the report.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

190. SCHOOL ORGANISATION STRATEGY 2012-13

RESOLVED:

1. That approval be given to the revised School Organisation Strategy, as set out in this report.
2. That approval be given to develop the proposals to facilitate a tender process for the relocation of Holy Cross to the Clancarty Road site and the subsequent relocation of the infant bilingual provision to Basuto Road, as set out in paragraph 2.3.1 of the report.
3. That approval be given to further develop proposals and to invite tenders for the following schemes as set out in paragraph 2.3.1 of the report, and that authority be delegated to the Cabinet Member for Children's Services, in consultation with the Executive Director of Children's Services, to award contracts to the successful tenderers:
 - Clancarty Road – project management and design (up to £300,000)
 - Basuto Road – enabling works (up to £850,000)
 - Queensmill Special School – temporary facilities at Gibbs Green School (up to £300,000)
4. That approval be given to further develop proposals, including surveys, project management and design work, for Queensmill Special School and the Haven Respite Centre, as set out in paragraph 2.3.2 of the report.
5. That approval be given to the suspension of the disposal of Fulham Cross Youth Centre for a period of two years to enable the relocation of the Contact Service, as set out in paragraph 2.3.3 of the report.
6. That approval be given to delegate the tender award for the enabling works at Fulham Cross Youth Centre to the Cabinet Member for Children's Services in consultation with the Director of Children's Services up to £100,000.

7. That approval be given to further develop feasibility studies in respect of securing additional capacity at St Stephens Primary School , Pope John Primary School, Bentworth Primary School and Burlington Danes Academy, as set out in paragraph 3.1 of the report.
8. That approval be given to £1 million of in year capital funding being allocated to Sacred Heart High School to manage directly, as part of a contribution to the estimated capital project estimated to cost £2.5 million, to develop the recently vacated convent section of the school for enhanced provision.
9. That approval be given to the allocation of £400,000 directly to Lady Margaret School as part of the Council's contribution to facilitate a bulge class in September 2012 as set out in paragraph. 3.1.5 of the report, and to support its longer term aspiration of increasing capacity.
10. That approval be given to invite tenders for bulge classes at John Betts Primary and Brackenbury up to £250,000 per school subject to further feasibility work, and that authority be delegated to the Cabinet Member for Children's Services, in consultation with the Executive Director of Children's Services, to award contracts to the successful tenderer.
11. That up to £100,000 of capital funding be allocated to supplement approved government funding, if necessary, to deliver the Studio School at the Fulham Education Federation from September 2012 as set out in paragraph 3.1.9 of the report, and that approval be given to invite tenders for the scheme and that authority be delegated to the Cabinet Member for Children's Services, in consultation with the Executive Director of Children's Services, to award contracts to the successful tenderer up to the total £700,000 allocation.
12. That approval be given to the leasing of the Cambridge School site to West London Free School as set out in paragraph 3.1.10 of the report and that the Cabinet Member for Children's Services be authorised, in consultation with the Executive Director of Children's Services, to agree the final lease subject to government approvals.
13. That approval be given to develop proposals for the William Morris 6th form provision at the Dunstan Road Clinic building as set out in paragraph 3.1.11 of the report.
14. That authority be delegated to the Cabinet Member for Children's Services, in consultation with the Executive Director of Children's Services, to finalise land transfers in accordance with statutory guidelines for Academy/Trust schools as set out in paragraph 3.4 of the report.
15. That authority be delegated to the Cabinet Member for Children's Services, in consultation with the Executive Director of Children's Services, to approve projects for inclusion in the annual Revenue Maintenance Programme up to the remaining value of £835,000 with priority given to works that address issues of health and safety compliance, as set out in paragraph 3.5 of the report .

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

191. REMODEL OF DAY SERVICES

RESOLVED:

1. That approval be given for the existing mental health drop-in to continue to operate from 50 Ellerslie Road and share the premises with Nubian Life day service, and to minor improvements to the building to accommodate the needs of the respective service users to be done in consultation with the users of both services.
2. That the Council negotiates and awards a contract with the current providers (Nottingham Housing Trust) for the management of Elgin Resource Centre for a period of a further 18 months and that authority be delegated to the Cabinet Member for Community Care and the Executive Director of Adult Social Care to approve final terms.
3. That approval be given to waive Contract Standing Orders for the reasons detailed in the report (contract annual value £278,200).

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

192. AWARD OF THE WEST LONDON HOUSING RELATED SUPPORT JOINT FRAMEWORK AGREEMENT 2012-16

RESOLVED:

That authority be delegated to the Cabinet Member for Community Care, in conjunction with the Executive Director of Adult Social Care and the Executive Director of Finance and Corporate Governance, to award the West London Housing Related Support Joint Framework Agreement 2012 – 2016, and to:

- (i) award Hammersmith and Fulham call off contracts from the framework agreement throughout the four year period 2012-2016, and
- (ii) authorise the entering into of ancillary agreements (mini-tenders) for the operation of the framework once awarded.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

193. AWARD OF THE CONTRACT FOR ADVERTISING AND SPONSORSHIP SERVICES

RESOLVED:

That the report be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

194. AWARD OF THE OF THE MANAGEMENT OF RAVENSCOURT PARK CAFE CONTRACT

RESOLVED:

That the report be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

195. DELIVERY OF THE COUNCIL'S TRADE WASTE SERVICE FROM 2012/13

RESOLVED:

That the Council continues to deliver a Trade Waste Sales Operation while a further review is undertaken as part of the wider Bi-Borough transformation review for the new Environment, Leisure and Residents Services Department by March 2013 be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

196. CONTRACTS FOR THE MANAGEMENT, MAINTENANCE AND DEVELOPMENT OF SATELLITE TENNIS CENTRES

RESOLVED:

1. That the tender process, as set out by the Council's Standing Orders, to outsource the management of tennis centres at Eel Brook Common,

Ravenscourt Park and Hurlingham Park, which may include a forward eAuction for the annual rent, be approved.

2. That authority be delegated to the Cabinet Member for Residents Services, in consultation with Executive Director of Environment, Leisure and Residents Services, to award the contract(s) for the management, maintenance and development of the tennis centres at Eel Brook Common, Ravenscourt Park, and Hurlingham Park.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

197. PARKS CAPITAL PROGRAMME

RESOLVED:

1. That approval be given to spend £500,000 from the Parks Capital Fund in 2012-13 plus other funds already budgeted, totalling £1.969 million, to make park improvements as set out in paragraph 4.5 of the report.
2. That approval be given to any resulting project underspends being reinvested back into park improvement projects including, but not exclusive to, Bishops Park, Hammersmith Park and Wormwood Scrubs as set out in paragraph 4.6 in consultation with the Cabinet Member for Residents Services and the Executive Director of Finance and Corporate Governance.
3. That approval be given to consider the results of the public consultation for each of the parks and to undertake the prescribed works to the parks specified in paragraph 2.1 of the report.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

198. THE AGREEMENT FOR POLO IN THE PARK 2013-19

RESOLVED:

1. That the agreement with City Events Limited to organise and deliver the 'Polo in the Park' event at Hurlingham Park for seven years from 2013 to 2019 be approved.
2. To note that under the new agreement the average net income for the event will be £81.4k per annum, representing a 43.5% increase on the previous commercial agreement (average £56.7k per annum.)
3. That City Events Limited will undertake reinstatement works post event at their own cost be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

199. THE FUTURE OF RESIDENT INVOLVEMENT AND THE LEVY IN LBHF

RESOLVED:

1. That the outcome of the Section 105 consultation with residents be noted.
2. That the Resident Involvement Strategy attached at Appendix 1 be adopted.
3. To cease the Tenant's Levy with effect from 1 April 2012 be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

200. FORWARD PLAN OF KEY DECISIONS

The Forward Plan was noted.

201. SUMMARY OF OPEN DECISIONS TAKEN BY THE LEADER AND CABINET MEMBERS, AND REPORTED TO CABINET FOR INFORMATION

The summary was noted.

202. SUMMARY OF URGENT DECISIONS TAKEN BY THE LEADER, REPORTED TO THE CABINET FOR INFORMATION

The summary was noted.

203. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the remaining items of business on the grounds that they contain information relating to the financial or business affairs of a person (including the authority) as defined in paragraph 3 of Schedule 12A of the Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

[The following is a public summary of the exempt information under S.100C (2) of the Local Government Act 1972. Exempt minutes exist as a separate document.]

204. EXEMPT MINUTES OF THE CABINET MEETING HELD ON 30 JANUARY 2012 (E)

RESOLVED:

That the minutes of the meeting of the Cabinet held on 30 January 2012 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

205. AWARD OF CONTRACT FOR PUBLIC LIGHTING AND ANCILLARY WORKS 2012-15 : EXEMPT ASPECTS (E)

RESOLVED:

That the recommendations contained within the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

206. AWARD OF THE MANAGEMENT OF RAVENSCOURT PARK CAFE CONTRACT : EXEMPT ASPECTS (E)

RESOLVED:

That the recommendations contained within the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

207. DELIVERY OF THE COUNCIL'S TRADE WASTE SERVICE FORM 2012/13 : EXEMPT ASPECTS (E)

RESOLVED:

That the report be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

208. **AWARD OF THE CONTRACT FOR ADVERTISING AND SPONSORSHIP SERVICES : EXEMPT ASPECTS (E)**

RESOLVED:

That the recommendations contained within the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

209. **THE FUTURE OF RESIDENT INVOLVEMENT AND THE LEVY IN LBHF : EXEMPT ASPECTS (E)**

RESOLVED:

That the report be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

210. SUMMARY OF EXEMPT DECISIONS TAKEN BY THE LEADER AND CABINET MEMBERS, AND REPORTED TO CABINET FOR INFORMATION (E)

The summary was noted.

211. SUMMARY OF EXEMPT URGENT DECISIONS TAKEN BY THE LEADER, AND REPORTED TO THE CABINET FOR INFORMATION (E)

The summary was noted.

Meeting started: 7.00 pm

Meeting ended: 7.12 pm

Chairman



London Borough of Hammersmith & Fulham

Cabinet

23 APRIL 2012

LEADER

**Councillor Stephen
Greenhalgh**

**EARLS COURT STATUTORY AND WIDER
CONSULTATION**

The purpose of this report is to provide the Cabinet with an update on the analysis so far of the results of the statutory and wider consultation on the Cabinet's previous proposal that land comprising the Gibbs Green and West Kensington estates might be transferred to allow comprehensive re-development.

Those who have commented will want to be assured that the Cabinet has received their representations and that they will be given full and conscientious consideration.

The Cabinet will also want to note the current position on negotiations in relation to the terms of a proposed Conditional Land Sale Agreement, which could form the basis of an option to the Capital and Counties Properties plc group of companies (CapCo) to include Council owned land including the West Kensington and Gibbs Green estates in a regeneration scheme of the wider area.

This report also sets out the purpose and terms of the recommended Tenant and Leaseholder/Freeholder contracts which have been negotiated with the West Kensington and Gibbs Green Steering Group and which the Conditional Land Sale Agreement could deliver.

**Wards:
North End
Fulham
Broadway**

CONTRIBUTORS

Executive Director of
Housing and
Regeneration
ADLDS
EDFCG

**HAS A EIA BEEN
COMPLETED?
NO**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

Recommendations:

1.To note :

a. the current progress in analysing the results of the consultation, and to ask officers to continue to complete this process so as to present a final analysis of the consultation outcomes when Cabinet next discusses the overall proposals.

b. the proposed terms of the Tenant and Freeholder guarantees.

c) That discussions with Capital and Counties Properties plc will continue to clarify remaining matters so that Cabinet is in a position to consider a final decision on the transfer of land as soon as possible..

2. That approval is given to agree expenditure of up to £116,710 per annum to provide additional staff resources to manage the ongoing process.

3. That approval is given for £1,070,000 of fees to provide professional advice as set out in section 8 of this report.

1. SUMMARY

- 1.1 The proposed development of the Earls Court Exhibition Centre and Lillie Bridge Depot presents an opportunity for the Council to include the West Kensington and Gibbs Green Estates within a larger comprehensive regeneration scheme.
- 1.2 The Estates could be included through a Conditional Land Sale Agreement between the Council and CapCo. The land would not be included unless the scheme enabled the re-provision of the existing housing within the new development.
- 1.3 This report:
- Explains the background to the possible comprehensive redevelopment of the Earls Court area.
 - Reviews the timetabling of scheme masterplanning and the planning process
 - Explains the history of discussions with estate residents
 - Sets out progress in analysing the results of consultation with Secure Tenants and other local residents
 - Outlines the terms of the possible Conditional Land Sale Agreement.
 - Explains the steps that still have to be taken before a decision whether to proceed can be taken; in particular, in relation to the Council's equalities duties.

2. BACKGROUND AND HISTORY

- 2.1 The Earls Court and West Kensington Regeneration Opportunity offers the potential to secure significant benefits through the inclusion of the West Kensington and Gibbs Green Estates within a wider redevelopment scheme.
- 2.2 The proposed scheme covers an area of 77 acres¹ within only three principal land-holdings. These are shown at Appendix 1.
- Capco, leaseholders of Earls Court 1 and 2 and freehold owners of Seagrave Road car park.
 - Transport for London (TfL), freeholder of the Lillie Bridge Depot and Earls Court 1 and 2.
 - LBHF, freehold owners of the West Kensington and Gibbs Green Housing Estates, including the site of the former Gibbs Green School.
- 2.3 The site sits across the boundary of the Borough's of Hammersmith and Fulham and Kensington and Chelsea (RBKC).

¹ Includes Seagrave Road Car Park Site

2.4 Capco and TfL have for some considerable time been discussing the possibility of a redevelopment of their land holdings and the Council has the opportunity to sell land into the development creating a larger, more comprehensive development site.

2.5 The West Kensington and Gibbs Green Estates

2.5.1 The estates occupy an area of 22 acres along the western length of the Earls Court buildings and the Lillie Bridge Depot. The estates comprise 760 homes, the West Kensington and Gibbs Green Tenant Halls, an empty nursery building and the former Gibbs Green School.

2.5.2 531 of the homes on the estate are owned and rented by the Council. There are 584 secure tenancies in respect of these 531 properties and 171 properties are Freeholder/Leaseholder properties originally purchased from the Council under Right to Buy. There are also 58 social rented Housing Association (HA), properties on the estate, which have been developed piecemeal over the past 30 years, with the sites sold by the Council to the HA's on long leases. There are three different Housing Associations with these developments – Family Mosaic, London and Quadrant and Shepherds Bush.

2.5.3 A breakdown of the tenure and property type of the residential properties on the estates can be found below:

	1 Bed Flat	1 Bed House	2 Bed Flat	2 Bed House	3 Bed Flat	3 Bed House	4 Bed Flat	4 Bed House	TOTAL
Council	163	0	212	0	46	75	8	27	531
Leasehold/Freehold	21	0	85	0	24	28	2	11	171
Housing Association	4	3	6	13	0	25	0	7	58
Total	188	3	303	13	70	128	10	45	760

2.5.4 The West Kensington and Gibbs Green Estates are now between 30 and 40 years old and lie within the North Fulham area. In 2010, the area fell within the 20 per cent most deprived areas in England, as defined by the Index of Multiple Deprivation.

Deprivation indicator	WK&GG	LBHF Average
% of working age population on Jobs Seekers Allowance, Income Support, Incapacity Benefit OR Employment and Support Allowance	24.9	13.3
% of all tenants (Council and private) on Housing Benefit	63.2	27.5
Average household income of a household with a dependent child	£16,905	£22,105
Rate of ASB per 100 residents	6.6	3.5

Deprivation indicator	WK&GG	LBHF Average
% of tenants classified as overcrowded (based on Housing Benefit/Council Tax Benefit claimants only)	14.9	12.8

2.6 Transport for London and Network Rail land ownerships

2.6.1 In order to deliver the comprehensive scheme officers understand that Capco have to reach agreement with TfL for the treatment of their land ownerships.

- Capco needs to agree a renegotiation of the term of their existing leases from TfL on Earls Court 1 and 2 in order to make the leases suitable for redevelopment.
- The Lillie Bridge depot currently contains an engineering depot and a train stabling facility. The engineering depot will need to be re-located to enable the development to proceed. The train stabling facility will stay but will need to be covered and developed over.
- Officers understand that negotiations are ongoing but have currently not concluded on either of these ownerships.

2.6.2 It would also be desirable for Capco to reach agreement with Network Rail for developing over the West London Line. Officers understand that negotiations are ongoing but have not currently concluded.

2.7 The Planning and Masterplanning processes

2.7.1 London Plan and Core Strategy

2.7.1.1 The potential comprehensive development site including the Earls Court buildings, Lillie Bridge Depot, the estates and Seagrave Road car park, was identified as an Opportunity Area in the London Mayor's Replacement London Plan in 2009. The London Plan, including the Opportunity Area was adopted by the Mayor earlier this year.

2.7.1.2 The Council's Core Strategy also recognises the development site and includes policies encouraging comprehensive development of the site. The Core Strategy was adopted in October 2011.

2.7.2 Supplementary Planning Document

2.7.2.1 The Council, RBKC and the Greater London Authority commenced work on a Supplementary Planning Document (SPD) in September 2010 for the Opportunity Area. The purpose of the SPD is to explore development options for the site and produce a framework for acceptable development interpreting existing planning policy. Consultation on the SPD is complete and the SPD was adopted by the Council on 19th March 2012, by Kensington and Chelsea Council on 22nd March 2012 and is with the GLA currently for consideration.

2.7.2.2 Capco have provided the Council with an indemnity against any claims for statutory blight which might arise from the adoption of the SPD.

2.7.3 Masterplan and Planning Applications

2.7.3.1 Capco employed Terry Farrell & Partners to prepare a masterplan for the comprehensive development site, including the estates, in June 2010. The masterplan proposal is for a residential mixed-use scheme of 10.1 million square feet above ground. The masterplan is centred on the concept of building four new villages and a new high street linking North End Road and Earls Court tube station.

2.7.3.2 The masterplan proposes over 7,000 new homes including 760 replacement homes and a further 740 additional affordable homes, new offices and commercial activities, new education and health facilities including a new primary school, new play and recreational facilities, including a new linear park and a new high street with shops, cultural and community activities.

2.7.3.3 Capco submitted three planning applications in June 2011, based on the Farrell masterplan.

- Two outline applications were submitted: one to LBHF and one to RBKC for the main development site not including Seagrave Road car park.
- A detailed planning application was submitted to LBHF for the Seagrave Road car park site. The Seagrave Road planning application was recommended for approval by PAC on 16th February 2012, subject to finalising of Section 106 provisions. This agreement was completed on 30th March 2012 and planning permission issued on the same day.
- Revised proposals for the LBHF outline application have recently undergone a further consultation with local residents and this completed on 6th April 2012.

3. CONSIDERATION OF OPTIONS

3.1 Since early 2009 the Council, Capco and local residents have been considering the possible option for inclusion of the estates within the wider comprehensive development. This has included assessment of the benefits that could flow from inclusion, the safeguards for residents that would need to be secured and the terms under which Council land and homes could be included.

3.2 Collaboration Agreement

3.2.1 In October 2009, the Council signed a Collaboration Agreement with Capco and TfL to provide a framework within which the three parties could explore the full potential of the scheme and negotiate terms under which land agreements might be entered into.

3.3 Exclusivity Agreement

3.3.1 In July 2011, the Council signed an Exclusivity Agreement with Capco. In return for the right to negotiate exclusively with the Council to ascertain whether the final terms of a CLSA could be concluded, Capco paid £15m. £5m of this is non-refundable and £10m is refundable if the Council does not conclude a land agreement.

3.4 Estate Regeneration Options Analysis

3.4.1 In consultation with residents, the Council has been exploring the potential benefits that could arise from the inclusion of the West Kensington and Gibbs Green Estates in the wider scheme. As a part of this process the Council wanted to fully explore the rationale for the redevelopment of the estates and understand whether inclusion of the estates offers the optimum way forward.

3.4.2 For this reason, the Council instructed Jones Lang LaSalle to prepare an options appraisal to consider differing options for the future of the estates in terms of delivering benefits to residents of the estates and to the area as a whole.

3.4.3 The economic appraisal, attached at appendix 2, concludes that the inclusion of the estates within the wider comprehensive development proposal presents the most compelling case in terms of benefits for residents of the estates and for the wider area, and that it offers the prospect of bringing the following benefits to the area:

- 7,583 new homes
- 36,033 construction jobs
- 9,528 permanent jobs
- £99.5m per annum of additional local expenditure

3.4.4 On the 7th November 2011 the Leader and the Cabinet Member for Housing made the decision to provisionally accept and endorse the conclusions contained within the Estates Regeneration Economic Options Appraisal relating to the West Kensington and Gibbs Green estates subject to the outcome of further consultation.

3.5 Past Consultation with Residents

3.5.1 The Council has undertaken previous consultation with residents of the West Kensington and Gibbs Green Estates about the potential inclusion of the estates over the past three years. This has been through numerous newsletters, drop-in sessions, surgeries and exhibitions.

3.5.2 Consultation and discussion have centred around the key points of concern raised by residents and in particular clarifying how the proposed development would impact on them. These points have been addressed through the development over time of Tenant and Leaseholder guarantees. The Tenant and Leaseholder guarantees are included within the proposed CLSA and are intended to provide clarification and assurances for local residents.

3.5.3 The West Kensington and Gibbs Green Steering Group was set up in order to negotiate with the Council and Capco and to secure effective safeguards and benefits for residents. The Council has funded independent legal advice for this group over the past two years to ensure that residents have proper representation and advice during the consultation process and were able to discuss issues effectively.

3.5.4 A chronology of the consultation process is attached at Appendix 3.

3.5.5 During this time there have been separate consultations by the Local Planning Authority with residents around the proposed development.

4. SECTION 105 AND WIDER CONSULTATION

4.1 From 6th January 2012 to 12th March 2012, the Council undertook a formal consultation with residents on the details of the proposal to include the estates within the comprehensive redevelopment scheme. This included consultation under Section 105 of the Housing Act 1985 with Secure Tenants of the estates.

4.2 The consultation pack and supporting information are included at Appendix 4.

4.3 An initial report on the consultation and on the responses received is attached at Appendix 5 and summarised below. This analysis is still work in progress and it is expected that an updated and completed analysis will be considered at the point where the Council makes its

final decision. In particular, equalities issues raised in the responses to the consultation exercise will need to be considered in the context of the Council's Equalities Impact Assessment, which is being developed and will need to be considered by Cabinet members and taken into account when Cabinet makes its final decision whether to proceed with the CapCo proposals.

4.4 Overview of the consultation responses

4.4.1 The following is an account of progress to date with analysing the responses in the consultation exercise. The consultation formally closed on 12th March and overall 1,616 responses were received by post and via the council's website. 189 responses have been treated as being incapable of being counted for the following reasons:

- Where a resident submitted more than one identical response they have been counted once i.e. further responses from the same person have not been counted.
- A number of responses were received in which the same person submitted more than one response and gave conflicting opinions. These have been counted where their view is clear by date received (where a dated response clearly follows a previous response) or comments it contains (e.g. some forms explicitly stated "I have changed my mind"). A very small number (under 10) of responses were received where it was not possible to gain a clear understanding of the respondents views and these have not been counted.
- Responses that did not give a name or address have not been counted.
- Children under 12

4.4.2 Officers have considered how best to treat these particular responses and have decided, on balance that they should be treated as incapable of being counted. These have been excluded from the totals The total number of responses accounted for below is 1,424, after excluding those just mentioned.

- Entire consultation area;
 - 30,000 properties received an info pack and feedback form
 - 1,424 responses were considered which is a response rate of 4.65%
- West Kensington & Gibbs Green Estates
 - 760 properties received an info pack and feedback form
 - 794 responses were received from 515 properties, a household response rate of 67.7%
- Wider consultation area (excluding estates);
 - 29,240 properties received an info pack and feedback form
 - 597 responded which is a response rate of 2.04%

- 4.4.3 The response rate of around 4% is average for this type of mass mail-out. However as the figures above demonstrate, there was a much higher response rate from the estates.
- 4.4.4 Consultation on the Supplementary Planning Document ran at the same time as this consultation and a number of the same concerns were raised in both consultations.
- 4.5 Main views
- 4.5.1 Officers consider that the responses received are best regarded as falling mainly into one of the following two categories;
- Those who support the inclusion of the estates within the Earls Court regeneration scheme
 - Those who object to the inclusion of the estates within the Earls Court regeneration scheme
- 4.5.2 A majority of those who are regarded as indicating support come from the wider area covered by the consultation.
- 4.5.3 A majority of those who are regarded as indicating objection, are from the two estates.

5. CONDITIONAL LAND SALE AGREEMENT

- 5.1 Should the Council and Capco decide to proceed with inclusion of Council's land within the wider development scheme then this will be regulated by the Conditional Land Sale Agreement. The agreement will set out in detail the steps that need to be undertaken in order for the land to be transferred to Capco.
- 5.2 The core terms and drafting of the potential CLSA have now been agreed in principle between Officers and Capco on a subject to contract basis, and the draft document is nearing completion. Once the proposed CLSA has reached a state where officers conclude that it is capable of agreement it could be brought back for Cabinet approval. The CLSA would also be subject to Capco's board approval as well as any other necessary approvals and other requirements of Capco as a public company.
- 5.3 The Offer to Tenants and Leaseholders – Estate Residents
- 5.3.1 Re-provision of existing homes
- 5.3.1.1 The impact and implications of the process on local residents will be regulated by the Tenant and Leaseholder Guarantees, which are within the possible CLSA and the structure of the agreement itself.

It is a condition within the CLSA that all homes currently within the estates will be re-provided to the Council as part of any redevelopment scheme. This enables the Council to promise that existing residents of the estates will be offered new accommodation within the new development.

5.3.1.2 Furthermore, the Council is insistent that existing residents should not be moved away temporarily while new replacement homes are built and that they will have one move only. This will also be a condition of any CLSA. Although the process will be disruptive for local residents this condition will help to safeguard existing communities and minimise community breakup. Consequently land phases can only be vacated and passed over to Capco once new homes for residents in the affected phase have been re-provided elsewhere in the development area.

5.3.1.3 The Seagrave Road Car Park site is crucial to the achievement of the one move promise. It provides a site for the re-provision of approximately 200 existing estate properties without the need for any demolition of existing homes. By freeing up a first site on the estates this allows the remainder of the re-provision to take place – in phases - without residents having to move away to temporary accommodation.

5.3.1.4 Re-provision in this manner is time-consuming and given the scale of the project, the full re-provision of council properties is likely to take at least 10 years.

5.3.2 Benefits for Tenants

5.3.2.1 The Guarantees within the possible CLSA for Tenants are as follows:

- All secure tenants will remain secure council tenants and have the offer of a new home within the development matched to their housing need.
- Under-occupying tenants will be offered a new home with one additional bedroom above their need.
- Rents will continue to be set in line with other existing council rents.
- A homeloss payment of £4,700 per household will be made by the Council to all secure tenants who have been in their home for more than one year.
- There will be no need for temporary accommodation – tenants will have one move only to their new home.
- New white goods, carpets and curtains will be provided in their new homes
- The Council will fund all reasonable costs of moving

- Tenants will have a dedicated re-housing Officer to help them through the process.
- An occupational therapist will be provided if requested and necessary identified adaptations will be undertaken to the new home
- Compensation will be offered for loss of a garden or private parking space if the new home does not have these.
- The Guarantees will be extended to existing Housing Association Assured Tenants should they wish to move across to become council tenants.

5.3.2.2 Benefits for Leaseholders and Freeholders

5.3.2.2.1 The Guarantees within the possible CLSA for Leaseholders and Freeholders are as follows:

- Resident homeowners will be offered a new property in the development at a discount of 10%. Resident homeowners will be offered market value plus 10% for their existing home
- If after receiving a discount resident homeowners still cannot afford to purchase a home in the new development then the Council will meet the difference and hold this outstanding equity, but charging no rent up to the value of the new home. Resident homeowners will not be expected to increase borrowing on their mortgage to afford a home in the new development.
- Service charges for the new properties will be capped at their existing level for 5 years. Existing Freeholders will have their service charge capped at £1,000 pa for the first five years.
- Resident homeowners who wish to be bought out and leave the area will be offered the market value plus 10% (unless they move under the Early Purchase arrangement.)
- Homeowners will be able to choose the time when they wish to be bought out and move away up until the time when their property is required for development.
- Reasonable costs of moving, valuation and legal advice will be funded by the council.
- Compensation will be provided for Decent Homes work which had been paid for and for which the full benefit had not been enjoyed by the time the property is required for development.
- Owners who have a demonstrable need to move away early before the scheme is proceeding can be bought out for the market value under the Early Purchase arrangement.

5.4 The Structure of the Agreement

5.4.1 The Land

5.4.1.1 The land covered by the proposed CLSA is as follows (please see appendix 1):

- The West Kensington and Gibbs Green Estates
- The former Gibbs Green School
- 11 Farm Lane

5.4.1.2 CapCo have also indicated that they may wish to include 4 council owned properties on Seagrave Road within the comprehensive redevelopment scheme. At present, the Council has not received any plans to include these properties. However, should CapCo come forward with detailed proposals for their inclusion, the council will undertake a statutory consultation process with the 4 affected properties. Following consultation the Council will make a decision on whether to include these properties².

5.7.1.3 Should the properties be included, the council will receive 4 replacement properties within the development area and the tenants of these properties will be entitled to the tenant contract

5.4.2 Trigger Date

5.4.2.1 The agreement is a conditional agreement for the sale of this land. On signing of the agreement Capco has a five year option window in which to decide whether they want to go ahead. This is to give Capco the opportunity to put in place required permissions and funding to proceed with the development. Once Capco decides to proceed they serve a Trigger Notice on the council. Land transfers to CapCo in phases over time. Acceleration provisions have been negotiated to maintain project momentum.

5.4.2.2 It is intended that the current momentum in the project and the financial outlays that Capco will be required to make on signing will mean they would be in a position to go ahead swiftly and well before the final trigger date. However, the five year option window described above means there could be a delay in the commencement of the project

5.4.2.3 On signing of the agreement and irrespective as to whether the Trigger is eventually served, Capco will be required to purchase the Gibbs Green School site (subject to the council securing appropriate consents) and 11 Farm Lane for £15m.

² The occupiers of these properties have been informed about this possibility.

5.4.2.4 The Gibbs Green School Site is currently being used as a temporary site for Queensmill School secondary provision. Queensmill school moved to this site on a temporary basis whilst proposals for a purpose built school in White City were being pursued. CapCo purchasing the Gibbs Green school early, will provide the much needed funds to provide a secondary provision in White City. 11 Farm Lane is the site of a closed supported Hostel. The decision to close the hostel was taken in February 2011.

5.4.3 Acceleration provisions

5.4.3.1 Provisions have been negotiated in the possible Agreement to further secure project momentum.

- Capco must serve the Trigger Notice no later than 9 months after 150 (exact number to be agreed dependant on Councils requirements) new affordable units (out of the total of 200 required under the terms of the Seagrave Road section 106 Agreement) are completed on the Seagrave Road site. If this is not done, the Council can terminate the agreement
- If within 10 years of signing the agreement Capco have not provided the Council with 50% of the required replacement of social rent housing then the Council can terminate the agreement. This is conditional upon any delay not being caused by a lack of performance by the Council.

5.4.4 Payment for Council Land

5.4.4.1 There are two elements to the Council's consideration for the land. These are new replacement housing³ for the housing currently occupying the estates and a cash receipt of £105m. Taken together, the cash receipt and the replacement homes are considered to have a value of between £214 million and £288 million depending on the valuation approach used and officers, having taken specialist external advice, are currently of the view that the deal under the terms of the draft CLSA is likely to represent best consideration.

5.4.4.2 Replacement Housing

5.4.4.2.1 It is a condition precedent to the Council delivering vacant possession of the whole of the estates that the Council will receive 760 homes in replacement for the homes currently on the estates and tailored to existing residents' housing needs: 589 social rent properties and 171 private homes. This will mean that there will be no loss of social rent homes from the number which currently exists.

5.4.4.2.2 The 171 private homes will be offered in the first instance to existing lease and freehold owners on an equity share basis.

³ This is anticipated to form part of the planning obligations to be contained within the S106 agreement

5.4.4.2.3 The replacement housing should be provided either on the main development site, Seagrave Road car park site or on 11 Farm Lane. Any other sites can only be used with the agreement of both parties and with the agreement of any residents being offered property on them.

5.4.4.2.4 The new housing will be built to the following standards:

- Space standards within the London Mayor's Design Guidelines,
- Code for Sustainable Homes 4
- 100% Lifetime Homes
- Secured by Design certification
- HQI score of upper mid-quartile
- At least Silver Standard Building for Life

5.4.4.2.5 The re-provision must include a minimum of 75 houses, 66 house equivalent units (ground floor duplexes) and 161 parking spaces.

5.4.4.3 Cash Receipt

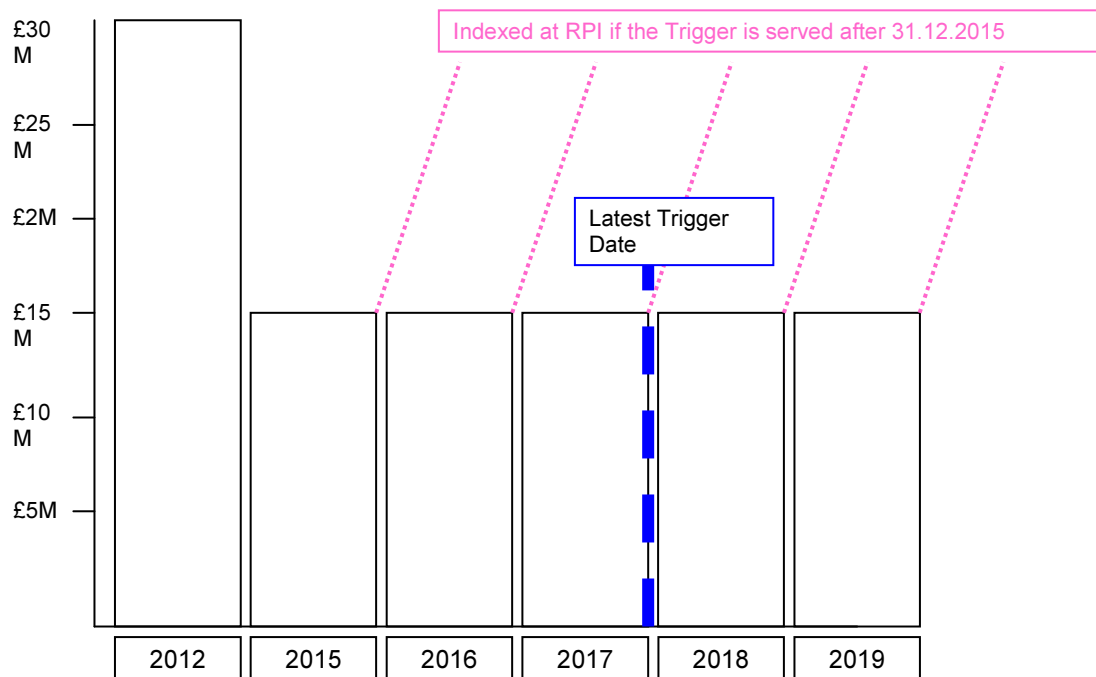
5.4.4.3.1 The cash payment will be received as follows:

5.4.4.3.2 Exclusivity - 15m for Exclusivity already received

5.4.4.3.3 Other Sites - £15m for Gibbs Green School and 11 Farm Lane on signing of the agreement. £12m of this will be used to construct a new educational facility at White City to which the current temporary use of the former school site will relocate.

5.4.4.3.4 Overage - Overage will be payable to the Council for any consented floorspace that is over 10.1m square feet.

5.4.4.3.5 Payment Schedule - The balance of the £75m is payable in 5 annual instalments of £15m from 31.12.2015. If the Trigger is exercised after 31.12.2015 then payments will be indexed by RPI from that date. See illustration below.



5.5 Capco funding assistance

5.5.1 The Council will be required to buy back or otherwise determine existing leases and freehold interests across its own land in order to secure vacant possession.

5.5.2 The Council has agreed to buy back owners who wish to leave in the following ways:

- From the date of the submission of Capco's main application (June 2011) to buy back owners who have a demonstrable need to leave, for open market value.
- From the later of an unchallengeable planning permission on the main scheme; a signed CLSA; and Consent from the Secretary of State, to buy back all resident-owners who wish to leave for open market value (in a no scheme world) plus 10% and all non-resident owners for open market value plus 7.5%.

5.5.3 Capco have agreed to make available funding for these buy backs on the following terms:

- A facility of £15 million from the date of signing the CLSA.
- A further £15 million facility will be made available by Capco from the later of: the signing of the CLSA; the issue of secure Secretary of State consent for the sale and a satisfactory main scheme planning permission.

- From serving of the trigger notice Capco will be responsible for funding all buybacks required if required by the Council.

5.5.4 If these facilities are used LBHF will have to refund CapCo at a later date from the annual payment instalments for these purchases as they are part of the cost of achieving vacant possession. The detailed risk analysis of these cash flows is being considered by the Executive Director of Finance and Corporate Governance and further commentary is included in the Director of Finance comments.

5.6 Long Stop Date

5.6.1 The final end date for the agreement is 2035. The Council will have received the cash consideration by 2020 at the latest. If the agreement is to be terminated, then the parties will retain the properties that have been purchased, although the Council will be given the opportunity to purchase the properties from Capco.

5.6.2 There is a detailed termination procedure included within the CLSA. Where there is termination as a result of the Council failing to secure vacant possession then the Council will be required to pay overage for any land which is sold to another party.

5.7 Key Obligation on the Council – Securing Vacant Possession

5.7.1 Once the Trigger is served Capco will serve notices on the Council requiring phases of land on the estates to be vacated. The Council will only be expected to vacate and handover any phase of land after the replacement housing has been built to meet the needs of secure social rented existing residents and to meet the entitlement of the resident leaseholders / freeholders in that phase.

5.7.2 Phasing Process

5.7.2.1 The draft CLSA explains in detail the phasing process to secure vacant possession. As explained previously Capco will use the Seagrave Road site to enable the phased re-provision. An indicative phasing plan has been agreed within the CLSA and is attached at Appendix 7. This plan is only indicative and the Council will be engaging with residents as the phasing plan develops. Capco may decide to alter the phasing plan going forward with justification. However, any proposal must always provide replacement housing in advance for the residents of a phase.

5.7.2.2 Capco will propose the future phases on the estates that they wish to acquire. However there are circumstances in which the council can influence or veto a phase if not satisfied that:

- The remainder of the estate can continue to function as a place to live while that phase is developed.
- Replacement housing to match the needs of residents of the identified phasing will be available in advance elsewhere in the development site.

5.7.3 Floor space Ceiling

5.7.3.1 The overall development needs to return 760 homes to the Council. The Council will agree with Capco a ceiling floor space that reasonably represents 760 properties with the existing number of bedrooms built to the size standards in the London Mayor's new Design Guidelines. In terms of agreeing a proposed phase the council may ask for additional replacement floor space within individual phases to meet the identified need but must stay within the overall allocation across the whole development.

5.7.4 Provision of Houses

5.7.4.1 The re-provided dwellings in each new proposed phase must contain at least 60% of the number of council for rent houses in the phase to be decanted. If Capco cannot achieve this and no other acceptable solution can be found then the council can veto the phase. Additionally each replacement phase must include 40% of the number of existing council rent houses as house equivalent units (ground floor duplexes) with front doors to the street and gardens. Both these provisions are subject to the ceiling amounts of 75 replacement houses and 66 ground floor duplexes.

5.7.5 Buy-back of existing Leasehold and Freehold Interests

5.7.5.1 To achieve vacant possession, the council would seek to enter into contracts with owners under which they can either require the council to buy their homes or to provide them with Replacement Homes. As explained previously, Capco (subject to certain triggers and qualifications) can provide LBHF with funding (at a cost) to meet these acquisition costs. This funding if utilised is then deducted from the annual payment instalments (as a cost of securing vacant possession).

5.7.6 Registered Provider (Housing Association) Ownerships

5.7.6.1 The Council will need to complete negotiations for relocation of the three Housing Associations (HAs) who have long leases and properties on the estates. Assured tenants of the HAs will be offered the right to become council tenants and stay within the new development, under the terms of the Secure Tenant Contract. The Council may agree to provide alternative sites within the Borough or to compensate the Registered Providers (RP's) for their land

interests. Potential sites being considered include Maclise Road and Fulham Cross.

5.7.7 Compulsory Purchase

5.7.7.1 Ultimately if agreement cannot be reached with existing tenants and owners the Council will need to utilise (subject to it being an appropriate use of such powers at the time) its compulsory purchase powers (CPO) to secure vacant possession.

5.7.8 Damages and Liabilities

5.7.8.1 The council will be subject to a performance regime for delivery of vacant possession to agreed dates. If the council can be shown to have failed to meet dates, due to matters within its control, then the council will be liable for damages to Capco. The amount of damages that the Council will be required to pay is capped at £10m. If the damages exceed £10m they are only payable out of the overage referred to in 5.6.2. Officers are satisfied that the performance dates are reasonable and achievable.

5.8 Best Consideration

5.8.1 Given the complexity of this regeneration scheme, Jones Lang LaSalle and PWC have been appointed to advise the council in respect of negotiations and for the offer to the council. A residual land value model has been used to arrive at a valuation for the land; this is based on the Council transferring each phase of the site with vacant possession therefore the Council will have to incur the costs of achieving this. This model has been adapted to reflect the potential transaction and the scheme as they have evolved. The model has been the subject of extensive review by the Council's advisors. This has included:

- Advising on the commercial aspects of the potential transaction
- Reviewing the financial model prepared by CapCo.
- Assessing the potential transaction for Best Consideration and value for money.

5.8.2 Preliminary letters from Jones Lang LaSalle and PWC are attached at Appendices 7 and 8. Based on these the Executive Director for Finance and Corporate Governance is of the view that the current position is likely to offer best consideration. This will be kept under review as negotiations are finalised.

5.9 Indemnity and Covenant

5.9.1 Capco have provided the Council with a separate indemnity against any blight claims up to £50m from the date of adoption of the SPD.

- 5.9.2 The Council considers it requires a covenant to the CLSA with assets of at least £50m in order to provide adequate protection from claims from the date of indemnity up to the Trigger Date. From Trigger Date this should rise to at least £75m (to guarantee the outstanding capital payments due to the council) but will decline thereafter as Capco make the annual payments due to the council and reduce their liability. Confirmation regarding the commercial acceptability of this level of guarantor is currently awaited from PWC.
- 5.9.3 Officers understand that Capco have set up a subsidiary, EC Properties Limited Partnership as a special purpose vehicle to hold the Earls Court Land interest and take forward the development. Officers also understand that Capco have proposed this subsidiary is the principal contracting party to the CLSA but that it's obligations are guaranteed by Earls Court Ltd which is an existing Capco group company. The Council has required investigation on the assets of these entities to ensure that they are adequate. This work is being undertaken by PWC.

6. SECRETARY OF STATE CONSENT

- 6.1 If and when, a decision were to be made to sign the potential agreement, the council would need to apply for Secretary of State's Consent to dispose of the housing land it intends to sell. The decision to apply for consent needs to be confirmed by a Full Council meeting. If consent cannot be obtained (either without conditions or to both parties satisfaction) or if deadlines are not adhered to by the Council then the agreement will be terminated. In this case the Council will need to re-pay £10m of the £15m received under the Exclusivity Agreement.
- 6.2 Assuming a satisfactory Consent is secured, then should the Trigger not be served in the five years then the agreement will be terminated. The council will retain £15m paid to it under the Exclusivity Agreement and the payments made for Gibbs Green School and 11 Farm Lane.
- 6.3 Gibbs Green School and 11 Farm Lane will be subject to an overage agreement to ensure that the council still receives best value for the sale if the development does not proceed.

7.0 RESOURCES

- 7.2.1 In order to maintain progress of the Project, further resources will be required as shown below, totalling £116,710 p.a for resources.
- 7.2.2 The resources required are shown in the table below:

Posts	Grades	Employment Status	Salary plus oncosts
Re-housing Officer	S02	Full Time	£39,449
Principal Legal Officer	P03-4	Part Time	£24,603
Communications Officer	P05	Full Time	£52,658
Total			£116,710

7.2.3 The council will undertake a regular review of the resources in order to reflect the needs of the project at the time.

8.0 PROFESSIONAL ADVICE

8.1 In order to ensure that the Council's interest are properly protected within any final agreement, additional professional advice is now required as the final details of the Conditional Land Sale Agreement are drawn up and negotiated with EC Properties. This will take expenditure on the project beyond the current level of approved funds.

8.2 The estimated costs of the professional advice needed to complete and exchange the potential CLSA are estimated as follows:

Legal	£750,000
Commercial Property	£150,000
Financial	£150,000
Resident legal advice	£20,000
Total	£1,070,000

8.3 Until completion of the Conditional Land Sale Agreement the costs outlined above will be held as the costs of the land disposal and will be off-set against the £5 million from the Exclusivity Agreement.

9.0 EQUALITY IMPLICATIONS

9.1 As part of the recent consultation process the council invited residents to comment on the draft EqIA. As noted above, the Council is updating the current draft of the EqIA to reflect comments received during the consultation exercise. The final assessment will accompany the detailed report to Cabinet when this is eventually made. As explained above, the EqIA is in the course of development and will need to be considered by Cabinet members and taken into account when Cabinet makes its final decision whether to proceed with proposals. The Council has already published on its website the EqIA produced for the purpose of the

Council's decision to undertake the consultation exercise starting in January 2012.

10.0 COMMENTS OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES

10.1 Valuation of Earls Court Consideration and Valuation of site

10.1.1 The financial implications are based on the current position on negotiations in relation to the terms of the proposed Conditional Land Sale Agreement and are subject to possible change. Therefore all figures below should be considered draft.

10.1.2 Jones Lang LaSalle and PWC are involved, as the Council's advisors, in considering and negotiating the terms of this possible transaction. Signed preliminary letters from the Council's advisors to this effect are attached to this cabinet report in Appendixes 7 and 8. Based on the draft figures, the Executive Director for Finance and Corporate Governance is of the view that the current position is likely to offer best consideration. This will be kept under review as negotiations are finalised. Before the final signing of the agreement our advisors will be asked to confirm if they still stand by these letters or if they wish to add further commentary. The letters include a number of caveats / issues, the key ones are listed below together with the actions being taken:

Caveat / Issue	Action taken
<p>Duty of care letters over all input costs and revenues within the residual land value that have been provided by Capco's technical consultants including the valuation of the replacement properties for leaseholders (the intermediate units). A duty of care is needed from:</p> <ul style="list-style-type: none"> • CBRE: who produced the residual land value model, this gives us comfort that the values used in the model came from the consultants listed below. • EC Harris: who provided the cost plan used in the residual land value model • Savills: who provided the sales values including the value for social housing / intermediate properties used in the land value model and the value of the intermediate replacement homes (which is comparable with that in the model). Note only PWC have asked specifically for this duty of Care 	<p>Letter received from CBRE and EC Harris Savills currently outstanding</p>
<p>No change in the main commercial terms in the final CLSA</p>	<p>The CLSA is currently being finalised, the final CLSA will be shared with our advisors. As noted above before any final signing of the CLSA our advisors will be asked to confirm if they still stand by these letters or if they wish to add further commentary</p>
<p>Detailed model audit</p>	<p>Mazars have been appointed to do this work which is currently in progress.</p>
<p>Valuation of equity held in replacement leaseholder properties</p>	<p>This has been discounted in the indicative consideration figures below based on sales turnover on the Gibbs Green and West Kensington Estates over the last ten years.</p>

Caveat / Issue	Action taken
<p>Clarify if any legal restrictions which may be placed upon the re-sale of the intermediate homes, such as whether they can be sold as private homes on the open market.</p>	<p>There are no current restraints that would prevent this from happening. It should be noted that for properties held within the Housing Revenue Account the receipt has to be reinvested for Housing and Regeneration purposes. If this does not happen the monies have to be paid over to Central Government. This is likely to be the case for the majority of these properties.</p>
<p>CapCo should confirm that they will bear the risk on the completeness of the planning, site clearance costs and the costs associated with the continuity of occupation. The residual land value determined should not subsequently be revised to compensate.</p> <p>The parties accept that further design and cost plan development will continue until and beyond the submission of detailed planning applications for development phases and this will affect the programme, costs and values currently reflected in the financial model.</p> <p>Negotiations are still ongoing regarding the Section 106 obligations required by the scheme</p>	<p>There is no ability within the draft CLSA for CapCo to transfer these risks or subsequently revise the consideration as a result of changes to these costs.</p> <p>It should be noted however that the current draft CLSA does contain overage payable to the council should the final consented gross internal area exceed that agreed as part of the master plan proposal.</p>

10.1.3 It is important that the Council receives best consideration via the CLSA and there are a number of different approaches which can be taken to valuing the consideration we are receiving. Having given due consideration to the complexity of this regeneration scheme and following a workshop run by our advisors, Jones Lang LaSalle and PWC exploring the range of possible methods of valuing both the site and the consideration payable based on their advice we have arrived at the approach set out below.

10.1.4 It must be remembered throughout that the land valuation against which the consideration is being compared is based on CapCo being transferred the land with vacant possession. All figures set

out below should be considered draft as they are still subject to finalisation of the CLSA. It should be noted that the figures detailed below are the result of a forecasting exercise and therefore should not be taken as confirmation of the final value or timing of the receipts.

10.2 Approach used to assess the Consideration

10.2.1 Cash consideration received under the CLSA of £105m (£104.5m excluding the 4 Seagrave properties)

10.2.1.1 £15m has already been received on the signing of the exclusivity agreement. A further £15m for Gibbs Green School and 11 Farm Lane will be received on signing of the Conditional Land Sale Agreement. The balance of the cash consideration is received in 5 equal annual instalments, the first being received on 31st December 2015 if the trigger is served on or before this date.

10.2.1.2 If the trigger is served after the 31st December 2015 the first payment is due on service of the trigger notice with the four subsequent payments due on the anniversaries of the trigger date. If this happens the payments are indexed using RPI for the period between the month of December in the year in which the relevant advance payment would have been received as per paragraph 10.2.1.1 above and the index figure for the calendar month before the calendar month in which the payment is actually due as a result of the later service of the trigger notice.

10.2.1.3 The cash consideration received should therefore be discounted to allow for the time value of money between now and the projected date of receipts. A 6.6%⁴ discount rate yields a discounted value for the cash consideration of £82m. A 9% discount rate would yield a value of £77m, this more prudent assumption has been used in the core scenario illustrated below.

10.3 Valuation of replacement social housing provided under the CLSA including replacements for homes belonging to registered providers

10.3.1 In order to obtain vacant possession of the land the council has an obligation to re-provide the social housing.

10.3.2 The Council would, in order to be able to provide vacant possession, have to meet the cost of building replacement homes.

⁴ Treasury nominal discount rate (with an allowance for inflation at 3%) based on a risk free return.

- 10.3.3 Therefore the cost of the re-provision of the social housing has been used to value this element of the consideration as this is the bill the Council would have to pay.
- 10.3.4 It is important to note that this is different to the income assumed from the sale of social housing that has been added to the financial model when arriving at the residual land valuation of £235.6 million as detailed in paragraph 10.7.3 below. This income is based on an “Existing Use-Social House Valuation” as this is what the scheme would make from the social housing if it was sold to another buyer due to the council having re-provided the housing elsewhere, say by using the theoretical cash that would be paid to the Council instead of the replacement homes should they not be being provided on the scheme.
- 10.4 *Valuation of the replacement leaseholder / ex freeholder properties in which the Council retains an equity share.*
- 10.4.1 If the leaseholders / freeholders were not taking on a replacement property then the council would have to buy back their current properties in order to gain vacant possession of the land. As the leaseholder / ex-freeholder has taken a share in a replacement property the Council has not had to pay the leaseholder / ex-freeholder cash for this cost of vacant possession.
- 10.4.2 This cost would be equivalent to the share of market value the leaseholder receives in a new property. Therefore the market value of the leaseholder / ex-freeholder share has been used to value this element.
- 10.4.3 The equity share retained by the Council is ultimately tradable at market value when the leaseholder chooses to sell the property as properties would be sold out right on the open market. This element has therefore been valued at market value. However this element is not fully liquid, hence the value has been discounted as, although some properties change hands over time, some will be held by the same owner for a very long period of time. A discount of 35.9% has been applied to the Councils equity share based on the turnover of properties on the estate based on an average turnover excluding re-sales of 5 properties per annum over a period of 15 years⁵.

⁵ The Council's equity share in the Leasehold properties has been discounted by 35.9%. The annual sales volumes have been based on the volume of sales of leaseholder properties in 1999-2011 on the West Kensington and Gibbs Green Estate. Average sales as per the Land registry were 5.92 per annum, (making a prudent assumption of no more sales in 2011), after excluding properties that sold several times in the period the average turnover was 5 properties per annum. There are 117 resident leaseholders and freeholders currently on the estate. At the historic sales rate all these properties would be sold at some point in the 23 years. Over 15 years, based on historic data it is likely that 75 of the 117 resident leaseholder and freeholder properties would be sold, realising 64.1% of the equity. Given that the development period is anticipated to be at least 10 years and that transactions will occur throughout this period this is considered by officers to be a reasonable assumption.

10.5 Valuation of replacement “leaseholder” properties which are owned by the Council as the leaseholder / freeholder has opted to be bought out.

10.5.1 These will be 100% owned by the Council. Therefore they have been valued at market value.

10.5.2 It should be noted that the Council will provide replacement properties for all tenants as per the promises. There is a risk that should there be net overcrowding across the estates that the gross internal floor area specified in the agreement would be insufficient to provide all the replacement homes. Therefore for the Council to keep its promises, there is a risk that some of the replacement “leaseholder” properties currently allocated for sale would potentially need to be used to house tenants. However the financial impact of this could be mitigated by selling other properties as they become void whilst maintaining the same volume of social housing. Given this mitigation a significant financial impact is unlikely to crystallise, the value of the consideration would be protected and the promises to tenants that they would receive new homes within the development would be kept.

10.6 Summary of consideration received when valued using the above methodology:

10.6.1 The approach used above yields a range of valuations for the consideration from £274 million to £283 million, the exact number depends on the number of leaseholders / freeholders who opt to be bought out as follows:

	Illustrative Gross Consideration assuming all Leaseholders bought back (i.e. before costs)	Illustrative Gross Consideration assuming only non resident leaseholders are bought back (i.e. before costs)
Cash Consideration: £105m discounted at 9% to allow for the phasing of payments ⁶	£77m ⁷	£77m
Non Cash Consideration:		
589 Replacement Social Homes ⁸ : property received	£103m ⁹	£103m
Replacement leasehold / Freehold properties for 54 non residents ¹⁰ : property received	£31m	£31m
Replacement leasehold / freehold properties: all 117 resident: Leaseholders bought back. Note this also impacts on costs as shown in section 7.17 ¹¹ : property received	£72m ¹²	N/A
Leaseholder / freeholder elects to stay: 117 replacement leasehold / freehold properties: resident: Leaseholder share ¹³ : see footnote	N/A	£48m
Leaseholder / freeholder elects to stay: 117 replacement leasehold / freehold properties for residents: Council Equity Share in property	N/A	£24m

⁶ These figures assume the inclusion of the additional 4 properties on Seagrave Road, see PWC Letter in Appendix 8 for derivation of number

⁷ A 6.6% discount rate would yield a value of £82m, this would increase the range of consideration to between £288m and £279m.

⁸ Based on EC Harris costs used in residual land value model. The cost of replacing the social homes has been used as there is an obligation on the Council to provide replacement properties in order to be able to provide the site with vacant possession. CapCo by providing the properties are effectively relieving the council of this obligation and are therefore paying the cost of these properties on behalf of the Council.

⁹ Comprising £92.61m for the Council's 531 replacement social rented properties and £10.12m for the 58 replacement properties provided for the Housing Associations (Registered Providers) as per Jones Lang LaSalle letter in Appendix 7.

¹⁰ Currently valued at market value based on valuation provided by Savills to be covered by the duty of care and reviewed by Jones Lang LaSalle as part of their consideration advice.

¹¹ Currently valued at market value based on valuation provided by Savills to be covered by the duty of care and reviewed by Jones Lang LaSalle as part of their consideration advice.

¹² These leaseholders / freeholders would have to be bought out at a cost of circa £48m, this has been allowed for in the worst case cash flow scenario modelled later on in this note.

¹³ Provision of these properties means that the Council does not have to fund the buyback of these leaseholders properties from the consideration. Therefore this forms part of the consideration as the land value is based on delivering the land with vacant possession and this would otherwise form a cost of achieving vacant possession

	Illustrative Gross Consideration assuming all Leaseholders bought back (i.e. before costs)	Illustrative Gross Consideration assuming only non resident leaseholders are bought back (i.e. before costs)
Discount Councils Equity share of Leaseholder buy backs ¹⁴ .	N/A	(£9m)
Total (Excluding costs)	£283m	£274m

10.7 Valuing the land with vacant possession

10.7.1 A residual land value model has been used to arrive at a valuation for the land; this is based on the Council transferring each phase of the site with vacant possession therefore the Council will have to incur the costs of achieving this. This model has been adapted to reflect the deal and the scheme as they have evolved. The model has been subject of extensive review by the Council's advisors. This has included:

- Advising on the commercial aspects of the deal
- Reviewing the financial model prepared by CapCo.
- Assessing the deal for Best Consideration and value for money.

10.7.2 Additionally a detailed model audit is currently being carried out by Mazars.

10.7.3 The current residual land valuation model generates a valuation of £191 million. However Jones Lang LaSalle have identified a number of items which they consider require adjustment. These are detailed in their letter in Appendix 7. After adjusting for these items Jones Lang LaSalle have proposed a base valuation of £236.6 million. It is possible to make these adjustments in a number of different ways taking into account sensitivity analysis and variables, which again yield a range of values up to a maximum of circa £258 million based on a 20% developers profit on the private for sale units in the model.

10.7.4 Farm Lane is not included within the residual land value model. The inclusion of Farm Lane enables the value of the main site to be

¹⁴ The Council's equity share in the Leasehold properties has been discounted by 35.9%. The annual sales volumes have been based on the volume of sales of leaseholder properties in 1999-2011 on the West Kensington and Gibbs Green Estate. Average sales as per the Land registry were 5.92 per annum, (making a prudent assumption of no more sales in 2011), after excluding properties that sold several times in the period the average turnover was 5 properties per annum. There are 117 resident leaseholders and freeholders currently on the estate. At the historic sales rate all these properties would be sold at some point in the 23 years. Over 15 years, based on historic data it is likely that 75 of the 117 resident leaseholder and freeholder properties would be sold, realising 64.1% of the equity. Given that the development period is anticipated to be at least 10 years and that transactions will occur throughout this period this is considered by officers to be a reasonable assumption.

maintained at that shown in the residual land value model. Farm Lane enables the Council to meet its promises regarding replacement houses as well as enabling the main site to be decanted and built out over a shorter time frame. Our advisors have determined that without this site the residual land value of the main site would decrease by more than the difference between the highest possible open market value of Farm Lane and the £5 million being received for Farm Lane as part of the overall consideration. Should the trigger not be served then the overage clause contained within both the Farm Lane and Gibbs Green former school site sale agreements is designed to ensure best consideration is in any event achieved, this includes an option for the Council to repurchase the sites from CapCo at par. Commentary on the consideration paid for Farm Lane is contained within Appendix 1 of the Jones Lang LaSalle letter contained in Appendix 7 of this report.

10.7.5 Additionally, Capco is also seeking to purchase Transport for London's (TfL's) land holding in the development area. The council understands that the commercial terms and risk transfer inherent in the proposed deal are different to the council's proposed transaction. The Council's current understanding is that the terms of the TfL transaction are now not comparable to the Council's deal in that there is no guaranteed sum payable to TfL for the purchase of land. It should be noted that it is possible that the CLSA will conclude before the TfL deal is concluded.

10.8 Range of values generated by other methods of valuing consideration

10.8.1 Taking into account sensitivity analysis and variables the consideration can be valued in a number of different ways giving a range of available values. We believe we have used the most appropriate method but other possible methods are expanded on here to illustrate sensitivities.

10.8.2 In addition to the approach used above it is possible to:

- a. value all the properties at existing use.
- b. to value both the replacement social homes and the leaseholder equity in the leaseholder / freeholder replacement homes at cost.

10.8.3 These alternative approaches give a range of values as set out on the next page. All examples shown assume all current resident leaseholders choose to remain on the estate as this gives the lowest possible range for consideration.

	Alternative methods of valuing consideration		Base Illustrative Gross Consideration assuming only non resident leaseholders are bought back (i.e. before costs) as per paragraph 2.5 above
	Using valuation throughout (a. in paragraph 10.8.2)	Valuing replacement leaseholder equity at cost of provision. (b. in paragraph 10.8.2)	
Cash Consideration: £105m discounted at 9% to allow for the phasing of payments	£77m	£77m	£77m
Non Cash Consideration:			
589 Replacement Social Homes: property received	£43m ¹⁵	£103m	£103m
Replacement leasehold / Freehold properties for 54 non residents: property received	£31m	£31m	£31m
Leaseholder / freeholder elects to stay: 117 replacement leasehold / freehold properties: resident: Leaseholder share:	£48m	£22m	£48m
Leaseholder / freeholder elects to stay: 117 replacement leasehold / freehold properties for residents: Council Equity Share in property	£24m	£24m	£24m
Discount Councils Equity share of Leaseholder buy backs.	(£9m)	(£9m)	(£9m)
Total (Excluding costs)	£214m	£248m	£274m

10.8.4 This gives a maximum indicative range of values for consideration between £214 million and £288 million¹⁶, compared to land values ranging from £191 million to £258 million¹⁷.

10.9 Funding and Cash flows

10.9.1 As noted above the consideration under the possible CLSA is paid on the basis that the Council transfer the land with vacant possession. The amount and the timing of costs will vary depending

¹⁵ Uses the lowest valuation provided by JLL to take a prudent approach, valued in the current residual land value model at £52m

¹⁶ Assuming all leaseholders opt to be bought out and using the 9% treasury discount rate to value the cash element of the consideration

¹⁷ Plus Farm Lane

on the volume of resident leaseholders who opt to leave the estate, more details on this, the principal cost, are given in paragraph 10.10 below. They will also vary according to when the trigger is served and the speed of the development. Appendix 9 shows the likely indicative range of costs involved at current values (i.e. with no allowance for inflation).

10.10 Buying Back Owners on the Estates

10.10.1 The council will be required to buy back or otherwise determine existing leases and freehold interests across its own land in order to secure vacant possession.

10.10.2 The Council has agreed to buy back owners who wish to leave in the following ways:

- From the date on which Capco submitted the planning application for the main site, 23rd June 2011, buy back owners who have an identified need to leave, for open market value.
- From the later of an unchallengeable planning permission on the main scheme; a signed CLSA; and Consent from the Secretary of State, to buy back all owners who wish to leave for open market value (in a no scheme world) plus 10%.

10.10.3 There are two ways in which each of the individual buybacks could be funded:

- 1) The council can buy back the properties directly from the leaseholders and freeholders. It can fund this by either:
 - using capital receipts, the most likely source of which is those generated by the expensive voids sales programme
 - borrow funds within the HRA using the £37m of headroom that remains following the implementation of self financing subject to the comments in the 2012 budget statement. This uses the existing HRA asset base to increase gearing within the HRA.
 - borrow if there was the appetite via the general fund.

Income would be received from letting the properties purchased which would as a minimum partially, if not wholly, offset the borrowing costs.

- 2) By CapCo, subject to the payment of holding costs, as follows:
 - CapCo have made available a facility of £30 million which is available in two tranches of £15m
 - From serving of the trigger notice (exercise of the option) CapCo will be responsible for funding all buybacks if required.

- 10.10.4 It is important to note that, should LBHF opt for CapCo to buy back the Leaseholders / Freeholders, LBHF will have to pay CapCo at a later date for these purchases as they are part of the cost of achieving vacant possession unless the agreement is terminated. On termination CapCo simply retain the properties. This means that potentially on termination this could leave a developer with a high level of pepper-potted ownership on the estate.
- 10.10.5 LBHF will also have to pay for the net holding costs incurred on any properties purchased by CapCo until CapCo take transfer of the land containing the property or until the agreement is terminated. These costs can be deferred until the trigger is served. Current negotiations are working on ensuring that should the trigger never be served these costs will not be payable. These costs have to be paid to CapCo as follows:
- Revenue costs to Capco of holding the properties need to be re-paid annually from the trigger date. Capco have a duty to maximize rent from properties, which will need to be deducted from costs.
 - Capital costs will be deducted from the payment installments received following the trigger. This can only be up to a maximum of 50% of the payment tranche. Capco will charge a holding cost on any money advanced to contribute to its costs of providing this finance. This has been agreed at flat rate of 6.5% over 6 month Libor.
 - Capco can fund the buybacks as above but the council can pay off some or all of the capital debt at any point and gain a secure charge over the property. This option reduces or eliminates the capital holding cost. Revenue costs would still be payable to CapCo as set out above.
- 10.10.6 The Capco funds are a useful facility, however they are available at rates substantially greater than the Public Works Loan Board There is also a significant risk attached to them purchasing a large volume of properties on the estate in that should for some reason the agreement terminate or the trigger never be served the Council would have an estate where potentially a large proportion of leaseholds / freeholds were held by the same developer. This could potentially render future regeneration on the estate more difficult following any termination event.
- 10.10.7 The Council can borrow at a lower rate than can be provided by CapCo, has funds in the Decent Neighbourhoods Fund available and has a likely future stream of capital receipts within the HRA which could potentially be utilised to fund leaseholder buybacks. Prior to the Localism Act and HRA reform the Council could only easily let a buy back as an Assured Shorthold Tenancy at full market rent via the General Fund. It should however be possible to utilise the new Fixed Term tenancies created under the localism act

and let at 80% of market rents within the HRA provided the Council can easily regain vacant possession at the end of the fixed term tenancy. The Director of Housing Options and his team are currently working on proposals to this effect. Should this later approach be possible it is likely to be more financially advantageous for the Council to buyback properties directly from owners and the cash flow presented later in this note assumes this approach is possible. A separate report will be bought back to Cabinet on this issue but in the meantime it will be proposed that funds are earmarked in the decent neighbourhoods pot for this purpose.

10.10.8 A regular six monthly assessment of the viability of each method will be carried out by officers.

10.11 Cash flows and sensitivities

10.11.1 Summarised below is an indicative cash flow assuming the trigger is served. This assumes:

- the Council fund all the leaseholder buybacks as this results in the highest peak cash out flow. Sensitivities showing the impact of using different funding methods for buybacks on the peak cash outflow and the cash position at 2030 are shown below.
- all non resident leaseholders / freeholders are bought back and 25% of the resident leaseholders / freeholders are bought back. Sensitivities showing the impact of differing levels of buybacks on the peak cash outflow and the cash position at 2030 are shown below.
- buy backs occur in the first two years, in practice it is likely that buybacks will occur over the life of the scheme.
- the trigger is not served until the end of the 5 year period.
- it is based on indicative phasing received from Capco and an indicative fastest possible development time line has been used. Sensitivities showing the impact of a longer development period on the peak cash outflow and the cash position at 2030 are shown below.
- RPI of 2.5% and HRA loans pool borrowing at 5.6%. Sensitivities showing the impact of differing levels of RPI and the HRA loans pool rate on the peak cash outflow and the cash position at 2030 are shown below.
- that we are unable to protect the Council from Stamp Duty Land Tax on the replacement properties via the section 106. We will endeavour to use the Section 106 agreements to do this. This adds a significant cost of circa £23m which is included within this cash flow.
- Property inflation is the same as RPI, the receipts from CapCo are indexed as per the proposed agreement to allow for late payment. Sensitivities showing the impact of differing levels of property inflation on the peak cash outflow and the cash position at 2030 are shown below.

- A contingency on non buy back costs of 20%

10.11.2 The table shows the position if none of the replacement Leaseholder /Freeholder properties owned by the Council as a result of the buy backs are sold / generate a cash receipt, and the position if this mitigating action is taken. Note these cash flows have not been discounted to present values and this will be done in the final finance comments on any possible future Cabinet report.

10.11.3 The indicative cash flow forecast can be summarised as:

Base Case: Council Funds all buybacks, buybacks let at 80% market rent	Cash in / (out) £,000
Peak Cash requirement excluding receipts from the sale of properties received to replace the ex-leasehold / freehold properties which the council has bought back and receipts from letting of those properties bought back	(37,546)
Peak Cash requirement including receipts from the sale of properties received to replace the ex-leasehold / freehold properties which the council has bought back and receipts from letting of those properties bought back	(32,195)
Cash Requirement at 2030 including receipts from the sale of properties received to replace the ex-leasehold / freehold properties which the council has bought back and receipts from letting of those properties bought back	63,668
	Year of peak cash out flow
Year of peak cash outflow including buyback sales	2018

10.11.4 It should be noted that this forecast will continue to be flexed as the final negotiations conclude. Due to the nature of the CLSA ongoing forecasting will be required as the exact timing of events becomes clear.

10.11.5 It is important that during the course of the development that sufficient funds are held to enable the buying back of properties and to manage other risks. It is therefore recommended that until the volume of buy back requests on the estates becomes apparent that sufficient funds are ring fenced to enable all leaseholders to be bought back if required.

Sensitivity modelled	Impact on Peak Cash requirement including receipts from the sale of properties received to replace the ex-leasehold / freehold properties which the council has bought back and income on letting them	Impact on 2030 Cumulative Cash requirement including receipts from the sale of properties received to replace the ex-leasehold / freehold properties which the council has bought back and income on letting them
Sensitivities which increase peak cash requirements	£'000	£'000
100% buybacks, Council funds	(37,895)	28,277
CapCo fund all buybacks, 100% Buybacks , use of CapCo Facility maximised	(25,049)	18,076
Plus 10% on all costs (includes 10% House Price Inflation)	(8,118)	(6,502)
House Price Inflation: 10% Increase in 2012, 20% decrease in 2020	(4,539)	(8,298)
Plus 10% on non buyback costs	(3,567)	(6,384)
1% Increase in Stamp Duty	(1,328)	(6,273)
RPI: 1% Increase	(1,083)	242
Extra £500 increase per property in maintenance costs	(58)	(404)
Sensitivities which decrease peak cash requirements	£'000	£'000
Slower development: all later phases delayed by 2 years	0	3,387
Libor: 1% Increase and 1% increase in loans pool rate	110	368
Council Terminates as only Seagrave developed	1,560	(64,614)
House Price Inflation 10% Decrease in 2012	4,037	(285)
Trigger not served	6,354	(61,412)
Maximum CapCo funding used for buybacks, all non resident and 25% of resident leaseholders bought back	9,971	(16,810)

10.12 Impact on 30 year Housing Revenue Account (HRA) business plan

- 10.12.1 The CLSA will have a significant impact on the 30 year HRA business plan. It should be appreciated that as this is a conditional agreement there is a level of uncertainty at this point in time in terms of the timing of cash flows and officers will continue to work on this on an ongoing basis.
- 10.12.2 The initial business plan and forecasting will develop as certainty increases concerning the serving of the trigger notice, the detailed phasing and the volume of leaseholder buy backs. The principal

impacts of the CLSA on the 30 year HRA business plan are likely to be:

- Significant stability on maintenance costs as a result of receiving high quality new build properties to replace properties which currently have a significant long term maintenance requirement.
- A short term contained increase in service costs.
- Costs arising from holding the properties bought back from leaseholders if these are not fully covered by rental income.
- Potential repayment of a significant amount of HRA debt in the longer term and / or additional funds available for investment in Housing and Regeneration.
- A possible short term funding requirement if there is a significant demand for leaseholder buybacks if as anticipated the Council opts to buy back properties direct from Leaseholders / Freeholders (this depends on the net holding cost, see section 10.10 above)
- A short term call on HRA reserves to fund costs which are not capitalisable under CIPFA guidance e.g security costs.
- A possible call on HRA reserves if damages arise if vacant possession is not achieved in line with the timescales proscribed within the HRA. This is capped at £10m. It should be noted that this is more than the amount currently held within reserves and this potential exposure should be taken into account when setting target reserves balances for planning purposes.
- Costs arising from legal challenges

10.13 Financial Risks

10.13.1 The principal financial risks and their mitigating factors can be summarized as:

- Interest rates:
 - If the Council buy back the properties directly this can be mitigated by using the receipts from the Decent Neighbourhoods Fund (i.e. by not using funds to repay existing debt or to invest in new initiatives) and by the Council's ability to borrow fixed rate funds at a competitive rate via the PWLB. There is however an opportunity cost that arises as these funds could have potentially been used for other purposes.
 - If the Council use the CapCo funding facility the Council is exposed to a level of interest rate risk as this facility is totally variable. This risk could be partially mitigated by paying off the capital debt with CapCo early using funds as above. As noted in paragraph 10.10.7 above it is likely that the Council would instead buy back the properties directly from leaseholders / freeholders.
 - The sensitivity of cash flows to interest rates is illustrated in paragraph 10.11.5 above.

- Inflation. This would increase costs which would be offset to some extent by additional income. The sensitivity to inflation is illustrated in paragraph 10.11.5 above.
- House Price Inflation (HPI): high levels of HPI would increase the cost of Leaseholder / Freeholder buy backs. However unless there was a later dip in the Housing Market this would result in the replacement properties received by the Council having a higher value. Should property prices decrease after the leaseholders / freeholders have been bought out but prior to the Council receiving the replacement properties the Council would have the ability to hold the properties in the longer term until the Housing Market cycle reversed subject to careful monitoring of the HRA 30 year business plan.
- Holding costs of properties in the event of a termination occurring
- Should the Council have opted to use CapCo to fund the buybacks this could result in a significant cost to the Council with no return.
- Should the Council opt to buy back properties directly from the leaseholders / freeholders it is anticipated that following the localism act the rental income stream from the properties would cover the bulk of the holding costs of the properties as well as providing additional affordable accommodation. Should the CLSA then terminate the Council would be able to sell the properties purchased from leaseholders / freeholders if desired, recover the capital costs and benefit from any capital gain.
- Running costs for replacement properties, a sensitivity has been modelled for this in paragraph 10.11.5 and we are in the final stage of negotiations designed to contain these costs.
- Stamp Duty Land Tax (SDLT): if the agreement is incorrectly structured or there is a change in legislation there is a risk that the transfer of the social rented properties would attract SDLT based on their full market value. The cash flows modelled above assume this SDLT is payable. However as SDLT would be payable on the open market value of the replacement homes these figures should be viewed as indicative as the amount will depend on the property market at the time the homes are given to the Council and on SDLT rates then in force. A sensitivity has been modelled for this in paragraph 10.11.5
- Replacement properties; The Council will as promised provide replacement properties for all tenants. There is a risk that should there be net overcrowding across the estate that the gross internal floor area specified in the agreement would be insufficient to provide all the replacement homes required. This would mean that some of the replacement properties currently allocated for sale would need to be used to house tenants. However other properties could be sold as they became void thereby mitigating the financial impact. Given this mitigation this risk is unlikely to crystallise.

- Risk of challenge costs : under the CLSA challenges must be defended if the chance of success is between 40% and 50% or higher depending on the type of challenge with the cost of defending the challenge being split 50:50 between the developer and the Council. If the chances of success are lower then under certain circumstances Capco can still require the challenge to be defended but will pay all the costs of doing so. Allowance has been made for these costs within the cash flow forecasts based on estimates provided by officers in our legal department however there is a risk that additional funds may be required. No material allowance has been made for possible challenges prior to any formal council decision to enter into the CLSA.
- Damages, especially for failure to give vacant possession. The agreement caps these at £10million however it should be noted that it also contains an overage clause applicable to the Council that allows for additional damages to be paid should the agreement be terminated and should the Council sell the land to another developer within 5 years of termination

10.14 Indemnity and Capco covenant package

- 10.14.1 CapCo have provided the Council with a separate indemnity against any blight claims up to £50m from the date of adoption of the SPD.
- 10.14.2 The Council are currently taking advice from PWC on the size and nature of the Capco covenant package contained within the CLSA and this will be reported on in full in the final report prior to signing the CLSA. It is important that this information is up to date at the point of signing.
- 10.14.3 The Council is in the process of undertaking final due diligence on the assets in EC Properties LP and Earls Court Ltd to ensure they are adequate. This work is being undertaken by PWC. This needs to occur just prior to the CLSA being signed and will need to be reviewed on an ongoing basis.

10.15 Accounting Treatment

- 10.15.1 The land proposed to be sold by the Council is held partly in the General Fund and partly in the Housing Revenue Account (HRA). The total consideration will need to be apportioned between the two funds based on the acreage of land. Any receipts apportioned to the HRA will potentially be caught by capital pooling regulations. These regulations have recently been consulted on and a final version of the new regulations is currently awaited. In order to avoid pooling the Council is likely to have to ensure that all the monies pertaining to the HRA, both those received directly from CapCo and those from the sale of properties are reinvested in Affordable Housing, Regeneration and subject to the new regulations the repayment of HRA debt. This is likely to include funding the cost of any buybacks

incurred and should it as expected be possible offset the repayment of debt for capital pooling purposes then it is anticipated that with planning it should be possible to retain the full receipt.

- 10.15.2 As the cash receipts do not follow the land transfers, the accounting treatment is fairly complex.
- 10.15.3 The accounting treatment for each phase will need to be agreed with the external auditors and it should be recognised that the precise treatment may deviate from that set out below as the rules governing it are likely to change over the life of this project. One key issue will be how we hold the replacement properties for leaseholders, both those in which we retain an equity share and those which we own out right where the leaseholder has opted to be bought out. The table of costs set out in Appendix 9 above gives an indication of the accounting treatment for costs based on current rules.
- 10.15.4 An initial £15m has already been paid to the Council on signing the Exclusivity Agreement. £10m of this is refundable if the CLSA is not entered into or Secretary of State's consent is not obtained for the overall disposal, £5m is not refundable. The £5m is currently treated as a capital receipt in advance The £10m is retained as a long term liability pending the granting of consent by the Secretary of State. It is likely based on current negotiations that following the granting of a satisfactory Secretary of State consent that the £10m can be retained by the Council in the event of termination because Capco have not served the trigger notice. Therefore following granting of Secretary of State consent this amount will become a capital receipt.
- 10.15.3 The £15m to be received for the sale of 11 Farm Lane and Gibbs Green School will form part of the total consideration. Title will transfer on receipt of consideration and this will be treated as a general fund capital receipt.
- 10.15.4 The £75m cash consideration would, unless attributable to a land transfer, be refundable if at the point of termination the Council had failed to comply with certain conditions or if the council served the termination notice as a result of the non completion of 50% of the social rented properties by the deadline given in the CLSA. Therefore the remaining £75m cash consideration is also retained on the balance sheet as a long term liability and is released over time as land is transferred. As each land transfer occurs a reconciliation will need to be carried out
- 10.15.5 Until completion of the Conditional Land Sale Agreement the costs outlined in sections 7 and 8 above will be held as the costs of the land disposal and will be off-set against the £5 million from the Exclusivity Agreement. Should the possible CLSA not proceed to

sign both the £5m and the costs held against the land disposal would be taken to revenue. Projected costs to the signing of the CLSA are currently less than £5m.

10.16 Service Charges

- 10.16.1 A detailed service charge agreement regime is in the process of being finalised. The principle is agreed that as far as possible the Council will be able to minimise service charge costs for its own tenants. The council will want to minimise the extent to which it contributes to facilities (open space, public realm) that do not benefit the buildings where the council tenants live.

10.17 Taxation

- 10.17.1 PWC have been appointed to advise on the taxation aspects of this scheme and are currently working with us to ensure our structure is tax efficient. The initial tax implications are summarised below.

10.18 Stamp Duty Land Tax (SDLT)

- 10.18.1 SDLT is the principal area of concern and it will be important to try to ensure that the replacement properties being transferred to the Council are seen as affordable housing for SDLT purposes to ensure no SDLT charge arises on the transfer. It is understood that the easiest way to achieve this is to ensure they are specified as such in the S106 and should the S106 not specify this then additional SDLT costs would be incurred. There is however a risk that even with the properties recognised as affordable within the Section 106 that HMRC will consider that the obligation to provide the properties is in the CLSA rather than within the Section 106 agreement and will consider that SDLT should be payable. The structure of the CLSA offers some protection against this but can not offer full protection unless reference to the replacement properties is removed from it, this is not commercially practical as it would create other significant risks. Therefore all the cash flows presented in this report assume the Council incurs full SDLT on the replacement properties as well as on the acquisition of the leaseholder buy backs.

10.19 VAT

- 10.19.1 The grant of any interest in land by LBHF will be, prima facie, exempt from VAT as no option to tax is being made. As a result, there is no VAT to charge on the consideration received from CapCo.
- 10.19.2 Generally speaking, a local authority can recover VAT in full on its costs, provided it remains within its partial exemption 5% de minimis limit. This is calculated as 5% of the total VAT it incurs

annually. A council is required to assess all of the VAT it incurs in respect of its exempt activity across the authority and where this is less than 5% of all of the VAT it incurs in total, the council can reclaim VAT in full. However, where the council exceeds the 5% limit, then all of the VAT the council has incurred which relates to exempt activity is irrecoverable.

10.19.3 Therefore the Council has estimated the level of VAT to be incurred in respect of this transaction, this will need to be reviewed on an ongoing basis. The Council is currently assessing whether this amount of exempt input tax can be accommodated in the partial exemption de minimis limit. If this is not possible then the Council will seek to opt to tax this transaction.

10.20 Corporation tax

10.20.1 LBHF will not incur any corporation tax as a local authority in the UK is not liable to corporation tax or income tax.

11.0 **COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)**

11.1 The Council is exercising a range of powers to participate in the scheme and secure the redevelopment and regeneration of the area. The principal powers to be exercised by Cabinet are set out below.

11.2 Section 123 of the Local Government Act 1972 allows the Council to dispose of non-housing land on such terms as it considers appropriate. Freehold disposals require the Council to obtain the best consideration reasonably obtainable (or the Secretary of State's consent to disposal at less than best consideration). The Council is entitled to rely on professional valuation advice as to whether best consideration (which is money or money's worth) has been achieved.

11.3 The Council holds the Estates under Part II of the Housing Act 1985 and has the power to dispose under section 32 of the Act with the consent of the Secretary of State at DCLG. An application for consent to dispose of more than 500 or more properties to a person under the Leasehold Reform Housing and Urban Development Act 1993 or the Housing Act must be approved by Full Council under Article 4 of the Constitution.

11.4 Tenants who do not have an interest to sell to the Council may be entitled to a fixed home loss payment of (currently) £4,700 per unit. Tenants may be entitled to exercise their Right to Buy although there is a procedure under schedule 5A, Housing Act 1985 where this can be avoided by the service of a demolition notice.

- 11.5 The report envisages that the tenants whose accommodation is required for the redevelopment will be offered secure tenancies in the replacement accommodation. It is anticipated that this will be acceptable to many. Any occupiers who are secure tenants cannot be decanted against their will without either a court order under the Housing Act 1985 or the Council exercising its powers to acquire the secure tenancies under section 226, Town and Country Planning Act 1990. It is noted that officers are to investigate the various issues relating to the proposed relocation of secure tenants and that a rehousing strategy which took into account the needs of the social housing tenants would be developed before the Council was asked to consider further which power would be more appropriate to enable the Council to achieve the objective of a comprehensive redevelopment of the area. At that stage, the Council would need to consider fully any Human Rights Act issues and a further Equalities Impact Assessment.
- 11.6 Existing leaseholders and any freeholders will need to have their interest acquired. As well as market value, resident owners occupying as their main residence and who have lived in the premises for at least one year may be entitled to a home loss payment of 10% of market value up to a current maximum of £47,000 plus compensation for disturbance and reimbursement of legal and other expenses (on both the sale and also on acquiring a replacement property).
- 11.7 Section 120 of the Local Government Act 1972 Act allows the Council, for the purposes of any enactment or for the benefit, improvement or development of their area, to acquire by agreement any land inside or outside its area. The redeveloped properties will be acquired by the Council for the purposes of its housing functions under the Housing Act 1985. Should the Council be required to exercise its compulsory purchase powers then this will be addressed in a further report to Cabinet.
- 11.8 Section 2 of the Local Government Act 2000 is to be replaced in England by the general power of competence enacted in the Localism Act 2011, that power being already in force. Section 2 currently operates alongside the general power by conferring wide powers on the Council to do anything that it considers likely to promote or improve the economic, environmental or social well being of the area. This power includes power to-
- (a) incur expenditure
 - (b) give financial assistance to any person
 - (c) enter into arrangements or agreements with any person
 - (d) co-operate with, or facilitate or co-ordinate the activities of any person

- 11.9 In determining whether or how to exercise the power the Council must have regard to its community strategy. The likely benefits of the scheme are set out in the body of the report and specifically at paragraph 3.
- 11.10 Finally, section 111 of the Local Government Act 1972 allows the Council to do anything (whether or not involving the expenditure, borrowing or lending money or the acquisition or disposal of any property rights) which is calculated to facilitate or which is conducive or incidental to the discharge of any of its functions. The Council therefore has the necessary powers to adopt the recommendations set out in the report..
- 11.11 It is noted that the Council may seek to acquire land compulsorily at a future stage. The Council has the ability to do this provided the tests set out within section 226 of the Town and Country Planning Act 1990 are satisfied.
- 11.12 *The Public Sector Equality Duty*
- 11.12.1 The public sector equality duty provisions of the Equality Act 2010 came into force on 5th April 2011 and widened the general equalities duties with which a local authority has to comply. Amongst other things age is now included as one of the protected characteristics to which the general equality duties will apply and amends slightly the factors to which authorities will need to have due regard if they are to comply with those duties.
- 11.12.5 A full Equality Impact Assessment is being prepared and will accompany the final report to Cabinet, so that it can be taken into account by members before a final decision is taken. Members will have to weigh the potential adverse impacts on the protected groups as identified in the final EqIA, together with proposed mitigation measures; and will have to consider these and any countervailing faors before reaching their final decision.
- 11.13 *Procurement*
- 11.13.1 The risk of challenge has been mitigated as far as possible in two ways. Advice from leading counsel has been received in this regard, the contents of which are protected by legal professional privilege. On the basis of leading counsel's advice it is considered that the CLSA is not a public works contract to which the Public Contract Regulations 2006 apply.
- 11.14 *Blight*
- 11.14.1 The adoption of the Supplementary Planning document might give rise to attempted blight claims. An indemnity is in place from Capco concerning this. Blight can also arise in the circumstances outlined

in schedule 13 to the Town and Country Planning Act 1990 and one of these is the making of a compulsory purchase order. Accordingly, it will be necessary to ensure that there is a valid indemnity in force from a company which has a sufficient net asset value to cover the potential liabilities.

12.0 COMMENTS OF CORPORATE RISK

12.1 This project currently forms part of the Corporate risk register. The risks associated with this project have also been illustrated in the body of the report. A detailed risk log will be attached to the Cabinet report when the Council makes its final decision on whether to enter into the Conditional Land Sale Agreement..

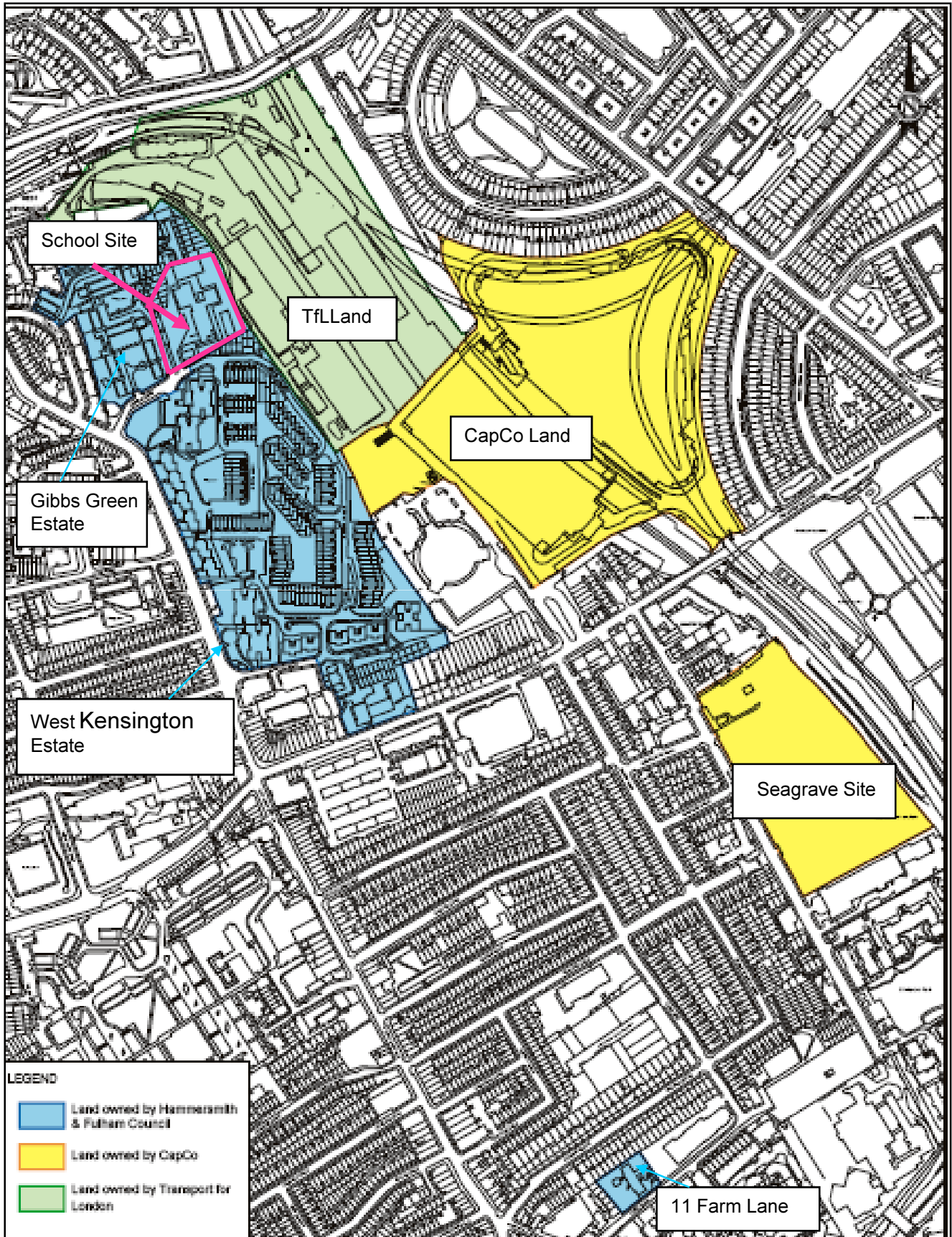
13.0 Schedule of Appendices

Appendix 1	Land Ownership Map
Appendix 2	Estate Regeneration Economic Appraisal
Appendix 3	Consultation History
Appendix 4	Consultation Information Pack
Appendix 5	Provisional Consultation analysis (work in progress)
Appendix 6	Initial Phasing Plan
Appendix 7	Preliminary JLL Best Consideration Letter
Appendix 8	Preliminary PWC Best Consideration Letter
Appendix 9	Financial Cost Range

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Cabinet Report - 18 th July 2011 (Open Report)	Sarah Lovell X5571	Housing and Regeneration
2.	Cabinet Members Decision – Estate Regeneration Economic Appraisal- 7 th November 2011	Sarah Lovell X5571	Housing and Regeneration
CONTACT OFFICER: Sarah Lovell		EXT: 5571	

Land Ownership Map- Appendix 1





**London Borough of Hammersmith and
Fulham**

Proposed Estates Regeneration - Economic Appraisal

Report

November 2011

London Borough of Hammersmith and Fulham

Proposed Estates Regeneration - Economic Appraisal

Report

November 2011

Reviewed and approved by:	
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Date:	November 2011

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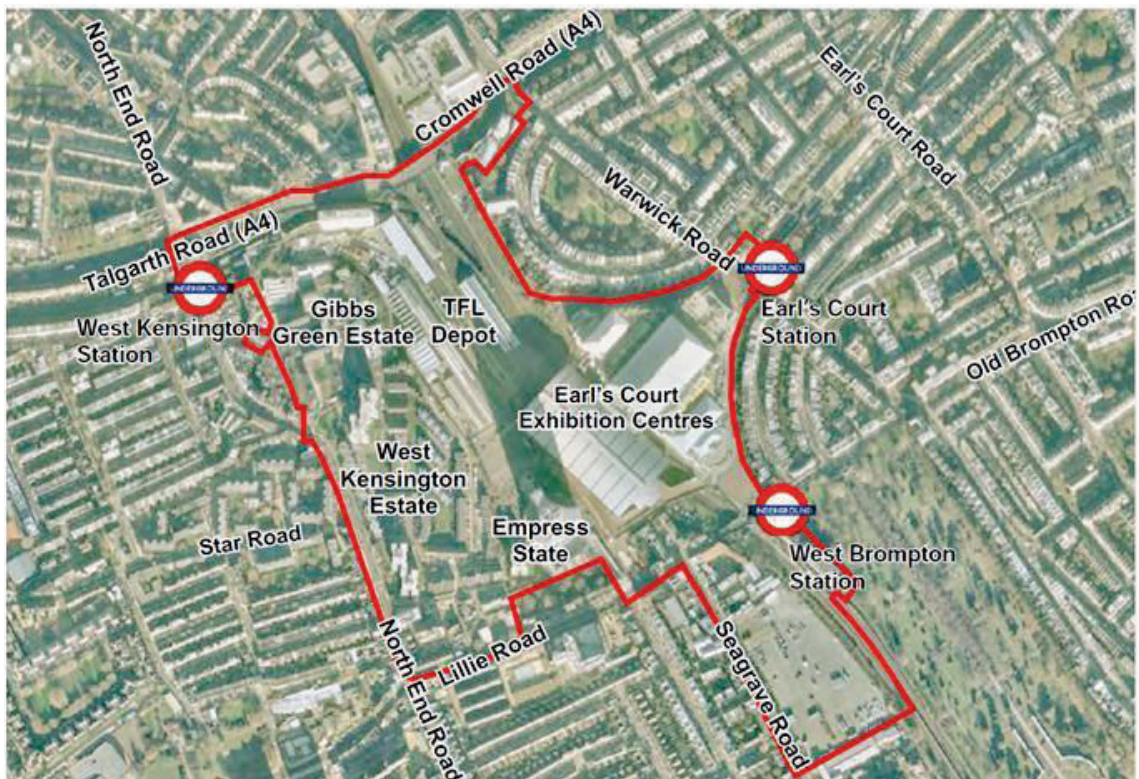
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1 Overview

AMION Consulting, in conjunction with Jones Lang LaSalle (JLL), has been appointed to prepare an Economic Appraisal Report to assist the London Borough of Hammersmith and Fulham (LBHF or the Council) in considering the possible inclusion of the West Kensington and Gibbs Green estates within a comprehensive phased scheme of regeneration for the Earl's Court and West Kensington Opportunity Area (see Figure 1.1). The Opportunity Area comprises circa 36 hectares (89 acres) of land split between LBHF and the Royal Borough of Kensington and Chelsea (RBKC).

Figure 1.1: Earl's Court and West Kensington Opportunity Area



The two estates cover 8.9 ha (22 acres) of land primarily owned by LBHF. There are currently a total of 760 properties on the estates, of which 531 are council owned social rented properties, 132 leasehold properties, 39 freehold properties and 58 Housing Association properties. The two estates suffer from discontinuous internal roads and poor quality open space.

The Council has set out in the submission Core Strategy of the Local Development Framework (LDF) a vision for a borough of decent and aspirational neighbourhoods and has identified the principles which should underpin regeneration. The Housing Strategy also identifies specific objectives. Based on these documents the following objectives have been identified for the proposed regeneration of the area:

- to increase the supply of housing, providing quality homes on sustainable new developments;

-
- to create clean and safe neighbourhoods in an area rich in opportunity;
 - to provide a mix of housing type, size and tenure to attract people on a range of incomes, creating mixed and balanced communities;
 - to allow people to acquire a stake in their home;
 - to ensure development is of a high quality design and provides a mix of local facilities;
 - to improve access to employment and training opportunities;
 - to help to improve educational attainment and health outcomes and secure low levels of crime;
 - to improve transport, accessibility and encourage walking through areas; and
 - to increase satisfaction with the townscape, public realm, environment and management.

The Economic Appraisal Report assesses the potential options that could be pursued by the Council in relation to the West Kensington and Gibbs Green estates within this context. This analysis takes into account market, socio-economic and policy context. The report has been produced in line with HM Treasury's Green Book, which indicates that all spending proposals should be accompanied by a proportionate and well structured appraisal.

2 Background to regeneration

The Earl's Court and West Kensington Opportunity Area has been identified as one of London's most important development opportunities. It has been allocated in the Mayor's London Plan (2011) due to its potential ability to contribute significantly to achieving housing and job growth targets over the next 20-30 years. The Opportunity Area has also been promoted through the Core Strategies of LBHF and RBKC as a key development area. The phased comprehensive regeneration of the area is seen as offering a strong opportunity to bring about the regeneration of the estates.

The West Kensington and Gibbs Green estates are now between 30 and 40 years old and, whilst it is understood that they remain relatively popular with a number of residents and are well managed and maintained by the LBHF, they will be subject to increasing levels of obsolescence. The management and maintenance costs incurred by the Council are expected to increase above that for modern Council owned properties in order to sustain both the buildings' fabric and address design obsolescence resulting from increasing housing standards. Already the average cost per dwelling of the estates is above the average figure for LBHF housing estates.

Overcrowding is also an issue with 16% of the properties on the two estates being currently overcrowded, compared to a Hammersmith and Fulham average of 13.9%. However, an assessment by the Council has also shown that there is significant under occupancy on the two estates, with 29.8% of the properties on the estates being under occupied, compared to a borough average of 7.9%.

The estates lie within the North Fulham area, which remains one of the most polarised in the borough in social, economic and physical terms. In 2010, the area fell within the 20 percent

most deprived areas in England on the Index of Multiple Deprivation. The estates are both in the 10 per cent most deprived neighbourhoods in LBHF, experiencing the highest levels of income and employment deprivation and very significant housing and services deprivation. The estates also suffer from high levels of unemployment, as well as below average educational attainment and health outcomes.

There is considered to be a strong rationale for regeneration and for including the estates within the comprehensive regeneration of the Opportunity Area. In this context, the Council has been discussing a proposal to enter a Land Sale Agreement to grant an option to a developer, Capital and Countries (CapCo), to include the West Kensington and Gibbs Green estates, alongside the CapCo owned Earl's Court Buildings and Seagrave Road car park and the Transport for London (TfL) owned Lillie Bridge Depot, in a comprehensive regeneration scheme. CapCo has submitted a suite of planning applications to the Council and to RBKC for a comprehensive regeneration scheme for the area, including the estates.

3 Alternative options

A range of estate regeneration options have been considered in order to understand whether the regeneration of the estates as part of the comprehensive regeneration of the Opportunity Area should be pursued from an economic perspective. Five options have been assessed, which differ in terms of the nature and scale of intervention and whether the estates are retained or redeveloped. The five options are as follows:

- **Option 1: Do minimum intervention (reference case)** – under this option, LBHF would continue to own, manage and maintain the estates, as well as retain the West Kensington and Gibbs Green halls.

An alternative scenario under Option 1 would be for the Council to make a stock transfer of the estates to a Registered Provider by a competitive process and subject to the tenants' approval. However, it is considered that the estate would be unlikely to change physically if this were to happen. Moreover, it is unlikely that a package of investment and improvement would be forthcoming at a level which would be sufficiently attractive to tenants whilst delivering a satisfactory level of capital receipt to the Council;

- **Option 2: Minimal intervention and infill development** – under this option, LBHF would again continue to own, manage and maintain the estates, as well as retain the West Kensington and Gibbs Green halls. However, opportunities for additional infill development and additional disposal of Council land within and adjacent to the estates would also be brought forward for development. Consideration was given to larger scale partial redevelopment of the estates. However, it was concluded that this was likely to be a less attractive proposition, since it would be less efficient, disruptive, only address a limited range of issues and fail to realise the full scope of benefits;

- *Option 3(a): Comprehensive redevelopment: standalone estate redevelopment¹* – the estates would be comprehensively redeveloped and, in accordance with planning requirements, the differentials in levels between the three land ownerships would be addressed. This would involve substantial engineering costs;
- *Option 3(b): Comprehensive redevelopment as a standalone estate redevelopment¹* – in order to test the costs and benefits of the alternative options, a variation of Option 3(a) has also been developed, which assumes the existing levels are maintained. This option is based on a modest infrastructure budget; and
- *Option 4: Comprehensive redevelopment as part of a wider Earl's Court redevelopment masterplan¹* – under this option, redevelopment would be undertaken of the combined LBHF, CapCo and TfL land, as part of the comprehensive redevelopment of the Opportunity Area.

Under Options 1, 2, 3(a) and 3(b), the CapCo planning proposals for the separate development of the Earl's Court and Seagrave Road sites are assumed to be implemented, although it is uncertain whether these schemes would go ahead as planned if the estates were either not to be redeveloped or not brought forward as part of a comprehensive redevelopment of the Opportunity Area.

4 Economic benefits

4.1 Overview

Each of the options will result, to a varying extent, in a range of benefits for the local community and within the wider economy. This sub-section highlights the economic benefits of each option, focusing on the scale of impact at the local level (within the two boroughs of Hammersmith and Fulham and Kensington and Chelsea). The benefits have been assessed in relation to the quantum of development that would come forward under each option as part of the overall redevelopment of the Opportunity Area.

The key economic benefits are expected to include:

- new residential units;
- temporary construction employment created during the construction phase;
- permanent employment created through the provision of new employment floorspace; and
- additional local expenditure.

In addition to the above economic benefits, the intervention options will lead to a number of wider, qualitative impacts, such as the regeneration of deprived communities, improvements to the image of the local area and environmental improvements. These wider benefits have been assessed for each option. Furthermore, the contribution of each option to the scheme objectives identified at the start of this report has also been assessed.

¹ Note: this amended version of the report includes minor changes to the titles of Options 3 and 4.

4.2 Residential units

4.2.1 Gross direct residential units

Table 4.1 sets out a summary of the total quantum of residential units that will be provided in the Opportunity Area under each of the options. In terms of the comprehensive regeneration / wider Earl's Court redevelopment option (Option 4), it is estimated that a total of 7,583 residential units would be provided, some 4,282 more than under Option 3(a)/(b) and around 4,715 more than under Option 1 (the reference case).

Table 4.1: Residential units by type – Opportunity Area ²					
	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Existing/replacement Local Authority	531	531	531	531	531
Existing/new Affordable	371	428	87	87	798
Private sector	1,795	1,795	2,512	2,512	6,083
Existing/replacement leasehold/freehold ³	171	171	171	171	171
Total homes	2,868	2,925	3,301	3,301	7,583

Overall, Option 4 would provide 6,083 market units, 1,329 affordable units and 171 leasehold/freehold units. This compares to 2,512 market units, 618 affordable units and 171 leasehold/freehold units under Option 3. Option 1 and Option 2 would both provide 1,795 market units and 902 and 959 affordable units respectively, together with 171 leasehold/freehold units.

4.2.2 Net additional residential units

In determining the number of net additional residential units created under each option, the key issue to be addressed is the additionality of the redevelopment proposals – the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. In order to assess the additionality of the alternative intervention options, the following factors will need to be considered:

- *leakage* – the proportion of outputs that benefit those outside of the project's target area or group (the two boroughs of Hammersmith and Fulham and Kensington and Chelsea). There is not a specific target group in terms of who occupies the new housing provided and all of

² Note: this amended version of the report includes a new category 'existing/replacement leasehold/freehold homes' to further clarify the type of units provided under each option.

³ Leasehold/ Freehold replacement homes reflect those units which have previously been subject to the exercise of the 'Right to Buy' by Council tenants. These homes have been identified separately to indicate that in the future they could either form part of future affordable or private tenure homes depending on whether the owners elect to take a share in the equity of a new replacement home or, alternatively, to receive a payment from the Council for the acquisition of their home.

the housing would be situated within the Opportunity Area. Therefore the level of leakage will be zero across all options;

- *displacement* – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets. Based on JLL’s market review and the continued imbalance between supply and demand within Hammersmith and Fulham and Kensington and Chelsea, it is expected that displacement will be zero;
- *multiplier effects* – further economic activity associated with additional local income and local supplier purchases. This is not relevant to the assessment of net additional housing units and, as such, no multiplier effects have been applied; and
- *deadweight* – outputs which would have occurred without the project. This is assessed through the reference case (i.e. Option 1, the do minimum option).

After taking account of the above additionality factors, it is estimated that Option 4 will create 4,715 net additional residential units. This compares to 433 net additional residential units under Option 3(a)/(b) and 57 net additional residential units under Option 2.

4.3 Temporary construction jobs

4.3.1 Gross direct temporary construction jobs

In order to estimate the number of temporary construction jobs generated by each of the alternative options, the total construction spend associated with each option has been calculated. Option 4 is expected to involve around £4.5 billion of construction expenditure, whereas Option 3(a) and 3(b) would generate an estimated £3.2 billion and £2.9 billion of construction expenditure respectively. A lower level of construction spend would be generated under Option 1 (£2.6 billion) and Option 2 (£2.6 billion).

On the basis that £125,000 of expenditure equates to one person year of employment⁴, Option 4 is expected to generate 36,033 person years of construction employment (see Table 4.6). Over a development period of 18 years, this would equate to supporting an average of 2,002 construction workers per year. Option 3(a) would support 25,251 person years of construction employment and Option 3(b) 23,089 person years, while Option 1 and Option 2 would generate 20,642 and 20,693 persons of construction employment respectively.

4.3.2 Net additional temporary construction jobs

The analysis of the net additional construction employment impact of each option is at the two borough level (Hammersmith and Fulham and Kensington and Chelsea). As noted above, the calculation of net additionality involves adjusting for leakage, displacement, multiplier effects and deadweight. In order to assess the net additional impact of each intervention option, the following adjustments have therefore been made:

⁴ Source: Annual Business Survey 2009

- **leakage** – in terms of leakage, reference has been made to Census UK travel to work flows. According to the Census, around 36% of people working in the construction sector in Hammersmith and Fulham and Kensington and Chelsea also reside in these two boroughs. Based on this, a leakage rate of 64% has been assumed;
- **displacement** – in order to derive an estimate of the potential level of displacement, consideration has been given to the required level of construction employment under each of the options and potential available workforce within the two boroughs. On this basis, the following displacement rates have been applied:
 - Option 1 – 5% displacement;
 - Option 2 – 5% displacement;
 - Option 3(a)/(b) – 5% displacement; and
 - Option 4 – 10% displacement.
- **multiplier effects** – the expected multiplier effects have been estimated by reference to benchmarks set out within the Department for Business Innovation and Skills' (BIS) guidance on assessing additionality⁵. A composite multiplier of 1.38 has been applied, in line with BIS guidance for physical regeneration projects; and
- **deadweight** – this is the level of additional temporary construction jobs created under Option 1, the do minimum intervention option / reference case.

Overall, it is estimated that Option 4 would create 6,369 net additional person years of construction employment for local residents. The impact under Option 3(a) and Option 3(b) is more limited, with an expected 2,175 and 1,155 net additional person years of construction employment generated respectively. In comparison, Option 2 would only create 24 net additional person years of construction employment.

4.4 Permanent employment impact

4.4.1 Gross direct permanent employment

The number of gross direct permanent jobs generated under each option has been based on the expected quantum of employment floorspace created within the Opportunity Area. The amount of employment floorspace provided under each option is summarised in Table 4.2. Option 4 would deliver 201,397 sq m of employment floorspace, while Option 3(a)/(b) would provide 59,543 sq m. Option 1 and Option 2 would both only bring forward 30,063 sq m of new employment floorspace, none of which would be on the two estates.

⁵ BIS (2009), *Research to improve the assessment of additionality*.

Table 4.2: Employment floorspace – Opportunity Area

Use	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Office (GEA, sq m)	15,850	15,850	39,840	39,840	120,615
Retail (GEA, sq m)	3,700	3,700	9,190	9,190	29,429
Hospitality / hotel / leisure / cultural / community (GEA, sq m)	10,513	10,513	10,513	10,513	51,353
Total employment floorspace	30,063	30,063	59,543	59,543	201,397

Employment density ratios consistent with those used within guidance produced for the Homes and Communities Agency (HCA)⁶ and assumptions in relation to the expected occupancy rate have been used to calculate the gross direct employment impact for each option. The assumptions adopted are as follows:

- office – employment density of 14 sq m (GEA) per full-time equivalent (fte) employee and a 90% occupancy rate;
- retail – employment density of 22 sq m (GEA) per fte employee and a 90% occupancy rate; and
- hospitality/hotel/leisure – employment density of 90 sq m (GEA) per fte employee and a 100% occupancy rate.

Based on the above assumptions, Option 4 would create around 9,528 new gross direct jobs, whereas Option 3(a)/(b) would create some 3,054 gross direct jobs. The number of new employment opportunities generated under Option 1 and Option 2 within the Opportunity Area would be an estimated 1,287.

4.4.2 *Net additional permanent employment*

In order to calculate the number of net additional permanent jobs created under each option adjustments have been made in relation to leakage, displacement, multiplier effects and deadweight. The analysis of the net additional employment impact is again at the two borough level (Hammersmith and Fulham and Kensington and Chelsea). The following assumptions have been applied in relation to each additionality factor:

- *leakage* – according to Census UK travel to work flows, around 30% of people working across all sectors in Hammersmith and Fulham and Kensington and Chelsea also reside in these two boroughs. Based on this, a leakage rate of 70% has been assumed;
- *displacement* – to determine the appropriate displacement rate, reference has been made to, amongst other things, JLL's property market review and the property market analyses

⁶ HCA (2010), *Employment Densities Guide, 2nd Edition*.

undertaken as part of the Earl's Court Planning Application⁷. On this basis, the following displacement rates have been applied:

- Option 1 – 5% displacement;
 - Option 2 – 5% displacement;
 - Option 3(a)/(b) – 10% displacement; and
 - Option 4 – 20% displacement.
- *multiplier effects* – a composite multiplier of 1.38 has been applied, in line with the benchmarks set out in the BIS guidance for physical regeneration projects; and
 - *deadweight* – this is the level of additional permanent jobs created under Option 1, the do minimum intervention option / reference case.

It is estimated that Option 4 would create 2,650 net additional jobs for local residents, whereas Option 3(a)/(b) would only generate 632 net additional jobs. Option 2 would not result in any net additional jobs, as the same level of employment floorspace would be provided under this option as under Option 1 (the do minimum option).

4.5 Additional local expenditure

In order to estimate the additional household expenditure that might be generated under each option, reference has been made to the ONS Living Costs and Food Survey (LCF) 2009. A weekly average spend figure has been used to generate an assumed total spend per annum that can be attributed to the net additional residential units provided by each intervention option.⁸ In addition, there will be indirect and induced (income) multiplier effects associated with this new residential expenditure, due to increase local spending by businesses and employees.

Table 4.3 sets out the estimated total additional expenditure per annum under each option.

⁷ The analysis of displacement has been based on, in particular, the following documents: Roger Tym & Partners (2010), *Earl's Court West Kensington OA: Office Market*; CB Richard Ellis (2011), *Earl's Court Project: London Borough of Hammersmith & Fulham Application 2 – Office Market Assessment*; DP9 (2011), *Earl's Court Project: London Borough of Hammersmith & Fulham Application 2 – Retail & Leisure Assessment*; and Roger Tym & Partners (2010), *London Boroughs of Ealing, Hounslow and Hammersmith and Fulham: Joint Retail Needs Study Update*.

⁸ This excludes non-consumption expenditure (for example, savings and investments) and expenditure that would not be incurred within the local area (for example, holiday expenditure).

Table 4.3: Total additional expenditure per annum			
	Option 2	Option 3(a)/(b)	Option 4
Average household annual spend	£17,436	£17,436	£17,436
Net additional residential units	57	433	4,715
Additional direct expenditure p.a.	£993,829	£7,549,615	£82,208,854
Additional indirect and induced expenditure p.a.	£208,704	£1,585,419	£17,263,859
Total additional expenditure p.a.	£1,202,533	£9,135,034	£99,472,713

Not all of this additional expenditure would be retained within Hammersmith and Fulham and Kensington and Chelsea. In relation to convenience goods it is assumed that 90% would be retained, whereas in terms of comparison goods there would be expected to be a greater level of leakage, with only perhaps 30% of spend retained. This would mean that under Option 4 around £41 million of additional local expenditure per annum would be retained within the two boroughs. This compares to £4 million under Option 3(a)/(b) and just £0.5 million under Option 2.

4.6 Summary of quantifiable benefits and net present value

The quantifiable benefits attributable to each option are summarised in Table 4.4. The Table represents a broad assessment at this stage and is subject to consideration of detailed proposals. The net present value for each option is also set out within the table. This reflects the extent to which the benefits under each option outweigh the costs to the public sector. The present value of the costs and benefits of each option have been calculated based on the following assumptions:

- an average GVA per employee figure of £60,000 has been applied to the estimates of net additional employment under each option⁹;
- the economic benefits housing can generate by addressing labour shortages through the attraction of new residents has been reflected for each option, based on the results of Department for Communities and Local Government research¹⁰;
- the GVA impact associated with each job created is assumed to persist for 10 years¹¹; and
- a 3.5% discount rate has been applied, in line with HM Treasury appraisal guidance, to the public sector economic costs/receipts and economic benefits.

⁹ Annual Business Survey 2009 / ONS sub-regional GVA 2009

¹⁰ DCLG (2010), *Valuing the Benefits of Regeneration*, Economics Paper 7.

¹¹ BIS (2009), *RDA Evaluation: Practical Guidance on Implementing the Impact Evaluation Framework*.

Table 4.4: Summary of economic benefits

	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Gross direct residential units	2,868	2,925	3,301	3,301	7,583
Net additional residential units	-	57	433	433	4,715
Gross direct construction jobs*	20,642	20,693	25,251	23,089	36,033
Net additional construction jobs*	-	24	2,175	1,155	6,369
Employment floorspace (sq m)	30,063	30,063	59,543	59,543	201,397
Gross direct permanent employment	1,287	1,287	3,054	3,054	9,528
Net additional permanent employment	-	-	632	632	2,650
Additional local expenditure p.a.	-	£1.2m	£9.1m	£9.1m	£99.5m
Additional expenditure retained in local area p.a	-	£0.5m	£3.8m	£3.8m	£40.9m
Net present value	£0.02bn	£0.03bn	£0.83bn	£0.99bn	£3.8bn

*Persons years of employment

From the figures in Table 4.4, it is clear that Option 4 achieves the greatest positive net present value and delivers the largest amount of additional housing and new jobs – it would create over four times as many new jobs as Option 3(a)/(b) and provide more than ten times as many additional homes. The net present value of Option 4 would have to be around 78% or 74% lower respectively to be worse than Option 3(a) or Option 3(b). Consequently, for example, a very substantially lower quantum of floorspace would need to be approved and developed under Option 4 before either Options 3(a) or Option 3(b) was to offer a better economic return.

4.7 Wider benefits

4.7.1 Overview

Many of the benefits of the project are difficult to precisely quantify, let alone value. The approach to assessing these is based upon a multi-criteria scoring and weighting system. The likely effects of each option are appraised and the scores are assessed in relation to the project itself and its intended outcomes and objectives.

Additional benefits/impacts are expected to include:

- regeneration catalyst;
- social and community;
- image enhancement; and
- environmental and place improvements.

Each of these wider impacts is to some extent interdependent and they will also emerge at different stages.

4.7.2 Scoring and weighting framework

Each option is given a score according to the contribution it is likely to make to each wider impact. They are scored on a scale of 0 to 100, under the five headings, with the scores to be interpreted as follows:

76-100	=	an extremely significant positive impact;
51-75	=	a significant positive impact;
26-50	=	a positive impact;
1-25	=	a marginal positive impact; and
0	=	a neutral/no change position.

A weighting system is used to assign a weight to each impact according to their perceived importance in enabling objectives to be met. AMION Consulting has developed the weights and assessed the scores, based upon their experience of similar appraisals, along with research and consultations on this project. The use of such multi-criteria approaches is helpful in relation to projects that have multiple outputs and outcomes, many of which are less easily quantified. The analysis inevitably involves a degree of subjectivity but attempts to highlight the relative contribution of each option to these wider benefits. It provides further information upon which to judge the impact of the options.

The following weights out of ten have been applied:

• Regeneration catalyst	9
• Social and community	8
• Image enhancement	8
• Environmental impact	7

4.7.3 Summary of wider benefit weighted scores

It is considered that Option 4 would achieve the greatest level of wider benefits. In particular, Option 4 is capable of contributing significantly to the regeneration of local deprived communities, providing new high quality housing, a range of additional community services and

facilities and a much improved physical environment. The scale of impact under the other options, particularly Option 1 and Option 2, would be much more limited.

Table 4.5: Summary of wider benefit weighted scores					
Wider benefit	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Regeneration catalyst	90	135	630	540	810
Social and community	80	80	480	480	720
Image enhancement	120	120	400	480	720
Environmental impact	70	105	420	420	630
Total Weighted Score	360	440	1,930	1,920	2,880

4.8 Contribution to scheme objectives

In addition to the analysis of economic and wider benefits, the extent to which each option would meet the stated policy and scheme objectives has been considered as part of the overall assessment of public sector value for money. Option 4 would contribute very substantially to achieving these objectives, as outlined in Table 4.6. The standalone redevelopment options (Option 3(a)/(b)) would make a significant contribution to a number of objectives, but not all. However, Option 1 and Option 2 would only make a minimal contribution.

Table 4.6: Effectiveness – contribution to scheme objectives

	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
To increase supply of housing, providing quality homes on sustainable new developments	Limited increase in new housing supply from disposal of ancillary land. Further housing elsewhere in Opportunity Area.	Modest increase in new housing supply from disposal of ancillary land.	Significant increase in new housing supply from estates redevelopment.	Significant increase in new housing supply from estates redevelopment.	Very substantial increase in new housing supply from estates redevelopment and incorporation of CapCo and TfL sites.
To create clean and safe neighbourhoods in an area rich in opportunity, where most people of working age work	Only modest infill development would take place. The estates would be managed and maintained. Some new opportunities would be created elsewhere in the wider area, which would increase local opportunities to work.	Only modest infill development would take place. The estates would be managed and maintained. Opportunities would be created in adjacent areas, which would increase local opportunities to work.	Significant positive impact on neighbourhood and adjacent areas. The number of local opportunities to work would increase.	Significant positive impact on neighbourhood and adjacent areas. The number of local opportunities to work would increase.	Very substantial positive impact. Four new neighbourhoods and a new High Street would be created. A substantial number of local employment opportunities would be created.
To provide a mix of housing type, size and tenure to attract people on a range of incomes, creating mixed and balanced communities	Little change in the mix of housing and attractiveness of the estates.	Limited change in housing mix and the attractiveness of the estate.	Significant positive changes in mix and attractiveness. More varied mix of housing.	Significant positive changes in mix and attractiveness. More varied mix of housing.	Very substantial impact on attractiveness.
To allow people to acquire a stake in their home	A limited number of possible opportunities to acquire a stake unless stock transfer was undertaken. Existing Right to Buy would continue.	A limited number of possible opportunities to acquire a stake unless stock transfer was undertaken. Existing Right to Buy would continue.	The redevelopment would provide opportunities to allow people to acquire a stake in their home and would provide more affordable housing. However, this would need to be negotiated with developers.	The redevelopment would provide opportunities to allow people to acquire a stake in their home and would provide more affordable housing. However, this would need to be negotiated with developers.	The negotiations with CapCo mean that there are significant opportunities for residents to acquire a stake in their home. New affordable housing opportunities would be provided.
To ensure development is of a high quality design and provides a mix of local facilities	Only relatively limited development would take place and thus the design quality and mix of facilities would not change greatly.	Some further opportunities would be created to change the design quality of the area but again these would be relatively limited. In addition, the mix of facilities would not change greatly.	There would be much greater opportunity to ensure high quality design and a greater mix of local facilities.	There would be much greater opportunity to ensure high quality design and a greater mix of local facilities. However, the levels differences would mean that there was more limited local integration.	A high quality design and broad mix of facilities is proposed.

To improve access to employment and training opportunities	Opportunities would be created to employment in adjacent areas.	Again, opportunities would be created to employment in adjacent areas.	Significant employment opportunities would be created.	Significant employment opportunities would be created. However, levels differences would inhibit access to these by estate residents, to some extent.	Very substantial employment and training opportunities would be created.
To help to improve educational attainment and health outcomes and secure low levels of crime	There would be little impact on social infrastructure or on education, health and/or crime.	There would be limited impact on social infrastructure or on education, health and/or crime.	The comprehensive redevelopment of the estate would provide the opportunity to address education, health and crime.	The comprehensive redevelopment of the estate would provide the opportunity to address education, health and crime	Substantial improvements could be made to local facilities and the scheme would help to address education, health and crime issues through good design and the provision of new local opportunities.
To improve transport, accessibility and encourage walking through areas	No significant improvements would be made to transport/ accessibility under this option.	No significant improvements would be made to transport/ accessibility under this option.	The access to transport and other facilities and permeability through the area would be improved under this option.	Due to the levels differences, more limited improvements would be made to access and permeability.	Substantial improvements would be made to transport accessibility and permeability
To increase satisfaction with the townscape, public realm, environment and management	No significant changes would be made under his option.	No significant changes would be made under his option.	Comprehensive development of the area would improve the public realm and environment.	Comprehensive development of the area would improve the public realm and environment.	The townscape, public realm and environment would be improved under this option. In addition, CapCo propose to retain and manage the area.

5 Conclusions

The economic analysis of the alternative options has identified that:

- Options 1 (minimum intervention) and Option 2 (minimum intervention with infill): these options would mean that the existing communities are not significantly disrupted. However, they would not significantly address the poor layout of the estates nor increase housing choice and supply. The lifecycle costs of maintaining aging homes would be greater than it would be for new homes. Furthermore, the opportunity to comprehensively regenerate the Opportunity Area would be missed, with substantially fewer new homes and job opportunities being created;
- Options 3(a) and 3(b): these options would result in replacement homes for existing estate residents and an increase in housing supply and choice. The replacement homes would have a lower lifecycle maintenance cost compared with the existing properties. However, option 3(a) would require substantial public sector resources, which are not currently available. Option 3(b) would potentially generate a receipt, but would not be compliant with planning policies because it would not address the issue of permeability and would not realise many of the other planning objectives. There would be disruption to residents during the development process, with smaller phases potentially resulting in multiple moves. However, there would be the opportunity to implement a socio-economic regeneration programme including, for example, skills development, local labour and jobs brokerage. Even under Option 3(a), the lack of integration with the adjacent land would probably lead to sub-optimal design and development outcomes. In the case of Option 3(b), it would not improve permeability or the integration of the area. Significantly fewer homes and jobs would be created under Options 3(a) and 3(b) than under Option 4; and
- Option 4: this option presents the best economic case and enables long term qualitative and quantitative objectives of regeneration to be realised. It is a deliverable and viable option and would result in a substantial receipt to the Council and replacement homes for existing estate residents. These new homes would involve lower lifecycle maintenance costs than the current stock. The existing residents would be able to make 'one move only' because the integration of the sites, allowing larger phases and the use of Seagrave Road as a decant site. There would though be some disruption to resident during the development phase. The overall scheme would offer new public open space and a range of social infrastructure, along with a significant increase in housing supply and choice, and a substantial number of new employment opportunities. There would be significant opportunities to develop and implement a socio-economic regeneration programme to maximise the local benefits.

Based on the preceding analyses, the comprehensive wider Earl's Court redevelopment option (Option 4) is assessed to be the best option. The recommendation of this report is that this is the option the Council focuses on progressing from an economic perspective.

Appendix 3

Summary of engagement with the West Kensington and Gibbs Green Estate Residents

Summary

This report aims to outline the purpose, process and the outcome of the engagement that has taken place to date with residents on the West Kensington and Gibbs Green estates.

Since 2008, the Council has undertaken extensive consultation with residents of the West Kensington and Gibbs Green estates. Consultation has centred around the future of the estates and specifically the opportunity that the proposed comprehensive development of the Earl's Court buildings, Lillie Road depot and the West Kensington and Gibbs Green estates offers.

From the outset, the council has been committed to meaningful and extensive engagement and has placed the residents of the West Kensington and Gibbs Green estates at the heart of the engagement process. The Council's engagement strategy has aimed to be as inclusive, truthful and as transparent as possible and has allowed the Council to continually work with residents to-

- Understand their aspirations for their estates,
- Understand their concerns and their needs
- To assess the potential benefits and dis-benefits of the potential comprehensive redevelopment scheme,
- To agree a detailed set of assurances that will protect and assure residents.

The Council has attempted to engage with as many residents as possible throughout the engagement process. Understandably, there is a clear mix of views, opinions and aspirations amongst West Kensington and Gibbs Green estate residents about the future of their estates, with some residents being supportive of regeneration and the possible benefits it could bring, whilst others believing that regeneration of the estates is unnecessary. This report aims to summarise and group the various responses together to extract key resident views, concerns and aspirations.

Throughout the engagement process there has been two key strands of consultation running in parallel – consultation with residents about the inclusion of the estates in the comprehensive redevelopment centring on the development of assurances for Tenant and Leaseholders/ Freeholders, which has been led by the Council and consultation on the Masterplan for the proposed comprehensive regeneration area which has been led by Capital and Counties.

A third strand of consultation has been led by LBHF Planning Authority and has been centred around the development of a Supplementary Planning Document for the proposed development area.

Engagement with estate residents is ongoing. Should the Council wish to include the estates in the proposed comprehensive redevelopment of Earl's Court, the Council will continue to work with residents to ensure that they remain at the heart of any engagement and regeneration plans.

Background

An opportunity exists to include the estates in a comprehensive regeneration scheme spanning 77 acres across the West Kensington and Earl's Court area. This opportunity exists as the Leaseholders of the Earl's Court buildings, Capital and Counties (CapCo), and Transport for London (TfL) the freehold owners of Lille Bridge Depot and the Earl's Court buildings, would like to develop their land after 2012. The potential development of this land offers an opportunity to pursue intervention of the West Kensington and Gibbs Green estates.

In recognition of the potential benefits of this proposal and its capability to accommodate substantial sustainable growth in housing and employment the comprehensive site has been identified as an Opportunity Area within the draft replacement London Plan. As a result the LBHF Planning Authority are working with the Royal Borough of Kensington and Chelsea (RBKC) and the Greater London Authority (GLA) to produce a SPD to give planning guidance to exemplify the policy framework for development of the site.

In light of this, the Council has been keen to fully explore and understand the potential benefits that could flow from the inclusion of the estates within a comprehensive regeneration scheme and in October 2009 signed a Collaboration Agreement with Capco and TfL. The Collaboration Agreement provided the legal framework for the three landowners to establish whether comprehensive redevelopment would bring sufficient benefits to justify to resultant change.

Whilst there had been engagement with residents of the West Kensington and Gibbs Green estates during 2008 and early 2009, it was after the signing of the Collaboration Agreement in October 2009 that the Council launched an extensive process of engagement with residents.

Engagement Strategy

Over the past 18th months the Council's engagement strategy has adapted to meet the needs and requirement of residents on the estate. Rather than dictating a timetable and process for engagement, the engagement strategy has grown organically and has been shaped by the residents of the estate.

To ensure engagement with as many estate residents as possible the council engaged through various forms and mediums throughout the process. This included:

- **Dedicated Regeneration Officers**

Two Officers have been available at all times to engage with residents. These Officers have completed numerous house visits, drop in sessions and surgeries with residents on the estate.

The Officers are directly involved in aiding the Council make a decision on whether to include the estates. This has allowed issues raised during the engagement process with residents to be fed directly into any eventual regeneration plans.

- **Regular Newsletters**

Regular newsletters have been distributed to the estates to update each household with any news with regards to the estates. These newsletters are distributed to every door through the Council's delivery contractor.

- **The West Kensington and Gibbs Green Steering Group**
A key method of engagement with estate residents has been through the West Kensington and Gibbs Green Steering Group.

The West Kensington and Gibbs Green Steering Group has been established by the residents of the two estates for residents of the estates. In 2010, a group of residents, expressed a wish to set up the Steering Group of local residents, in order to talk to the Council about the potential development proposals, to counter rumour and misinformation and to further develop the Tenant and Leaseholder/Freeholder assurances. The Group has received independent legal advice in order to negotiate with the Council.

Membership of the group is open to all estate residents and the group has been advertised extensively by the Council in its publications and at events on the estates. The group has continued to meet and grow and now has a membership of over 100 estate residents. Until recently the Group has acted as a consultative group but has recently formalized and has created a Limited Company. The Steering Group have agreed the Company's objectives.

The Council works with the Steering Group as a part of its communication strategy for the Earls Court development as this enables access to a wide range of local residents and facilitates the type of engagement the council is keen to undertake.

- **Dedicated Website**
The Council has a dedicated West Kensington and Gibbs Green website which is updated with all recent information and documents relating to the potential redevelopment project.
- **Surgeries and drop- in sessions**
At key points in the engagement process, the Council has held drop in sessions and surgeries at the Holiday Inn Express on North End Road and at the West Kensington and Gibbs Green Tenant Halls. At these events Officers have been available to engage with residents about regeneration, answer questions and determine residents concerns and aspirations for the future of the estates.

Engagement Timetable

The engagement process has been broken into 9 stages of engagement, which are described below:

Stage	Summary of engagement	Form of Engagement
<p>Stage 1 2008/2009</p> <p>Estate Regeneration</p>	<ul style="list-style-type: none"> To carry out a major 'listening exercise' to understand if/how residents felt they could benefit from major investment from the Earls Court and TfL depot redevelopment. To encourage as widespread an involvement of residents from the estates as possible in the programme, and give everyone the opportunity to take part and respond. Provide a clear summary of issues and feedback to LBHF to help them plan for the future to ensure that residents benefit from the investment opportunities around them 	<ul style="list-style-type: none"> Newsletter Drop Inn Sessions Surgeries
<p>Stage 2 Winter 2009/10</p> <p>Collaboration Agreement Introduce Capital & Counties</p>	<ul style="list-style-type: none"> Reassure residents of current position (no decisions made) Reassure residents of nature of the long term engagement process Introduce Capital and Counties Listen and understand resident concerns 	<ul style="list-style-type: none"> Newsletter Drop Inn Sessions Surgeries
<p>Stage 3 Spring – Summer 2010</p> <p>First Draft of Tenant and Leaseholder/Freeholder Assurances</p> <p>Place making Consultation</p>	<ul style="list-style-type: none"> Consult on initial safeguards for residents CapCo introduced Terry Farrell & Partners as the Project Masterplanner & explained the masterplan process 	<ul style="list-style-type: none"> Council produced a detailed newsletter giving assurances to Council Tenants, Leaseholders and Freeholders. Surgeries Drop inn sessions
<p>Stage 5 Winter 2010/11</p> <p>Detailed Tenant and Leaseholder Assurances</p> <p>Initial Masterplan Concepts</p>	<ul style="list-style-type: none"> Consultation on the first detailed Tenant and Leaseholder/Freeholder assurance documents that had been produced collaboratively between the Steering Group, the Council and CapCo. First meeting of the wider Steering Group CapCo introduced the concepts informing the production of the masterplan for the site 	<ul style="list-style-type: none"> Drop ins
<p>Stage 6 Spring 11 Launch of Masterplan</p>	<ul style="list-style-type: none"> Launch of the masterplan Understanding estate residents views, aspirations and concerns with the proposed masterplan Continued Consultation on the Detailed Tenant and Leaseholder offers Consultation on the design and size of proposed replacement homes at Seagrave Road 	<ul style="list-style-type: none"> 4 day exhibition
<p>Stage 7 Summer 2011</p> <p>Pre application Consultation</p>	<ul style="list-style-type: none"> Pre planning consultation for the main site application Pre planning consultation for the Seagrave Road detailed application Understanding estate residents views, aspirations and concerns with the proposed applications Continued Consultation on the Detailed Tenant and Leaseholder offers 	<ul style="list-style-type: none"> 4 day exhibition

<p>Stage 8</p> <p>Winter 2011/12</p>	<ul style="list-style-type: none"> • Conditional Lease Sale Agreement consultation (S105 of Housing Act for Secure Council Tenants) • Engagement with residents on the estates on key issues with the CLSA, including tenant/leaseholder and freeholder offers • Wider consultation across Fulham on CLSA 	<ul style="list-style-type: none"> • Information pack send to residents on the estate and wider area • Three consultation reminder newsletters to the estate • One consultation reminder newsletter to wider area • Publicity in Fulham and Hammersmith Chronicle • 4 drop-in information days on the estate
<p>Stage 9</p> <p>Winter 2011/12</p>	<ul style="list-style-type: none"> • Consultation on Earls Court Supplementary Planning document on the estate and the wider area 	<ul style="list-style-type: none"> • Newsletter for the estate and wider area promoting consultation

Resident Feedback

The Council's engagement strategy has been shaped by the residents on the estate. It has been a reactive - responding to what residents have wanted. Early into the engagement process, it became clear that what residents wanted most from the engagement process was to gain a better understanding of how the inclusion of the estates in a comprehensive scheme would affect them, and how they would be protected. They also wanted to ensure that any promises made to them about the redevelopment would be guaranteed by the council.

In response, the council has, over the last two years attempted to capture all of these concerns and aspirations and ensure, where practicable that they are fed into any Land Agreement with Capital and Counties.

The concerns and aspirations that were common amongst residents of both estates, and are summarised below:

- **Security of tenure**
From the outset, residents made it clear that they wanted to remain secure Council tenants. Residents were nervous that any redevelopment on the estates would lead to a change in landlord, which was deemed to be unacceptable by the majority of residents the Council engaged with.
- **Security of rental levels**
Residents were nervous that regeneration would lead to increased rental levels. Residents emphasised that they required comfort that any regeneration would not cause them to be financially worse off.
- **Demolition**
Whilst some residents are extremely supportive of regeneration, specifically the potential inclusion of the estates in the comprehensive regeneration scheme, other residents are clearly opposed to any regeneration that includes the demolition of the current properties on the estate.
- **Re-housing**

A key message that residents have iterated throughout the engagement process is their strong connection with the West Kensington and North End Road area and the strength of their existing community.

Residents emphasised their anxiety that redevelopment would lead to them being forced to move from the area or outside the borough. Residents iterated that any development should allow them to remain within the area, allowing them to continue to use the same schools, services and facilities as are currently used.

Residents also wanted to ensure that any redevelopment would allow them to maintain their sense of community and that any re-housing would happen in a way that allowed support networks to be maintained.

- **One move only**

Residents made clear that should they have to move due to any redevelopment, they would only want to move once.

- **Affordability**

Leaseholders and Freeholders on the estates wanted certainty that should they would be fairly compensated and be given the opportunity to purchase an affordable property within the same area as they are living.

- **Process**

Residents expressed anxiety around any regeneration process. They wanted to understand how regeneration would work in practice and how they would be supported throughout the process. Residents wanted a clear understanding about what was being proposed, how it would affect them and the likely timescales. Residents wanted reassurance that they would be adequately supported, specifically if any re-housing would be required.

- **Jobs and employment**

There is a strong desire amongst residents to increase employment and training opportunities for local residents. However, residents made clear that they had been disappointed by previous regeneration schemes, failing, in their opinion, to bring the employment benefits for local people that had been promised.

Residents emphasised that it should be local people who reap the employment opportunities that regeneration could bring. They wanted an understanding of how this will be achieved and how the necessary skills training would be put in place to allow residents to be trained to allow them to benefit from any employment opportunities.

- **New Homes**

Residents were concerned over the size and type of new properties that regeneration may bring. Residents emphasised that it was important that any new housing should have comparable room sizes to existing properties on the West Kensington and Gibbs Green estates. Residents also raised concerns over the types of new homes to be provided, specifically residents living in houses, wanted to ensure that any regeneration would provide houses and not only flats.

- **Parking**

Residents of the West Kensington and Gibbs Green estate currently benefit from a high number of parking spaces on the estate. Residents raised concerns that regeneration may reduce the number of parking spaces available to them and may increase the cost of parking within the area.

- **Layout of the estate**

Residents had mixed views about the estate. Some residents felt that the estate was poorly laid out and lent itself to anti-social behaviour due to its closed nature and that the green space was poorly designed and under used. Other residents felt that the lay out of the estate resulted in the estate being quiet and peaceful.

Tenant and Leaseholder/Freeholder Offers

To ensure that the Council addresses the issues that had been raised and that are outlined above, the Council has been working with residents to jointly produce Tenant and Leaseholder/Freeholder offer documents which outline what would happen to residents should the estates be included in the comprehensive redevelopment scheme proposed by Capital and Counties.

The offers have been negotiated with residents of the estate, primarily with the West Kensington and Gibbs Green Steering Group. The Steering Group have had legal advice throughout the negotiation of these offers. It has been agreed that the assurances within the Tenant and Leaseholder/Freeholder offers are developed into Individual contracts, for each resident on the estate, setting out their individual position. These contracts have now been produced and are currently being agreed with the Steering Group. Once agreed they will be issued for information to all residents. In summary the main assurances to both groups of residents are as follows:

Tenants

- Secure Council tenants will remain as such with rents set by the Council in line with other existing Council rents.
- All tenants will be made an offer to move into a new home on the new development which suits their housing needs.
- Tenants will be entitled to a Homeloss payment to compensate them for the move. This is currently set by legislation at £4,700 per household.
- Tenants will have a dedicated re-housing officer to help them through the process and access to free independent housing advice.
- The development will be phased to allow tenants to be re-housed with only one move with no compulsory use of temporary accommodation. Existing groups who wish to remain together will be moved together.
- Tenants who are under-occupying will be offered a new home with one additional bedroom above their need.
- Tenants moving into the new development will be offered new household goods included a fridge/freezer, washing machine/dryer, dishwasher, oven/hob and new carpets and curtains. They will also be compensated for any reasonable costs as a result of moving, such as removal expenses and re-routing of mail.

Leaseholders and Freeholders

- Resident homeowners will receive full market value plus compensation of 10% of its value.
- Resident Homeowners who wish to move into the new development will receive a discount of 10% of the value of their new property.
- If after receiving a discount Resident Homeowners still cannot afford to purchase a home in the new development the Council will hold any outstanding equity, at no rent, up to the value of the new home that should be an equivalent size to their existing home. Homeowners will not be expected to increase borrowing on their mortgage to afford a home in the new development.
- Resident Homeowners who wish to be bought out and leave the area will be offered the value of their home plus 10% Homeloss Compensation unless they move under the Early Purchase arrangement.
- Homeowners will be able to choose the time when they wish to be bought out and move away, up until the time when their property is required for development.
- Homeowners will be entitled to free independent valuation and legal fees for the conveyance.
- Reasonable costs of moving will be funded.

The Council has made a commitment to the residents of the West Kensington and Gibbs Green estates that should decision be made to include the estates in the comprehensive redevelopment proposals, the Tenant and Leaseholder and Freeholder Contracts will form part of any agreement with Capital and Counties.

West Kensington and Gibbs Green Information Pack



The Council is to decide whether to include the West Kensington and Gibbs Green estates within the Earls Court redevelopment scheme. The Council wants to consult residents on the estates and residents and businesses in the local area before taking this decision.

For secure tenants on the estates, this consultation process will also satisfy the requirements of section 105 of the Housing Act 1985.

This document summarises the issues involved and sets out what the Council is proposing to do.

Tell us what you think

This is your opportunity to make your views known. Please see the feedback form in the back of the pack.

Welcome to this information pack

This pack has been produced to allow you to have your say, before the Council makes a final decision on whether to include the West Kensington and Gibbs Green estates in the comprehensive redevelopment plans for the Earls Court area.

For secure council tenants on the estates, this is in part, what is called a Section 105 consultation because it potentially involves significant changes. However, it is also a consultation for everybody who lives or owns a property on the estates, and other residents and businesses in the local area.

As you will be aware, for some time the Council has been working with residents of the estates and EC Properties Ltd (a subsidiary of Capital and Counties Properties plc, the owner of the Earls Court buildings) to explore the benefits of including the estates in the wider plans and understand and address residents' concerns should the estates be included.

After weighing up all the options, the Council has now reached a provisional view that including the estates in the wider plans by entering into a so-called 'Conditional Land Sale Agreement' with EC Properties is in the best interests of local people. However we want your views before making any final decision and so have produced this pack to ensure that you have the information you need to form your views on the Council's proposal.

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The story so far

Since 2008: The Council has been talking to residents on the West Kensington and Gibbs Green estates about the possibility of including the estates in the proposed wider redevelopment of the area, which includes Earl's Court exhibition centres and the Lille Bridge Depot.

October 2009: The Council signed a Collaboration Agreement with the two other landowners, Capital and Counties and Transport for London (TfL), to explore the potential benefits of redevelopment.

Early 2010: The Council started to develop assurances for tenants, leaseholders and freeholders which sought to protect their interests and address their concerns should redevelopment occur.

Early 2011: A group of residents set up the West Kensington and Gibbs Green Steering Group to make sure that these assurances offered the best deal for tenants/leaseholder and freeholders. The group, with independent legal advice, has helped to turn the assurances into legally-binding contracts that would come into force should redevelopment occur.

Early 2011: Capital and Counties launch their Masterplan for the redevelopment area.

June 2011: EC Properties submit an outline planning application for the redevelopment area and a detailed planning application to build homes on Seagrave Road.

July 2011: The Council signed an Exclusivity Agreement with EC Properties which gave the Council the time and resources needed to investigate the potential benefits of including the estates within the comprehensive redevelopment scheme.

November 2011: Second round of consultation on the Supplementary Planning Document - the planning document for the Earl's Court Opportunity Area.

What are the proposals?

The proposal area The Council has been considering whether to include the West Kensington and Gibbs Green estates within EC Properties' comprehensive redevelopment proposals.

EC Properties' redevelopment proposals also include the following land holdings:

- The Earl's Court buildings and Seagrave Road Car Park currently owned by EC Properties
- The Lillie Road Depot owned by TfL



EC properties vision for the area



The planning applications submitted by EC Properties in June 2011 were based on a masterplan produced by Sir Terry Farrell. The masterplan is centred around the concept of building four villages and a high street, linking North End Road with Earl's Court Tube station. Within the masterplan, the Earl's Court buildings, the Lillie Road Depot and the West Kensington and Gibbs Green estates would be demolished to allow for the construction of thousands of new homes, new open space, new offices, new shops and facilities.

The masterplan envisages:

New homes:

- 7,500 new homes (including 808 at the Seagrove Road Site)
- Approx 1,300 affordable homes
- Approx 6,200 private homes

Creation of four urban 'villages'

- North End: with a market at the heart of activity
- West Kensington: the new front door to central London with a new commercial hub
- The High Street: including shops, bars and restaurants
- West Brompton: a quieter residential area designed for families with nearby open spaces and a primary school
- Earl's Court: the focal point will be Exhibition Square which will mark the entrance to the residential area and the eastern edge of the High Street

Facilities:

- A new high street with shops, cultural and community facilities
- A new primary school with nursery and daycare facilities
- A new integrated health hub offering a range of primary health care
- Playgrounds and facilities for children of all ages

Culture and Leisure:

- A new community and cultural venue dedicated to the arts, community learning and entertainment
- New sports and leisure facilities

Transfer and Traffic:

- A new high street designed for pedestrians, cyclists and cars which links North End Road to Warwick Road
- A new, north-south thoroughfare called the Broadway designed for pedestrians, cyclists and cars which link Cromwell Road to Lillie Road
- Improvements to Earl's Court, West Brompton and West Kensington stations
- New bus routes and new upgraded bus stops
- Electric car clubs and a series of charging points

Seagrove Road:

- 808 new homes
- A 90m long London garden
- Secure underground car parking

The planning applications are currently going through the planning process and have not yet been decided. If you would like more details on the plans please visit www.lbhf.gov.uk/earlscourtapplication or www.myearlscourt.com

The potential land sale agreement

If, after consultation, the Council decides to include the estates in the comprehensive redevelopment proposals it would enter a land agreement with EC Properties. The land agreement would grant EC Properties the right, for up to five years, to purchase the land in phases on satisfaction of a number of conditions including:

- Re-providing the Council with 760 homes within the redevelopment area
- EC Properties securing suitable planning permissions
- The Council securing permission from the Government
- The Tenant and Leaseholder/Freeholder guarantees
- Redevelopment happening on a phase by phase basis to allow residents to move straight into their new home and avoid moving into temporary accommodation while the new homes are constructed
- The Council receiving approximately £100 million as payment for its land
- The Council seeking permission to use compulsory purchase powers as a last resort should negotiations fail
- EC Properties purchasing 11 Farm Lane (see map on page 3) to build new homes which some residents could move to if they choose (the Government's permission would not be needed for this purchase)

Additionally, EC Properties would purchase the former Gibbs Green School site as soon as any land sale agreement was signed (and assuming that the Government also gave permission). This would provide the much-needed funds to build a new borough-wide secondary autistic facility in White City, the building of which has been stalled due to public sector cuts.

...and how this could affect residents living on the estates

If the West Kensington and Gibbs Green estates are included within the comprehensive redevelopment proposals all of the 760 properties on the estates would be demolished. All of these homes would then be rebuilt to modern standards within the redevelopment.

Each Secure Council Tenant, Leaseholder and Freeholder would receive a contract outlining the Council's assurances to residents and would have a dedicated re-housing officer to explain the contract and help residents throughout the whole redevelopment process. The terms of this contract have been negotiated by a residents' steering group, using independent legal advice, with the intention of securing the best possible deal for people living on the estates.

The tenant and leaseholder/freeholder contracts are explained in summary below and for residents of the estates more detailed questions and answers explaining the offers are enclosed.

Secure tenants offer summary

- You will remain a secure council tenant
- You will be offered a brand new home in the redevelopment matched to your need and will be able to stay in the redevelopment area
- Your rent will continue to be calculated in the same way as secure council rents across the borough
- You will be allocated a dedicated re-housing advisor well in advance of any move. They will help you through the whole process, keeping you up to date with progress, understanding your issues and ensuring your need is properly assessed
- If you are currently under-occupying then you will be offered a new home with one room more than is required to meet your housing needs
- Your new home will come with brand new household white goods (fridge/freezer, washing machine/dryer, dishwasher, oven/hob) and new carpets and curtains. You will also be compensated for any reasonable costs as a result of moving, such as removal expenses and re-routing of mail
- All secure tenants who have lived in their home for more than a year will be entitled to a home loss payment of £4,700 to compensate them for the move
- You will receive a disturbance payment which will cover your reasonable costs of moving
- You will have access to free independent advice.
- You will only have to move once and will not be required to move until your new home is complete
- An occupational therapy assessment will be undertaken if requested and identified necessary adaptations will be completed in your new home
- You will be offered compensation for loss of garden or private parking space if you are allocated a home without them
- The Council will set up a committee of residents, council officers, representatives of EC Properties and the builders working on the site so you can contribute to the development and design of homes and the wider scheme

Resident leaseholder and freeholder summary

- Resident homeowners will get the full market value of your home plus compensation of 10% of its value, up to £47,000
- If you choose to move to a new home in the redevelopment you will also receive a discount if you sign up early
- If you cannot afford to purchase a home in the redevelopment outright you will be given the opportunity to use your compensation and discount towards buying an intermediate affordable home in the redevelopment. You will not be expected to increase borrowing on your mortgage to afford a home in the redevelopment
- You will be entitled to an independent valuation of your property and the Council will provide a dedicated housing advisor
- You will be compensated for any reasonable costs as a result of moving, such as legal fees, removal expenses and re-routing of mail
- You will receive compensation if you paid for Decent Homes work and move out because of any redevelopment
- Service charge for all existing resident leaseholders will be capped at its existing level for five years after you first purchase your new property
- Service charge for existing resident freeholders will be capped at a maximum of £1,000 per annum for five years after you first purchase your new property
- The Council will set up a committee of residents, Council officers, representatives of EC properties and the builders working on the site so you can contribute to the development and design of homes and the wider scheme

Other estate residents

Homeowners If you are not resident in a property that you own on the estates, or you have not owned, or been resident in the property for a year, then the details of how this redevelopment affects you are dealt with in the homeowners' question and answer documents included within this folder. For a fuller explanation of how this will affect you please contact Sarah Lovell on 020 8753 5571 or Philip Morris on 020 8753 3334.

Tenants If you are not a secure Council tenant or are a private tenant of a private owner then the details of how this redevelopment will affect you are dealt with in the tenants' question and answer documents included within this folder. For a fuller explanation of how this will affect you please contact Sarah Lovell on 020 8753 5571 or Philip Morris on 020 8753 3334.

Housing association tenants If you are an assured tenant of a housing association on the two estates then you will be offered the opportunity to become a Council tenant and the terms of the tenant contract will apply to you.

If you wish to remain a tenant of your existing housing association then you will be able to do so.

What kind of replacement homes would be built?

- There would be 760 replacement homes provided to match the current numbers and tenure of homes on the estates.
- The new homes would be a mix of houses, flats, and maisonettes.
- All new homes would be built to the Mayor's Design Guide space standards. This is a minimum standard brought in by the Mayor to ensure that all new homes are built to a decent size standard.
- 10% of the new homes would be wheelchair accessible
- All new homes would be built to Lifetime Homes standard - this means that they would be more easily adapted to meet the needs of residents.
- Residents would be able to influence the layout of the replacement homes - choosing whether they would like a lounge/diner or a kitchen/diner. They would also be able to make colour choices and have a range of appliances to choose from.
- There would be a significant number of ground floor properties with their own front door and private gardens and many properties would have balconies.

The typical layout and size of any replacement homes which may be provided can be seen from the following examples of the proposed replacement homes at Seagrave Road.

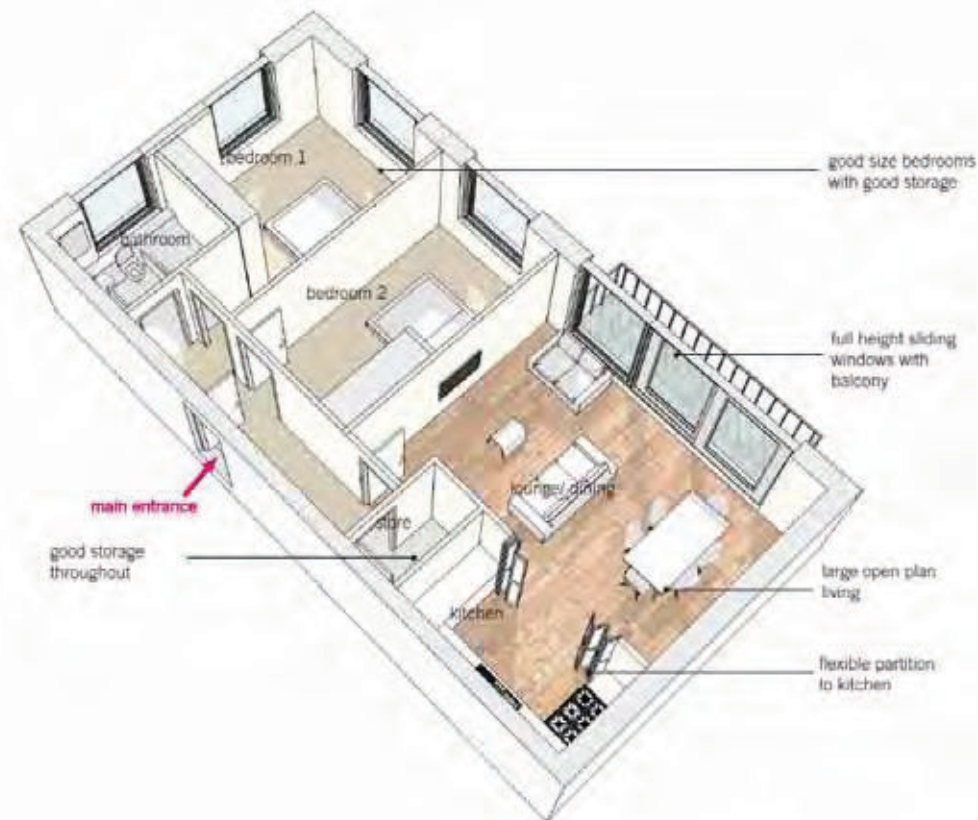


Two bedroom apartments

BUILDING D | 2 BED APARTMENT - 77m² (829 ft²)



3rd - 6th Floor Plan 1:50



Three bedroom duplex

BUILDING D | 3 BED DUPLEX - 101m² (1,087 ft²)



Ground Floor Plan 1:50

First Floor Plan 1:50

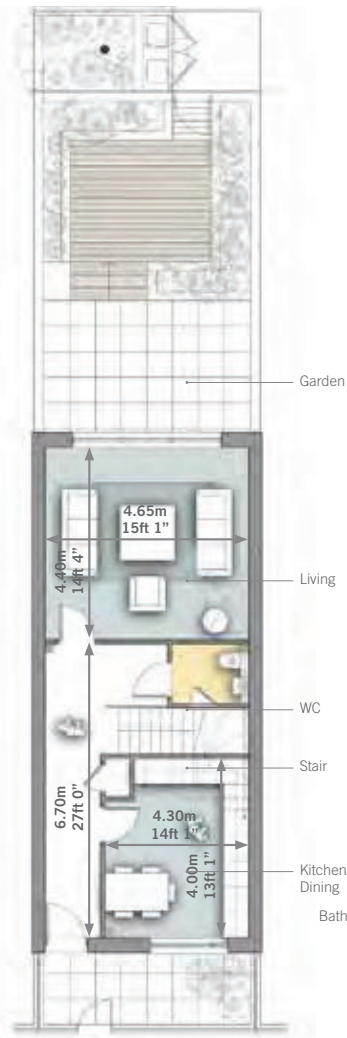


Ground Floor Plan

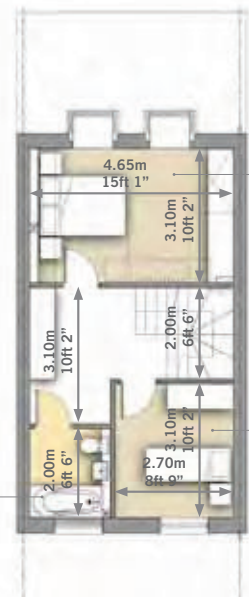
First Floor Plan

Four bedroom houses

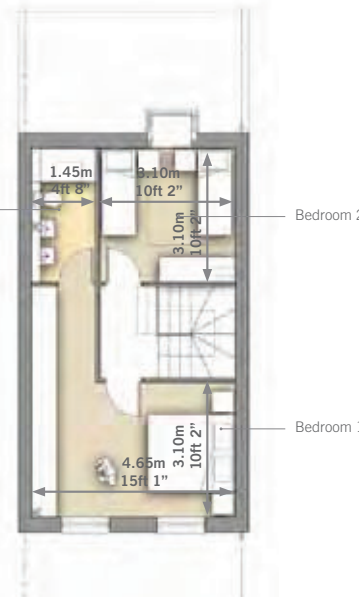
SEAGRAVE ROAD HOUSES | 4 BED HOUSE - 146.4m² (1,476 ft²)



Ground Floor Plan 1:100



First Floor Plan 1:100



Second Floor Plan 1:100

When would estate residents need to move?

- The Council has promised that no-one would be forced to move until a new home has been built for them, this avoids people having to move twice
- This does mean that the new homes would be provided in phases over a number of years
- The Council will talk to residents about the development of the phasing plan
- Any phasing plan would be developed to ensure that:
 - Residents only have to move once, directly from their old home into their new home
 - Each phase of new-build homes caters for the needs of residents that have to move into them
 - Phases would be large enough to allow residents to move together to ensure support networks are kept intact
- The first phase of building would be built at the Seagrave Road site
- It is estimated that the first new homes for residents to move into would be ready at the end of 2014 or beginning of 2015
- Currently, there is no set timescale for the development process but it is anticipated that the final moves to new homes could be completed within ten years

Living on the estate during the building process

- If redevelopment does occur, we recognise that your life does not stop while the building work is happening
- The Council will be working hard to ensure that disruption is kept to a minimum and that security of existing residents is a priority
- Any building sites would be kept secure when work was not taking place
- The Council would look to make sure that, during the building work, any vacant land that became available would be used in a creative way for the good of the community. In other redevelopment areas this has seen resident-led temporary cafes and cultural facilities emerging
- Our absolute priority would be to ensure that the community and neighbourhood continued to flourish while the new homes were being built around it

Options for the estates - what is best?

To help understand what is best for the West Kensington and Gibbs Green estates and the Borough more widely, the Council has been exploring the potential options for the estates and has commissioned an economic study which looked at and compared the benefits of four options:

Option 1 - Keep things as they are. The Council would continue to own, manage and maintain the estates. Alternatively, the Council could transfer the estates to a housing association (or a resident-controlled private registered provider) that would then own, manage and maintain the estates.

Option 2 - The Council would continue to own, manage and maintain the estates but would also seek to develop spare plots of land within the estates.

Option 3 - Redevelopment of the estate only (not as part of the comprehensive redevelopment plans). The existing properties on the estate would be demolished and replaced with new housing and other supporting uses.

Option 4 - Inclusion of the estates within the Earls Court comprehensive redevelopment scheme (as explained earlier in this document).

For a copy of the Economic Appraisal, please see www.lbhf.gov.uk/westken

Using this study the Council has looked at which option delivers the optimum benefits for local people living on the estates and in the wider area including:

- New housing and housing choice
- Job opportunities
- Disruption to residents
- Long term management, maintenance and running costs
- New community facilities provided
- Community safety
- Quality of open and play space

THE FOUR OPTIONS SUMMARISED

Illustrated below are some of the advantages and disadvantages in the Council's provisional view



Option 1 Maintain the estates as they are (This could include a transfer to a housing association, or a resident-controlled private registered provider)

- No disruption or re-housing for estate residents
- Transfer to a housing association (or a resident-controlled private registered provider) could generate increased local responsibility

- The estates could not be used, as part of the comprehensive redevelopment, to create additional housing
- The estates could not be used, as part of the comprehensive redevelopment, to create more jobs
- Increasing repairs and maintenance costs of existing homes in the estates
- Significant funds needed to maintain the ageing estates

Option 2 Continue to maintain the estates and develop plots of land within the estates

- Minimal disruption for some estate residents
- Some additional housing (although not as much as under Option 4)
- Creates some jobs (although not as many as under Option 4)

- Increasing repairs and maintenance costs of existing homes in the estates
- Significant funds needed to maintain the ageing estates

Option 3 Redevelopment of the estates only

(not as part of the comprehensive plans). The existing properties on the estate would be demolished and replaced with new housing and other supporting uses

- Replacement of all existing homes
- Increased housing supply and choice
- Job creation
- Lower repairs and maintenance for new homes
- Lower running costs for residents of new homes
- Improvement to health and education facilities
- New more useable play and open space
- Better layout and design to improve community safety

- Residents lose their original homes, and suffer disruption
- Smaller phases may result in multiple moves for residents
- This option would be unlikely to generate substantial amounts of money for the Council, and might end up costing the Council money
- A long-term redevelopment over a number of years

Option 4 Include estates in comprehensive redevelopment scheme

- Replacement of all existing homes
- Significant increase in housing choice and supply
- One move only for residents
- Significant job creation
- The Council would receive a substantial sum to invest in the Borough
- Lower repairs and maintenance for new homes
- Lower running costs for residents of new homes
- New health and education facilities
- New more useable play and open space
- Better layout and design to improve community safety

- Residents lose their original homes, and suffer disruption
- A long-term redevelopment over a number of years

The Council has provisionally concluded that Option 4 is the option which delivers the most benefits overall. The Council is also concerned about the affordability of Options 1, 2 and 3, as compared with the financial benefit to the borough's finances of Option 4.

The option for a housing stock transfer

Whilst some residents are enthusiastic about including the estates in the comprehensive redevelopment scheme, other residents would like the estates transferred to a resident-controlled private registered provider (one of the alternatives under Option 1). This would prevent the estates from being included in the comprehensive redevelopment scheme. The result would be that overall the redevelopment scheme would produce fewer additional homes (including fewer additional affordable homes) and would create fewer jobs. The borough would also lose out on the other advantages listed under Option 4 above.

For these reasons, the Council's provisional view is that the option of including the estates in the wider redevelopment scheme should be pursued first, and a housing stock transfer could be better pursued after the benefits of the comprehensive redevelopment scheme had been achieved, and residents had moved into their new homes.

Decision making process

Before making any decision the Council is seeking the views of residents and local businesses on whether the estates should be included within the comprehensive redevelopment scheme. You have six weeks to give your views.

The Council hopes to make a final decision in Spring 2012

More information on the scheme can be found by visiting:

- www.lbhf.gov.uk/westken
- www.lbhf.gov.uk/earlscourtapplication
- www.myearlscourt.com

The Council will be holding a series of drop in sessions to talk to estate residents and explain the proposals, the details of which will be advertised on the Council's website.

This is an important consultation about your home and your neighbourhood. If you would like this in large print, Braille or any other format please contact 020 8753 3334

Arabic

هذه استشارة مهمة حول منزلك والحي الذي تسكن فيه. إذا كنت تريد الحصول على نسخة مترجمة من هذا النص بلغتك، فمرجو الاتصال برقم 020 8753 3334.

Albanian

Kjo është një fletushkë konsultimi e rëndësishme për shtëpinë dhe lagjen tuaj. Nëse e dëshironi këtë të përkthyer në gjuhën tuaj, ju lutemi kontaktoni në 020 8753 3334.

Bengali

আপনার ঘর ও নেইবারহুড সম্বন্ধে এটি একটি গুরুত্বপূর্ণ কনসাল্টেশান। আপনি যদি আপনার ভাষায় এটি অনুবাদ চান তাহলে দয়া করে 020 8753 3334 নাম্বারে ফোন করুন।

Farsi

این مشاوره که راجع به منزل و محله شماست، بسیار مهم می باشد. اگر می خواهید این مشاوره به زبان شما ترجمه شود، با شماره 020 8753 3334 تماس بگیرید.

French

Il s'agit d'une consultation importante sur votre domicile et votre voisinage. Si vous souhaitez une traduction dans votre langue, appelez le 020 8753 3334.

Polish

Przeprowadzane jest tu ważne badanie opinii mieszkańców co do ich mieszkań i osiedla mieszkaniowego. Aby uzyskać tłumaczenie na swój język ojczysty, proszę zgłosić się pod nr. 020 8753 3334.

Portuguese

Esta é uma consulta importante relativa à sua casa e ao seu bairro. Se desejar obter estas informações traduzidas para a sua língua, ligue 020 8753 3334.

Somali

Wadatashigaani wuxuu muhiim u yahay gurigaaga iyo xaafaddaada. Haddii aad jeclaan lahayd in wadatashigaan luqaddaada laguugu turjumo fadlan la soo xiriir 020 8753 3334.

Spanish

Este texto es una importante consulta sobre su vivienda y su vecindario. Si desea que se lo traduzcan a su idioma, llame por favor al 020 8753 3334.

Tagalog

Ito ay isang mahalagang konsultasyon tungkol sa inyong tahanan at mga kapitbahay. Kung nais ninyong maisalin ito sa inyong wika, tumawag lamang sa 020 8753 3334.

Turkish

Bu, eviniz ve oturduğunuz semt ile ilgili önemli bir danışma belgesidir. Türkçeye çevrilmesini isterseniz, lütfen 020 8753 3334'ü arayın.

Urdu

یہ آپ کے گھر اور آپ کے قریب و جوار کے بارے میں اہم مشاورت ہے۔ اگر آپ اس کا ترجمہ اپنی زبان میں کرانا چاہیں گے تو براہ مہربانی فون نمبر 020 8753 3334 پر رابطہ کریں۔

Any questions?

Please contact Phil Morris or Sarah Lovell
at Hammersmith & Fulham Council on
020 8753 3334 or 020 8753 5571

**Please contact us if you need this
information in any other language or
would like any part of this document
produced in large print or Braille.**

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APPENDIX 5 - EARLS COURT REDEVELOPMENT – STATISTICAL ANALYSIS OF FEEDBACK FROM CONSULTATION

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1. INTRODUCTION

From 6th January 2012 to 12th March 2012, the Council undertook consultation with residents of the West Kensington and Gibbs Green estates and businesses and residents of the local area. The consultation that was carried out was in the context of informing the Council before a final decision is taken to include the two estates in the comprehensive redevelopment for the Earls Court area. For secure council tenants on the West Kensington and Gibbs Green estates, it served part of a formal process under the Section 105 consultation.

A total of 30,000 consultation information packs were distributed across the wider area, defined by Hammersmith Road to the North, Fulham Palace Road to the West, New Kings Road to the South and Warwick Road and Finborough Road to the East. It also covered the two estates.

This report seeks to give the Council's initial findings from the consultation responses received. This analysis is still a work in progress and it is expected that an updated and completed analysis will be considered when the council makes the final decision.

2. PURPOSE OF CONSULTATION

This stage of the consultation was designed to get the views and elicit comments from estate residents and local residents, businesses and stakeholders in the area on the council's proposals in order to inform the final Council decision.

The consultation material stated that after a period of working up proposals with residents and EC Properties Ltd, the Council has now reached a provisional view that including the estates in the wider plans by entering into a Conditional Land Sale Agreement with EC Properties is in the best interests of local people.

The consultation material summarised the council's proposals and the issues involved. This included information on the proposals for the area, information on the Conditional Land Sale Agreement and information on how the proposals could affect residents on the estate. The material also included a summary of the 4 options considered in the Economic Appraisal [Proposed Estates Regeneration – Economic Appraisal by Amion Consulting and Jones Lang Lasalle, November 2011].

The consultation was supported by a number of drop-in sessions and information on the council's website. A timetable of the consultation process can be found at Appendix 2.

Residents were invited to give their views on the councils proposals by:

- Logging on to on the councils website: www.lbhf.gov.uk/westken
- Writing a letter to: Philip Morris/Sarah Lovell, Housing and Regeneration
- Or completing a feedback form.

The feedback form was included within the information pack sent to all residents. In keeping with our approach of encouraging unguided responses, the Feedback form asked for residents views and did not explicitly mention the 4 options described in the consultation pack and very few responses referred directly to them.

3. BROAD OVERVIEW OF CONSULTATION RESPONSES

The consultation formally closed on 12th March and overall 1,616 responses were received by post and via the councils website.

A number of responses have not been counted in the results. These are made up of;

- Where a resident submitted more than one identical response they have been counted once.
- A number of responses were received in which the same person submitted more than one response and gave conflicting opinions. These have been counted where their view is clear by date received (where a dated response clearly follows a previous response) or comments it contains (e.g. some forms explicitly stated "I have changed my mind"). A very small number (under 10) of responses were received where it was not possible to gain a clear understanding of the respondents views.
- Some responses did not give a name or address.
- Children under 12 (See table 4b)

Officers have considered how best to treat these particular responses and have decided, on balance that 189 responses should be treated as incapable of being counted. These have been excluded from the totals therefore the total number of responses accounted for below is 1,427.

Summary of responses received

- Entire consultation area:
 - 30,000 properties received an info pack and feedback form
 - 1,427 responses were considered which is a response rate of 4.65%
- West Kensington & Gibbs Green Estates
 - 760 properties received an info pack and feedback form
 - 805 responses were received from 515 properties, a household response rate of 67.7%
 - Of the eligible 584 secure council tenants 331 responded. A response rate of 57%
- Wider consultation area (excluding estates):
 - 29,240 properties received an info pack and feedback form
 - 597 responded which is a response rate of 2.04%

The response rate of around 4% is average for this type of mass mail-out. However, as the figures above demonstrate, there was a much higher response rate from the estates.

Summary of Main Views Received

Although no specific question on support or object was asked, officers consider that the responses received are best regarded as falling mainly into one of the following two categories;

- Those who support the inclusion of the estates within the Earls Court regeneration scheme
- Those who object to the inclusion of the estates within the Earls Court regeneration scheme

A majority of those who are regarded as indicating support come from the wider area covered by the consultation.

A majority of those who are regarded as indicating objection, are from the two estates.

4. RATIONALE OF THE METHODOLOGY USED

In considering the responses to the consultation we have adopted the following methodology.

To ensure that there is a clear transparent and robust process by which to analyse the responses that have been received it is proposed to split the methodology into two areas:

- Part A- Statistical
- Part B- Qualitative

Part A; Statistical analysis of response

The statistical analysis shown on the tables below means that we can show data on the consultation area as whole, responses received from the estate and the wider area in clear numerical terms. This provides context and an objective base to understand the consultation.

The feedback form asked residents for their name, address, gender and age.

Tick boxes allowed people to indicate whether they live on the estates or are a resident of the wider area.

Estate residents could indicate whether they were a secure council tenant, a tenant of Family Mosaic, a tenant of Shepherd's Bush Housing Association, a London & Quadrant tenant, a leaseholder, a freeholder, private tenant or other.

For the purposes of Section 105, the results from secure tenants will be shown separately.

Table 1; Overall Number of Responses

Table 1 shows all of the counted responses received.

	Estate	Wider area	Total
Properties	760	29,240	30,000
Responses	805*	622	1,427

*Multiple responses were received from the same household.

Table 2; Response from estates by tenure

Table 2 refines this information even further giving the Council a detailed breakdown on residents responses by tenure.

	Secure council tenant	Family Mosaic	SBHA	L&Q	Lease holder	Free holder	PSL& TOL / Private sector *
Properties	531	42	7	9	132	39	9
Responses	527	61	14	13	73	27	90**

*Private Sector Leased and Temporary on Licence

** Responses include private sector tenants who are renting from leaseholders and freeholders so not exclusively from 9 properties

Part B; Qualitative analysis of response

1. Consultees comments on proposal and views

The questions asked by the Council offered consultees the opportunity to comment on any issue they feel is relevant to them.

This method of consultation is unguided to avoid leading consultees responses but means that responses cannot be statistically analysed. However, by grouping responses into broad categories and identifying any particular issues we can clarify the concerns of all sections of the community.

Officers have had to interpret the responses to the unguided questions to make a judgement about the category and the view of the respondent.

The Council can use this information to refine the proposals, clarify issues that have been raised so that, where possible, we can understand any legitimate concerns raised and demonstrate a robust and meaningful process has been followed.

The responses have been grouped into the following categories:

Support	Where the response clearly states support or is positive about the Council's proposal
Object	Where the response clearly states opposition or is negative about the Council's proposal
Concern	Where the response does not state clear opposition or support but expresses concern about an element of the Council's proposal
Not enough info/ Neutrel/ No Opinion	Where the response does not give enough information to be included in any of the above categories or clearly states that they are neither for or against the proposal

2. Initial statistical analysis of responses to Question 1

The council has used the categories above to group the responses to question one in the feedback form. This question was:

- *What are your views on the Councils proposal to include the estates within the redevelopment scheme?*

Table 3; Views on the Council's proposals to include the estates within the redevelopment scheme

Response Type	Council tenant	Family Mosaic	SBHA	L&Q	Lease holder	Free holder	Private sector/PSL & TOL/Other	Wider area
Support	132	2	0	1	30	1	9	448
Object	370	58	13	11	37	23	72	108
Concern	15	1	1	0	3	1	4	32
Not enough info / No opinion	10	0	0	1	3	2	5	34
TOTAL	527	61	14	13	73	27	90	622

The responses from the wider area demonstrate more support than objection.

The responses from the estate show more objections than support.

Objections

One of the reasons for the level of objection may be that there has been an active campaign by the T&RAs to encourage residents to respond. As part of this campaign a template was produced and the suggested statements showing clear objection were widely distributed. This template and the TRA leaflet can be found at Appendix 3.

On Monday 12th March, the last day of the consultation period, a delegation from the T&RAs handed in 538 responses.

These responses fell into two categories;

- Assisted responses where people have signed the pre-prepared text
- Partly-assisted responses where people have signed the pre-prepared text and hand-written additional comments

All such responses strongly objected to the inclusion of the estates within the wider regeneration scheme.

3. Responses from children

95 of the 538 responses received from the T&RA were from children. We have not counted responses from those aged 11 years and under however we wanted to acknowledge all responses.

Table 4: Assisted responses from children

Agre	No of responses	No of households	Adult responses from same household
4 – 11 (not included in results)	42	32	45
12 – 17 (included in results)	52	44	73
Total	95	76	118

As noted earlier, some households have submitted multiple responses, however this is especially pronounced in households with children. For instance, the table shows in the 12 to 17 year old category 125 responses have come from 44 properties.

4. Section 105 Consultation

Table 5a: Responses from people who defined themselves as council tenants on the feedback form by estate

Response	West Kensington		Gibbs Green		Total
	nos	%	nos	%	nos
Support	118	25.1	14	25.0	132
Object	330	70.1	40	71.4	370
Concerned	13	2.8	2	3.6	15
Not enough info / neutral / No opinion	10	2.1	0	0.0	10
TOTAL	471	100.0	56	100.0	527

Section 105 of the Housing Act 1985 is the obligation for councils to consult with “secure tenants”. The secure tenants are those persons who are parties to the various tenancy agreements that have given rise to secure tenancies. In the case of joint tenancies, all the persons so named will be secure tenants.

For the purposes of Section 105, only those people with their names on the tenancy agreement have been counted.

The table below shows the result when only people who are signatories to a tenancy agreement with the council are counted.

Table 5b: Question 1 responses from secure tenants only

Response	West Kensington		Gibbs Green		Total
	nos	%	nos	%	nos
Support	90	30.5	12	33.3	102
Object	193	65.4	22	61.1	215
Concerned	7	2.4	2	5.6	9
Not enough info / neutral / No opinion	5	1.7	0	0.0	5
TOTAL	295	100.0	36	100.0	331

There are a total of 584 people in secure tenancies on the estates, including joint tenancies. There were 331 responses from them. This is response rate of 57% of eligible respondents, meaning that 43% of the secure tenants on the estate did not respond.

5. Qualitative Analysis

As stated we are looking at 1,427 responses to the 4 unguided questions and Question 1 was the question that most people engaged with and responded to.

As such this is our first report back on the analysis. More work is going on – particularly around respondents who have sent in multiple responses and indicated a change of view.

We are also undertaking a detailed analysis of the concerns and objections raised by respondents and will be addressing them in a thematic basis in order to present residents' views clearly and fairly to Members before they make a final decision on the future of the estates.

Appendix 1 – Consultation Timeline

Event	Date Actioned
S105 Arrangements advertised on the internet	22 nd December 2011
Briefing letters sent to: <ul style="list-style-type: none"> • West Ken & Gibbs Green Steering Group • West ken & Gibbs Green TRA's • HAFFAD • HAFFTRA 	22 nd December 2011
Briefing letters sent to Ward Councillors	23 rd December 211
Information Packs distributed to estate residents	31- 6 th January 2012
Briefing letter sent to MP	6 th January 2012
S105 material uploaded onto the internet	6 th January 2012
Drop in session	10 th January 10am-2pm
Wider Information pack distributed	18 th January 2012
Drop in session	18 th January 6pm-9pm
Drop in session	26 th January 1pm-4pm
Drop in session	1 st February 6pm-9pm
Consultation clarification letter	Dated 3 rd February 2012; distributed between 3 rd and 6 th February
Leaflet advertising additional drop in session distributed to the estates	7 th February 2012
Drop in session	9 th February 10am-2pm
Newsletter & feedback form, reminding residents to complete feedback forms and of additional drop in session distributed to the estates	10 th February 2012
Letter from Leader reminding residents to complete feedback forms distributed to the estates	24 th February 2012
Drop in session	29 th February 2012 6pm-9pm

West Kensington and Gibbs Green



Feedback form

The Council is undertaking this consultation to seek your views on whether or not the Council should include the West Kensington and Gibbs Green Estates within the comprehensive Earls Court Redevelopment scheme. The Council is consulting with all residents on the estates and residents and businesses in the wider area.

For secure tenants on the estates, this process will also satisfy the requirements of Section 105 of the Housing Act 1985.

The Council wants to hear your views on this proposal. This is your opportunity to make your views known to the Council. You are free to comment on any aspect of the proposals and your views will be considered prior to any decision being made.

Should you consider that any aspect of the proposal would or might have any particular impact upon you as a result of your age, disability (if any), marital / civil partnership status, race, gender, sexual orientation, religion or beliefs, or as a result of you being pregnant, or being on maternity, or having undergone gender re-assignment then we would encourage you to explain this to us. The council has attempted to identify the potential impacts in a 'draft Equality Impact Analysis', which you can find at www.lbhf.gov.uk/westken. We would welcome any comments you have on whether we have correctly identified the potential impacts in this document.

You can make your views known by either filling in this feedback form and returning it in the pre paid envelope, or by logging on to on the councils website www.lbhf.gov.uk/westken, or by writing a letter to Philip Morris/Sarah Lovell, Housing and Regeneration, 3rd Floor, Town Hall Extension, King Street, W6 9JU.

The consultation concludes on **Friday 17 February 2012**. We must have your views by then

Name:

Address:

Gender:

Age:

If a resident of the West Kensington and Gibbs Green estates are you a (please tick one box):

- Secure council tenant Tenant of Family Mosaic
Tenant of Shepherd's Bush Housing Association London and Quadrant tenant
Leaseholder Freeholder Private Tenant Other
Or resident of the wider area

Continued over

Hammersmith & Fulham Council

1. What are your views on the council's proposal to include the estates within the redevelopment scheme?

2. Are there any further comments you want to make concerning any aspect of the development?

3. Are there any comments you want to make on the tenant and leaseholder/freeholder assurances issued with this document?

4. Do you have any suggestions as to how we might communicate with you in future?

Please feel free to continue your answers on a separate sheet if you wish.

If you would like any part of this document produced in large print or braille, or in another language, please phone 020 8753 5571

Appendix 3 – Leaflet from T&RA distributed on the estate

5

West Kensington & Gibbs Green Tenants & Residents Associations West Ken & Gibbs Green Community Homes

SALE OF YOUR HOME TO THE DEVELOPER FOR DEMOLITION ADVICE AND GUIDANCE FOR RESIDENTS

Dear Resident

January 2012

The Council wants to know what you think about its proposal to sell your home to the developer for demolition. It circulated an Information Pack after Christmas and has given you until 17 February to respond.

The consultation is wrong in many respects and, given how much this affects our lives, 6 weeks is not enough time to respond properly. We have asked the Council to give people at least 12 weeks to respond.

The Council has a legal duty to consult with you, but our campaign has forced it to provide more options and information about its proposal than it otherwise would have. Not surprisingly, its consultation gives a very one-sided view because the Council wants to sell off our homes to make huge profits for itself and the developer.

However, the Council has had to admit that if the Government implements S34A, the law that gives us the right to take over our homes, we could use it to stop the sell-off to the developer.

To save your home you must do your very best to respond to this consultation by filling out and returning the form in the Information Pack. If you are against the Council's plans, we suggest you complete the boxes along the lines set out below, adding any other comments you want about why you oppose demolition and how this would affect you.

1. What are your views on the Council's proposal to include the estates within the redevelopment scheme?

Like most of my/our neighbours, I/we object very strongly to the Council's proposals to sell and demolish the West Kensington & Gibbs Green estates. The community is well-established. Both estates are in good condition (apart from a backlog of building maintenance), and are well-looked after and valued by residents, with few symptoms of anti-social behaviour such as graffiti, broken play equipment, etc. There is no justification for forcing residents to move simply to generate a cash receipt of £100million for the Council.

2. Are there any further comments you want to make concerning any aspect of the development?

I/we would like to see the West Kensington and Gibbs Green estates excluded from the redevelopment proposals for the Earl's Court Opportunity area altogether. We would like the estates to be transferred into the ownership and management of West Ken & Gibbs Green Community Homes (WKGCH).

3. Are there any comments you want to make on the tenant and leaseholder/freeholder assurances issued with this document?

Given the amount of money the Council hopes to make by selling off the land where our homes stand, I/we think that the offer made by the Council in its consultation document is very poor. Most of the 'assurances' are only a statement of what the Council is anyway obliged to do by law, and many others have so many qualifications that it is impossible to say – for example – how much compensation would actually be paid. I/we do not think it demonstrates a serious desire to consult residents in any meaningful way.

4. Do you have any suggestions as to how we might communicate with you in future?

I/we would like you to communicate via our elected representatives, the TRAs and WKGCH. I/we would like to see a properly organised ballot of tenants and owners on the estates as to whether the estates should be demolished, which would be binding on the Council.

Once you have completed the form, make sure you send it to the Council in the envelope enclosed with the Information Pack. We shall visit over the next few weeks to offer help and advice. As long as the overwhelming majority of residents continue to say no to demolition and yes to community control, we shall win.

Meanwhile, you can contact us. Sally Taylor, Chair, West Kensington TRA 020 7381 8192; Diana Belshaw, Chair, Gibbs Green & Dieppe Close TRA 020 7381 9446; Shirley Wiggins, Chair, WKGCH 020 7385 1606; Jonathan Rosenberg, Community Organiser, 07961 301 801: jnr49@gmail.com

Appendix 4 – Pro-forma response

1. What are your views on the council's proposal to include the estates within the redevelopment scheme?

I object very strongly to the Council's proposals to sell and demolish the West Kensington & Gibbs Green estates. The community is well-established. Both estates are in good condition. I value my home and this neighbourhood and I want the Council to respect my wishes. There is no justification for demolishing our homes, for forcing residents to move, or for selling the land for redevelopment.

2. Are there any further comments you want to make concerning any aspect of the development?

Demolition would harm this neighbourhood and the wider area. I want the Council to exclude the West Kensington and Gibbs Green estates from the redevelopment proposals for the Earl's Court Opportunity area altogether. I want the estates to be transferred into the ownership and management of West Ken & Gibbs Green Community Homes (WKGGCH).

3. Are there any comments you want to make on the tenant and leaseholder/freeholder assurances issued with this document?

Given the £100 million the Council hopes to make by selling off the land where I live, the Council's 'offer' is very poor. Most of the 'assurances' are only what the Council is anyway obliged to do by law, and there are so many qualifications it's impossible to say how much compensation would be paid for loss of gardens, parking etc.

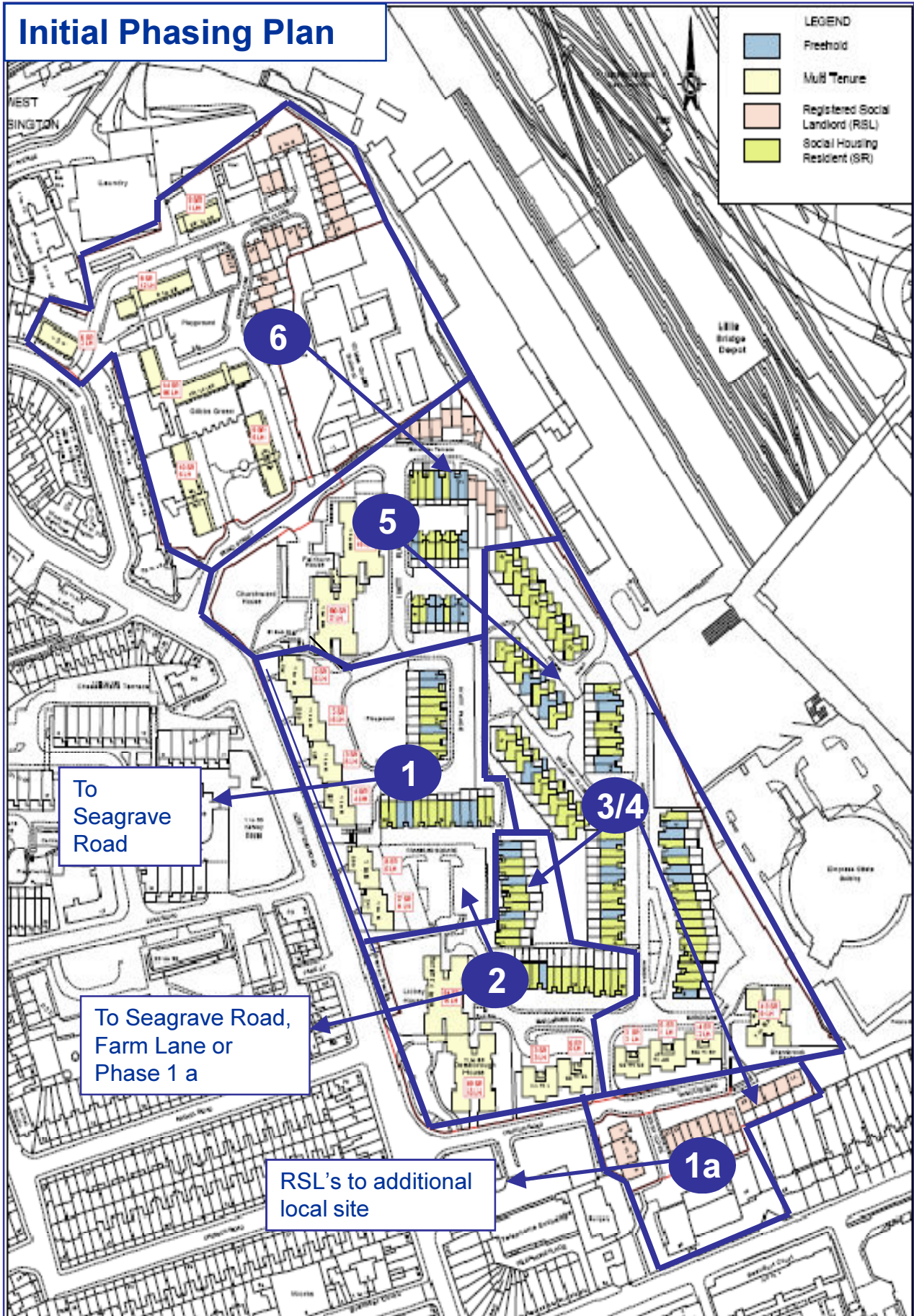
4. Do you have any suggestions as to how we might communicate with you in future?

The Council has breached its own policies by not consulting with our tenants & residents associations. The Council should communicate via our elected representatives, the TRAs and WKGGCH. I want the Council to agree to be bound by the results of an independent ballot of tenants and owners on the estates as to whether the estates should be demolished. I want the right to vote on my future.

Please feel free to continue your answers on a separate sheet if you wish.

If you would like any part of this document produced in large print or braille, or in another language, please phone 020 8753 5571

Initial Phasing Plan





**JONES LANG
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10 April 2012

FINAL DRAFT – SUBJECT TO CONDITIONAL LAND SALE AGREEMENT

Dear Mel,

EARLS COURT REGENERATION – VALIDATION OF CAPITAL & COUNTIES' OFFER

We refer to the ongoing discussions between the London Borough of Hammersmith & Fulham (the Council) and Capital & Counties Properties plc (CapCo) concerning the proposed redevelopment of the landholdings of the Council, CapCo and Transport for London (TfL) in the Earls Court regeneration area and the offer from CapCo to acquire the Council's interests in land.

Scope of this advice

We have been asked to comment on the acceptability and deliverability of the offer, as the basis for a Conditional Land Sale Agreement (CLSA) to be entered into by the Council and CapCo (the Parties). This advice relies on the following:

- the data contained within the financial model prepared by CBRE Ltd (CBRE) on behalf of CapCo and disclosed to the Council to allow an assessment of CapCo's proposals;
- the assumption that CapCo will enter into similar arrangements with TfL to enable the holistic redevelopment of the joint landholding;
- the Parties acceptance that further design and cost plan development will continue until and beyond the submission of detailed planning applications for development phases and that this will affect the programme, costs and values currently reflected in the financial model; and
- spreadsheets provided by LBHF which are used to calculate the value of the 171 leaseholder/freeholder replacement units. We understand these values to have been provided to LBHF by CapCo based on valuation advice provided to CapCo by Savills plc.



JONES LANG
LASALLE*

CapCo's offer

- CapCo has offered to enter into a CLSA with the Council, committing to acquire the Council's landholding of approximately 22.22 acres for the main site as well as 11 Farm Lane and properties at 8a and b, 10 and 12 Seagrave Road (the Seagrave Units) for the following consideration:
- the provision of 760 replacement homes to an agreed specification and delivery programme;
- an additional 4 replacement homes to replace the properties at 8a and b, 10 and 12 Seagrave Road (the Seagrave Road Houses); and
- a cash payment of £105 million, payable in tranches against an agreed programme.

In our opinion, based on the data available at this stage and subject to the specific assumptions provided below, this consideration is acceptable when derived from an assessment of the information currently available and would reflect best consideration for the Council.

The principal elements on which this assessment is based are the EC Harris LLP (ECH) whole site cost plan and the CBRE financial model. We understand that a warranty or duty of care has been obtained from ECH concerning the accuracy and market alignment of the cost plan and from CBRE concerning the accuracy of the financial model and its constituent data. Furthermore, we recommend that the CBRE financial model is independently audited on behalf of the Council.

Appendix 1, attached to this letter, provides an analysis of the principal assumptions contained in the financial model and our analysis and sets out a number of factors that will affect the value inherent in the CapCo offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Pratt', written over a faint, illegible printed name.

Christopher Pratt
European Director

APPENDIX I

1 Implications of the timing of the cash payments

The timings of the cash payments determine the total present day value of the payments (based at May 2012). The table below shows the implications (in net present value terms) of receiving payments over a different number of years.

Payment Schedule	NPV of £105m discounted at 6.6%* pa
£30m (May 2012)**, £15m (Dec 2015) £15m (Dec 2016) £15m (Dec 2017) £15m (Dec 2018) £15m (Dec 2019)	£82.41m

Notes:

* *Treasury nominal discount rate (with an allowance for inflation at 3%)*

** *We understand that £15m of this amount was transferred to LBHF in July 2011. The early receipt of this sum is not reflected in the discounting above, where it has been assumed to be received in May 2012.*

2 These factors increase the strength of the current consideration offer

Finance Rate Assumed

The model has adopted a universal finance rate of 6.5%. This is currently a realistic assumption.

The current mid-price of the 20 year swap rate is circa 3%, assuming a typical development period margin of 3.75%, this would give rise to a total rate of 6.75%. If this higher rate was to be incorporated in the model the land value would reduce.

Also, arrangement fees are currently not included in the model and when incorporated will increase financing costs and consequently reduce land value. It is anticipated that arrangement fees of 1-2% would be charged in the current development finance market.

As 100% financing has been assumed in the model, the equity has therefore also been priced at 6.5%; we consider that this is low for the nature and risks of development that CapCo is accepting but indicates that CapCo is intending to take its equity return from development profits.



Code for Sustainable Housing

CapCo has assumed that Code Level 5 will be required by the time development is undertaken on site, the current financial model reflects costs delivering a standard in excess of Code Level 4.

We understand that CapCo is expecting to absorb the additional cost of any normal industry sustainability requirements that are in place at the points at which detailed planning consents are obtained.

Private residential sales rates

The private housing sales rates included within the model are fair and reasonable in the current market, with rates ranging from £736/sqft to £1,488 /sqft.

Under the current CapCo offer, however, the Council's cash receipt is protected if the sales values reduce in the future.

3 This factors introduces a degree of risk at present

Section 106 contributions

In the planning applications submitted to the boroughs CapCo has set out the full range of community benefits and planning gain assumptions (education provision and local job creation, for example) that it believes will be required across the development.

We understand that commercial negotiations surrounding the cost contributions to the boroughs' and GLA's requirements are still on-going and will ultimately need to be reconsidered in the context of the financial model out turn values.



4 Table of Assumptions

Assumption	Comment
Overall scheme size of 10.1m sqft	<p>The model currently reflects a scheme size of 10.1m sqft GEA (or 9.64m sqft GIA). We understand that this is now acceptable to the Council.</p> <p><i>GEA – gross external area</i> <i>GIA – gross internal area</i></p>
Financial Model – Status of replacement home unit numbers.	<p>Please note that the latest version of the model that we have does not reflect the current commercial negotiations regarding the number of decant affordable units to be provided on the main appraised site.</p> <p>The model currently assumes 560 decant affordable units on the main site and hence a remaining 200 decant affordable units off this main site. However we understand that the current anticipation is for between 137-187 units to be delivered off the main site at Seagrave Road.</p> <p>However the overall sqft of decant affordable units on the main site will be at the same level that is currently appraised in the current model, which uses values and costs on a per sqft basis.</p>
Procurement Method	<p>This advice is based on the assumption that a public procurement exercise would not need to be undertaken relating to the delivery of replacement affordable housing.</p>
Implication of new social housing policy on social for rent units	<p>It has been assumed that the proposed new social housing policy will not have an impact on the value or cost of the social for rent units that are being returned to the Council as they are replacement homes.</p>
Phasing of replacement homes	<p>The delivery of the 760 replacement homes should be prioritised over the delivery of the additional 740 affordable homes.</p>
Indexation of cash payments	<p>Indexation is applied to payments that are not made at the agreed milestone.</p>
Indexation of overage rate	<p>Indexation is incorporated into the overage provisions.</p>



<p>Parking provision</p>	<p>Adequate parking provision relating to the 760 replacement homes will be required.</p> <p>It is understood that a planning application has been put in for a parking ratio of 0.6 across the main site and the Seagrave Road site.</p>
<p>Reliability of the CBRE financial model</p>	<p>The residual land value approach taken by CapCo is considered to be a normal market methodology for valuing developable land, especially in the absence of direct market comparables.</p> <p>We have undertaken a high level model review with queries and comments directed to CBRE. Necessary amendments have been made by CBRE and revised models have been released. We have again reviewed the revised model. The model results appear robust with sensitivity results as expected. In line with our earlier recommendation, we understand that Mazars have been instructed to provide a comprehensive independent audit of the financial model.</p>



Financial results	<p>The adequacy of the CapCo offer has been assessed in relation to the results of the current financial model.¹</p> <p>Based on existing assumptions in the model, a residual land value of £8.60 million per acre is calculated, equating to a total LBHF land value of £191 million. This value includes no growth or discounting (which we consider to be robust).</p> <p>However, the current model excludes value for the replacement (decant) units contained within it. We consider that there should be some value attributable to these units.</p> <p>The model also includes two "Payments to Seagrave Road" totalling £33.5m. We don't consider that these costs should be included within the model.</p> <p>Finally, the model assumes a universal profit on cost level of 20%, which we consider appropriate for the private residential units but too high in relation to the commercial and affordable residential space.</p> <p>We have run a revised model with three key changes.</p> <ol style="list-style-type: none">1. We have attributed value to the decant units: using the CapCo affordable sales rates presented within the model (which were switched off in the model for the decant units) we have run the model with the inclusion of value for the decant replacement units. The CapCo affordable sales rates are £125/sqft for the social rent units and £285/sqft for the intermediate rent units, both representing tenure value.2. We have removed the £33.5m "Payments to Seagrave Road" cost.3. We have adjusted the developer profit levels to 20% (Private Residential), 10% (Commercial) and 6% (Affordable Residential). <p>The adjusted land value with this change is £10.65m per acre, equating to a total LBHF land value of £236.60 million.</p> <p>The output value from the model does not consider the land at 11 Farm Lane or the Seagrave Road Houses, which we understand to be priced at an additional £5m as agreed between CapCo and LBHF. While this is arguably at the lower end of an independent market sale value range, this value is considered acceptable to LBHF as part of this large scale scheme of this nature. This land will accelerate the rate of decant within the scheme and will facilitate value on</p>
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¹ The CBRE financial model version reviewed/adapted in compiling this analysis is: DFBC 4 for JLL (13.12.11) inc Variable Profit

	<p>the main site which may otherwise have been lost without this additional decant site.</p> <p>The cost per unit obtained from the CapCo financial model for a social rent affordable unit is £174,400 (construction cost, contingency & professional fees).</p> <p>The total number of replacement social rent council owned units is 531, which will partly be delivered outside of the main site appraised by the financial model. Using a pro-rata calculation, this equates to a total cost of £92.61m for the provision of the 531 replacement council owned social rent units when using this per unit average cost. The provision of these units by CapCo saves the need for LBHF to deliver these units itself, which would have been a requirement for LBHF to achieve full vacant possession of the land</p> <p>The average size of the social for rent affordable units in the model is 1,000sqft GEA (952sqft GIA/ 786sqft NIA).</p> <p>An additional 58 RP units will also form part of the consideration and we understand these will replace the current 58 affordable units held by RPs. The additional cost for these 58 social for rent RP units is £10.12m² using the average cost per unit of £174,400 (as per the financial model). Although the value of these units will ultimately lie with the RPs, the provision of these units by CapCo saves the need for LBHF to deliver these units itself, which would have been a requirement for LBHF to achieve full vacant possession of the land.</p> <p>The market value of the additional 171 homes forming part of the Consideration is £104m³</p> <p>It is understood that value for these units will be achieved by LBHF as part of the consideration by way of either:</p> <ul style="list-style-type: none"> - the sale of the units at market value; or - the use of the units as replacement leaseholder homes, and therefore meeting LBHF vacant possession costs (equity offer to leaseholder) with the additional equity being retained by LBHF. <p>Of the 171 leaseholder units 117 are resident leaseholder units and 54 are non-resident leaseholder units. If these 117 new homes were all to be used to replace these units we understand the equity in the new homes may be attributed as</p>
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² These calculation is a pro rata linear calculation performed using cost per unit and applicable number of units

³ This figure relates to 100% market value.



	<p>follows</p> <p>117 Resident Leaseholders ⁴ Full Market Value: £72.16m Equity Offer to leaseholders : £47.91m Retained Council Equity: £ 24.24m</p> <p>However we understand LBHF wishes to discount the retained equity relating to the 117 current resident leaseholder units to simulate the period over which the Council will be able to realise the equity. We have made no allowance for capital value growth over this period. LBHF has reduced this value from £24.24m to £15.53m. This provides a reduced total value of the 171 leaseholder units to LBHF as part of the consideration of £95.37m.</p> <p>The Council will also receive a number of car parking spaces, at this stage a value has not been attributed to them, doing so would increase the value of the consideration.</p>
<p>Value of 171 non-social rent units</p>	<p>We have used spreadsheets provided by LBHF that calculate the full market value of the 171 units based on a defined unit mix within the spreadsheets. We understand these values to have been provided to LBHF by CapCo, and are at a level that LBHF is comfortable with.</p> <p><i>1 bed £400,000 - 21 units</i> <i>2 bed £575,000 – 85 units</i> <i>3 bed £650,000 – 24 units</i> <i>4 bed £728,000 – 2 units</i> <i>3 bed house £750,000 -29 units</i> <i>4 bed house £795,000 -10 units</i></p>

⁴ It is understood that when calculating equity stakes in the units a discount to market value may be incorporated. The equity breakdown figures above have been provided to us by LBHF in the spreadsheets "LH Equity-April2012 non residents.xls" and "LH Equity- April 2012 residents"



<p>Value of Affordable units within model.</p>	<p>The output land value from the model is affected by the affordable rates in the model (£285/sqft for intermediate units and £125/sqft for social rent units). We understand that while CapCo consider that no value should be attributed to these units in the financial model, LBHF are satisfied with putting value into the model at these rates.</p>
<p>Cost of 589 social rent units forming part of consideration</p>	<p>We have taken the per unit cost directly from the model for the social for rent units in the model and applied this to the total number of replacement social for rent units</p> <p>LBHF needs to be satisfied with the assumption that the cost for the social for rent units on the Seagrave site is at the same level as the costs for the social for rent units on the main site, and that the average unit size across the two sites is closely comparable.</p>
<p>Properties at Seagrave Road</p>	<p>It is understood that the Farm Lane site and the properties at 8a and b, 10 and 12 Seagrave Road are being bought by CapCo from LBHF for a price of £5m together with an additional 4 social rent units on the main site and that these properties will be used to facilitate the decant of the existing homes.</p>
<p>Growth and discounting</p>	<p>The land value calculated in the model is derived from costs and revenues that do not include any growth – including growth would be likely to increase the land value.</p> <p>However, the land value also excludes any allowance for the time value of money – that is, no discounting has been applied to the cash flow or capital receipts in future periods, this would reduce the present value of the land.</p> <p>In summary, assuming that the downward value impact of discounting is greater than any increase achieved through adding growth, the land value would reduce.</p>
<p>Contingency, professional fees and development management fees</p>	<p>The model is based on contingency and fee rates as follows:</p> <ul style="list-style-type: none"> Enabling Works 5% Off Site Road Improvements 5% Road, Structural and Civil Infrastructure 5% Public Transport; Rail Infrastructure, Bus and Cycle Provisions 15% Utilities / Site Services Infrastructure 5% Infrastructure Abnormals 15% New Buildings – Abnormals 10% Car Parking - basement (all uses) 15% Public Spaces 5%



	<p>Construction Contingency 5% Development Contingency 2% Professional Fees 12.5%.</p> <p>We consider these rates to be fair and reasonable given the nature of the scheme. A construction contingency of 5% is reasonable level given the scale, complexity and timings of the scheme. The higher rates relating to infrastructure costs are deemed to be reflective of the uncertainty surrounding the exact level of these costs as they are unique to this scheme.</p>
<p>Category and value of additional affordable homes</p>	<p>The consideration has been assessed in relation to the current out-turn land value from the financial model and therefore based on the current inputs in the model.</p> <p>It is understood that the additional affordable homes will take the form of shared equity units and this is reflected in the model. These units are not transferred to the Council and the Council doesn't participate in the value of these units.</p>
<p>Justification of/change in construction cost levels</p>	<p>Given the scale and complexity of the scheme, it would not be practical for each party to have its own cost consultant build an independent cost plan.</p> <p>Clearly, the effect of any deviations from the current costs in the model would need to be considered when determining residual land value.</p>
<p>Developer's profit of 20% on land and affordable units</p>	<p>The model currently assumes the developer profit levels on cost and land at 20%:</p> <p>20% is at the higher end of the acceptable profit margin and reflects the risk profile and scale of the project. We would consider this to be too high for the affordable and commercial units and have run the model with the following developer profit levels</p> <p>Private Residential: 20% Affordable Residential: 6% Commercial: 10%</p> <p>We understand that LBHF is comfortable with these revised levels of developer profit and considers the 20% level applicable to the private residential fair given the quantum, nature/complexity and risk profile of the scheme.</p>



Private & Confidential

For the attention of: Jane West
London Borough of Hammersmith and Fulham
Town Hall, King Street
Hammersmith
LONDON W6 9JU

11 April 2012

Dear Sir

Earl's Court Redevelopment

Capital & Counties Limited ("Capco"), the leasehold owners of the Earl's Court 1 and 2 exhibition centres wish to redevelop their land holdings and those of Transport for London (TfL), freehold owners of Lillie Bridge Depot and Earl's Court, and those of the London Borough of Hammersmith and Fulham ("the Council", "You") within the Earls Court regeneration area. The Council's interest in the regeneration area comprises of two housing estates, West Kensington and Gibbs Green.

You have considered the prospect of a major regeneration across the three landholdings together with Capco and TfL. Capco have now put forward an offer for the Council's share of land on the Earl's Court site. The consideration offered is supported by a financial model which computes a residual land value for a development specification over the entire site. We understand from you that this residual land value calculation is predicated upon the parties selling the land which they currently own with vacant possession. Any costs associated with achieving vacant possession are to be borne by the current landowner.

The residual land value is pro-rated for the Council's share of land based on acreage (the Council's land represents 22.22 acres of the total 67.00 acre site, excluding the Seagrave car park site). We understand from you that Capco have also offered cash consideration for the site at Farm Lane and four additional Council owned properties at Seagrave Road.

PwC scope of work

This letter documents our review of the latest iteration of the financial model ("*DFBC 4 for JLL (13.12.11) inc Variable Profit.xlsx, 'the 2012 model'*") which has been developed by CBRE for Capco to enable the revenues and costs of the development to be assessed, and the net residual value of the land to be determined on the basis of project phasing, tenure and market sale assumptions. PwC have reviewed this model, and have also reviewed its preceding iterations under separate engagement letters ("*VIABILITY RLV FOCUS 4KSturgev2 (Update 25 May 11).xlsx*" - "*the 2011 model*", and "*Earls Court - Concept II - V1.1 26.11.2010 ECH 5.2.zip*" - "*the 2010 model*").

The 2012 model sets out the residual land value for the Earl's Court site only. You have appointed PwC to undertake a high level review of the scope, content and structure of the 2012 model and the

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assumptions that underpin it to confirm whether it provides an accurate residual land value and whether it is a reasonable basis to assess the commercial deal proposed by Capco.

We have reviewed the overall structure of the 2012 model; the logical flow of the calculations between the inputs, workings and output sheets; and we have reviewed the basic mathematics underpinning these calculations. We have not tested each calculation in detail and therefore cannot comment on the accuracy of each and every calculation within the 2012 model.

We have cross referenced the model to development schemes of a similar nature to ensure that the list of model inputs appears complete. Our review has focussed on the material revisions to the key assumptions driving the model, as compared to the corresponding assumptions in the 2011 and 2010 models. This includes developer assumptions, financing assumptions and macro economic assumptions. We have not had sight of any of the master plans associated with the development and have therefore been unable to review the list of assumptions against these. We have therefore only been able to review infrastructure and construction costs at a high level.

The Council, Capco and TfL accept that the proposed redevelopment scheme is subject to further design iterations. This may continue beyond the planning application stage and will have an impact on the revenue and costs which underpin the 2012 model. Any material changes to the schematics of the redevelopment may have a material impact on the residual land value derived for the Council's share of land.

Capco's Offer for Council Land

The table below summarises Capco's offer to the Council

Earl's Court		
Council land area	22.22 acres	Excludes the Seagrave car park site
Cash consideration	£105m	This is the absolute value of cash without applying any discounting to reflect the profiling of the cash receipts. Refer to note 1 which details the impact of discounting, and also details the portion of this cash consideration received for Council owned assets outside of Earl's Court.
Social homes	£103m (589 units)	Refer to note 2 which details the method by which this value is determined.
Intermediate homes (gross value to be shared with leaseholders)	£104m (171 units)	Refer to note 3 which details the necessary upfront costs attached to taking these units and the uncertainty surrounding their realisable value.

Note 1 – Cash consideration

- We understand the amount of **£105m** is inclusive of the cash consideration the Council have accepted for the site at Farm Lane and four additional properties at Seagrave Road.
- We understand the cash consideration attributed to the Farm Lane site and the additional four properties at Seagrave Road is expected to be in the region of **£5m**. We have not been presented with any information supporting this value and are therefore unable to comment on whether these elements represent Best Consideration.
- The site at Farm Lane and the four properties at Seagrave Road are not within the Earl's Court masterplan and do not form any part of the residual land value determined by the financial model.
- The Council have confirmed that the amount of **£105m** will be subject to inflation if payments are made beyond the payment dates scheduled within the CLSA, to reflect inflation for the payment delay period only.
- The cash amount of £105m should be discounted to reflect its value to the Council in present value terms. The minimum discount rate applied for this purpose should be 6.60% (which reflects the government risk free rate based on a long term inflation assumption of 3.00%). The present value of the consideration would then be £82m.
- The actual discount rate applied may be higher than 6.60% to reflect the risk of non delivery by Capco. The present value of the cash consideration would then be lower than £82m.

Note 2 – Social homes

- Capco have undertaken to provide 589 replacement homes. Up to 162 of these will be provided at Seagrave Road. Whilst this creates some uncertainty with regards to the number of replacement social homes to be provided on the Earl's Court site, the Council have confirmed that in all scenarios, they are to receive 589 replacement homes in total. The Council have also confirmed that under all scenarios, the total square footage of social housing provided on the Earl's Court site will remain as per the figures set out in the 2012 model.
- We understand that, under the terms of the conditional land sale agreement with Capco, upon the sale of the Council's share of land on the Earl's Court site, an obligation is created for the Council to re-house the existing tenants residing there. The Council's obligation may be extinguished on the provision of replacement social homes by Capco.
- On this basis, the Council have opted to value the consideration offered by the replacement social homes at the construction cost of those homes (including professional fees applied at 12.5% but excluding any associated cost of finance).
- The construction cost for the 427 social homes at Earl's Court (this does not include the homes provided at Seagrave Rd) has been provided by Capco as £66m and this has been pro-rated to arrive at a construction cost of £91m for the entire suite of 589 units. Professional fees of 12.5% have then been applied to arrive at a cost of £103m.
- We have not reviewed the construction cost assumptions. Technical consultants should review the robustness of this assumption and we understand that the Council are seeking a duty of care from them.
- We have not considered the cost or opportunity cost of securing vacant possession of sites occupied by the two Council estates or the value of the new homes as they are to be recorded on the balance sheet of the Council's HRA (which is likely to be at a discount to the value of their construction cost).



Note 3 – Intermediate homes

- The figure of **£104m** represents the market value of the 171 replacement homes. This is based on market values provided by Capco and we have not reviewed these values. Technical consultants will review the robustness of this assumption and the Council are seeking a duty of care from them.
- We understand that the Council has chosen to value the consideration represented by the intermediate homes at the market value of the homes. As explained below, the Council may realise the market value of these homes by selling them on the open market, or offer equity in these homes to the existing leaseholders to effectively meet the costs of vacant possession which the Council would otherwise incur.
- The following information has been provided for information purposes and is based on information provided by the Council; it is not included within our financial model review work:

Overview

- The Council have informed us that there are 171 existing leaseholder units on the Earl's Court site, of which we understand 117 units are owner occupied with the remaining 54 being non resident owners.
- In the absence of the provision of replacement intermediate homes by Capco, the Council would bear an obligation to buy out existing leaseholders or to provide them with replacement homes. This would effectively constitute a cost of vacant possession to be borne solely by the Council, as the residual land value received by the Council is predicated upon land being sold with vacant possession having already been achieved.
- However, all 171 existing leaseholder units are to be replaced by Capco (with upto 38 of these units to be provided at the Seagrave Road site). These replacement homes therefore allow the Council to meet the costs of vacant possession as follows:

Non resident leaseholders (all figures and information provided by the Council):

- The 54 non resident leaseholders will be given a total cash payment of **£15m**, which is to be provided by the Council.
- The Council will then have sole ownership of 54 new homes and may sell them on the open market generating receipts of up to **£31m**.
- In net terms (after the cost of obtaining vacant possession), these 54 replacement homes are therefore worth **£16m** to the Council but it must be borne in mind that the Council retain sales price and sales timing risk on these units.

Resident leaseholders (all figures and information provided by the Council):

- The 117 resident leaseholders will have the option to either:
 - (i) receive a cash payment from the Council to the value of their existing property plus, if appropriate under the leaseholder offer, additional payments that may be due for home loss and disturbance. The Council will then have sole ownership of the new home and may sell it on the open market at full market value; or



(ii) receive an equity stake in a new home at the market value of their existing property plus an additional 10% to reflect a home loss payment. A 10% off-plan purchase discount may also be taken into account. The Council will then have ownership of the remaining equity portion in that home.

- The Council's equity share in these units therefore remains uncertain and is dependent upon whether existing leaseholders opt for a cash payment or an equity stake in the new property.
- Based on Council calculations, should all 117 owner occupied leaseholders opt for an equity stake in a new home, the Council would require an upfront cash payment of **£1m** (relating to disturbance) and would have a retained equity stake in those units of **£24m**.
- Should some of the owner occupiers opt for a cash settlement, the Council will have the ability to sell the corresponding replacement homes. The value of the Council's cash receipt may then increase, and the Council's retained equity would then dwindle.
- Based on Council calculations, in the scenario where all leaseholders opt for a cash payment, the maximum upfront cash payment required from the Council is **£48m** (this includes the disturbance payment). Based on figures provided by Capco, the Council may then become the sole owners of new homes with a market value of **£72m**. In net terms (after the cost of obtaining vacant possession), the 117 resident leaseholder homes would therefore be worth **£24m** to the Council in market value terms, but it must be borne in mind that the Council would retain sales risk on these units.
- It must also be borne in mind that the existence of a market for the Council's equity share in these units is uncertain and the Council are advised to carry out further work to assess the value of this equity investment given its relatively illiquid nature. Such a valuation should recognise that the Council's equity stake does not earn any rental income and there is no certainty as regard to the timing of when a leaseholder will choose to sell their home.

Residual land value of Council owned land

The residual land value of the Council's land derived by the Capco model is **£191m**.

We have raised a number of questions on the revenue and cost assumptions used to derive this residual land value. This analysis, and the impact on the Council's land value is considered in the Financial Model Analysis section below.

PwC Conclusion

Based on the scope of work that we have undertaken (within the constraints outlined above), we have confirmed that the 2012 model uses a format, typical for projects of this type, to calculate a residual land value for the land parcel held by the Council, Capco and TfL. We have found no material errors with the logic and arithmetic underpinning the calculations within the financial model. On reviewing the list of model inputs and assumptions, we have found no material omissions when compared against development schemes of a similar nature. We therefore conclude (within the constraints outlined above) that the 2012 model provided by Capco provides a reasonable basis to assess the value of the Council's share of land on the Earl's Court site.

By reference to the scope of work we have performed, the offer made by Capco for the Council's share of land on the Earl's Court site appears reasonable based on the input assumptions used in the model and the high level nature of the development plans. Given the scale of the development and high level



nature of the development plans and model, the value of the Capco offer is sensitive to relatively small adjustments to input assumptions.

The proposed redevelopment scheme is subject to further design iterations. This may continue beyond the planning application stage and will have an impact on the revenue and costs which underpin the 2012 model. Any material changes to the redevelopment may have a material impact on the residual land value derived for the Council's share of land. Before accepting Capco's offer, we understand that the Council are awaiting receipt from Capco's cost consultants confirming the duty of care they owe to all parties over key model cost and revenue inputs, and are also awaiting the results of an external model audit which has been commissioned.

Yours sincerely

A handwritten signature in black ink that reads 'Richard Parker'.

Richard Parker
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Financial Model Analysis

1.0 Affordable housing (social and intermediate) outputs

Issues	Impact and Considerations
<p>The 2012 model reflects a 10.1m sq ft (GEA) development scheme with:</p> <ul style="list-style-type: none">• 427 replacement social for rent homes;• 133 replacement intermediate homes;• 740 additional intermediate homes.	<p>There has been a reduction of 0.3m sq ft to the development underpinning the 2012 model. It is noted that the relative proportion of the building tenures remains broadly in line with the previous development scheme. The Council should ensure that:</p> <ul style="list-style-type: none">i) revised masterplans have been reviewed by technical consultants;ii) the revised redevelopment scheme offered by Capco remains acceptable to the Council, and meets their affordable housing requirements; andiii) the revised redevelopment scheme is congruent with the scheme reflected in the 2012 model. <p>Whilst only small adjustments have been made to the number of social and intermediate homes that populated the 2011 model, these figures remain advanced from the number of homes that populated the 2010 model. The affordable housing tenure mix may have a material impact on the residual land value determined.</p>
<p>The model excludes the site at Seagrave Road as that site does not form part of the development. Capco will offer the following units to the Council from Seagrave Road as part of the current deal:</p> <ul style="list-style-type: none">• Up to 162 replacement social for rent homes;• Up to 38 replacement intermediate homes <p>In addition Capco will provide 4 replacement homes to replace the properties at 8a, 8b, 10 and 12 Seagrave Road. These are also excluded from the model.</p>	<p>The total number of replacement homes provided by Capco on the Earl's Court and Seagrave Road sites will be 589 social homes and 171 intermediate homes. Capco may deliver fewer than 162 social homes and fewer than 38 intermediate homes on the Seagrave Road site. In this scenario, the corresponding number of homes for each tenure type on the Earl's Court site will be greater than those set out in the 2012 model, i.e. the Earl's Court site will then contain more than 427 social homes and more than 133 affordable homes.</p> <p>However, we understand from you that the total square footage of each housing tenure on the Earl's Court site will remain constant under all scenarios. As the 2012 model builds up revenues and costs on a per square foot basis, the revenues and costs associated with the Earl's Court site will remain constant irrespective of the number of social and intermediate homes delivered. In such a scenario, however, the average unit sizes for each tenure type will be smaller than in the 2012 model and the Council should ensure that unit sizes continue to meet Council requirements under all scenarios.</p>

2.0 Council equity stake within intermediate homes

Issues

The Council are provided with 171 replacement intermediate units. The Council must provide these existing 171 leaseholders either with a cash payment to buy their home or an equity stake within a new home at a value in line with the market value of their existing home.

The Council will either own the new home outright (where the existing leaseholder opts for cash payment) or retain an equity portion in the new unit (where the existing leaseholder opts for an equity stake in the new home).

There are 54 non owner occupied units. The leaseholders for these units will receive a cash payment only and their associated replacement units will be owned outright by the Council and may be sold on the open market.

It must be borne in mind that the Council's retained equity stake has no associated rental income stream and its value over time will reflect capital growth only.

Cash associated with the Council's equity is only realised when the property is sold. For those homes where the existing leaseholder opts for a cash payment, it is our understanding from the Council that the property may be sold on the open market immediately. However, it is unknown how many existing leaseholders would proceed with this option. For the homes which become shared ownership, there are a number of unknown factors (including owner behaviour, average tenancy lifespans and transient market conditions) which make the timing of any cash receipt very difficult to determine.

For these reasons, the Council's retained equity stake does not represent an attractive investment to third parties.

The value of the retained equity in today's terms must therefore be heavily discounted to reflect the illiquidity associated with it and the uncertainty attached to its value over time.

Impact and Considerations

Council have prepared a calculation (within "Decant costs.xls", "LH Equity- April 2012 residents.xls" and "LH Equity- April 2012 non residents.xls") which quantifies the following:

(i) Non resident leaseholders

- The cash payment required to buy out the 54 non resident leaseholders to achieve VP on the existing site (**£15m**).
- The open market value of the 54 replacement homes owned by the Council on the redeveloped site (**£31m**).
- In net terms, based on the calculations noted above, these 54 replacement homes are therefore worth **£16m** to the Council in market value terms, but it must be borne in mind that the Council retain sale risk on these replacement units.

(ii) Owner occupiers

- The upfront cash payment required by the Council to obtain vacant possession on those units where the leaseholder opts for a cash settlement.
- The notional value of the new homes owned solely by the Council.
- The notional value of the Council's retained equity in the remaining replacement homes on the redeveloped site.

Based on Council projections, the two extreme scenarios have been examined to quantify the Council's maximum exposure:

1) Where all 117 leaseholders opt for a replacement home:

- i) Upfront cash required by Council = **£1m** (to cover disturbance costs)
- ii) Notional value of the new homes owned solely by Council = **£Nil**
- iii) Notional value of the Council's retained equity stake = **£24m**

2) Where all 117 leaseholders opt for a cash settlement:

- i) Upfront cash required by Council = **£48m**
- ii) Notional value of the new homes owned solely by Council = **£72m**
- iii) Notional value of the Council's retained equity stake = **£Nil**

All assumptions driving the calculation to arrive at the figures presented above have been provided by the Council. It is outside the scope of our work to perform any detailed testing on the calculation or the assumptions which underpin it.

The Council should consider discounting the retained equity figure of £24m further to reflect the uncertainty of the quantum and timing of the associated cash receipts over time.

The Council should also clarify any legal restrictions which may be placed upon the re-sale of the intermediate homes, such as whether they can be sold as private homes on the open market.

Within any constraints identified, the Council could further incentivise existing leaseholders to opt for the cash payment. This would allow the Council to retain 100% ownership of the new intermediate homes which they could then sell on the open market to realise the cash value. The Council should also conduct market testing to determine whether their equity stake represents an investable product for third parties.

3.0 Due diligence over cost and revenue inputs

Issues	Impact and Considerations
<p>We understand that the Council are seeking a duty of care over the cost and revenue inputs from technical consultants. Council are still awaiting receipt of this to obtain comfort over the completeness and accuracy of these inputs.</p> <p>We have noted material revisions made to the following inputs when compared against the 2011 model and comfort should be sought on the accuracy of these:</p> <ul style="list-style-type: none">• £25m of additional income received during the development from advertising hoardings, cash machines, temporary uses etc.• £10m of additional income described as Energy Capital Contribution. The 2011 model contained no equivalent revenue.• £123m of planning, site clearance costs and costs associated with the continuity of occupation have been added. The 2011 model contained no equivalent costs.• Construction cost for retail units have increased by 35%*.• Construction cost for affordable residential units have increased by 20%*.• The sales value of the intermediate homes has increased by 45%.• The sales value of the boutique hotel has increased by 40%. <p>* (all movements determined on a pro rata basis for the revised development scheme)</p> <p>In addition, we have previously noted material revisions made to the following cost inputs when compared against the 2010 model and comfort should be sought on the accuracy of these:</p> <ul style="list-style-type: none">• Infrastructure costs have increased by 30%.• Sales costs have increased by 50%.	<p>There is the potential for further revisions to be made to the cost and revenue inputs upon completion of the technical consultant review which may impact the residual land value calculated.</p> <p>The additional income streams should be reviewed for accuracy and completeness. We understand from the Council that this is to be reviewed by technical consultants and will be covered in the duty of care provided by them to the Council.</p> <p>The additional £123m of cost includes £34m of cost associated with the site at Seagrave Road. The 2012 model computes a residual land value calculation for the Earl's Court site only. The £34m of cost associated with Seagrave Road should therefore be removed.</p> <p>Capco should confirm that they will bear the risk on the completeness of the planning, site clearance costs and the costs associated with the continuity of occupation. The residual land value determined should not subsequently be revised to compensate.</p>

4.0 Developer return

Issues	Impact and Considerations
<p>The 2012 model assumes that a return of 20% is applied to all residential units.</p> <p>This represents a departure from the 2011 model which applied a developer return of:</p> <p>20% to private units; 6% to affordable units; and 10% to commercial units.</p>	<p>For the private residential units, the developer return of 20% is at the upper end of the range of acceptable values, and this reflects the risk profile associated with these units on a development scheme of this scale and nature.</p> <p>However, for the affordable and commercial units, the developer return of 20% is considered too high for the risk profiles associated with those units.</p> <p>We have run the 2012 model with a revised developer margin in line with the values employed in the 2011 model which reflected developer returns within an acceptable range of values for each tenure type. This has resulted in an increase of c.£53m to the total residual land value and an increase of c.£17m to the residual value of the Council's land.</p> <p>It should be noted that the impact of the higher developer profit is negated by the finance costs in the model which appear conservative and which have a favourable impact on the residual land value derived. Refer to point 9 for further detail.</p>

5.0 Sales value of additional intermediate homes

Issues	Impact and Considerations
<p>The sales value of the additional intermediate homes within the 2012 model is £285 per square foot.</p> <p>This has increased from the value of £200 per square foot employed in the 2011 model.</p>	<p>Council should confirm that this sales value is a viable purchase price for the potential landlord in order to ensure delivery. It is however noted that Capco will bear the risk on the viability of this sales value.</p>
<p>The council is relying on Capco and other parties to deliver these 740 additional intermediate homes.</p>	<p>Council should confirm through planning obligations or its sale agreement that the delivery of 740 additional intermediate homes can be enforced.</p>

6.0 Sales value of replacement affordable (social and intermediate) homes

Issues	Impact and Considerations
<p>The 2012 model does not include any sales value for the replacement affordable (social and intermediate) homes.</p>	<p>The residual land value is a reflection of all those revenues and costs which may accrue on a scheme developed for the site. If the replacement affordable homes are subsequently offered as part of the consideration this should not reduce the residual value of the land. The replacement affordable homes already reduce the cash element of the consideration offered by Capco and the homes should therefore be valued in the residual land value calculation.</p> <p>Based on the values Capco have provided, the replacement social homes have been valued at £125 per square foot and the replacement intermediate homes have been valued at £285 per square foot. We have not tested these figures, and the Council are advised to seek a duty of care from technical consultants.</p> <p>Applying these values to the replacement social and replacement intermediate homes in the 2012 model, the total residual land value increases by c.£48m. The Council's residual land value would then be £208m.</p> <p>This Council have examined the results of this scenario and factored this into their negotiation strategy with Capco. Capco's offer for the Council's land continues to exceed the residual land value calculated under this scenario.</p> <p>It should be noted that the impact of no revenue stream being applied to the replacement affordable units is negated by the finance costs in the model which appear conservative and which have a favourable impact on the residual land value derived. Refer to point 9 for further detail.</p>

7.0 Phasing and delivery rate of affordable (social and intermediate) homes

Issues	Impact and Considerations
<p>Capco's delivery schedule for the affordable (social and intermediate) homes assumes that almost half of the affordable homes will be delivered after 2020. This phasing programme includes the 740 additional intermediate homes.</p>	<p>Current rate of delivery of affordable housing appears slow. It is however noted that existing tenants will not be decanted until the replacement affordable housing is available. The Council should ensure that the replacement affordable (social and intermediate) housing is completed before the additional intermediate housing. The total number of affordable housing units available to the Council does not diminish over time.</p>

8.0 Timing risk of £105m cash receipt

Issues

The cash consideration of £105m is the value in absolute terms – the impact of indexation and discounting has not been considered.

Impact and Considerations

The value of the consideration received by the Council is impacted by the time value of money and inflationary increases to costs and revenues.

We have calculated the present value of the cash receipt profile as outlined in the draft copy of the CLSA provided to us by the Council on 22 February 2012. We have assumed that the CSLA will be signed by 31 May 2012 and that Capco will take the option to develop on the land before 31 December 2015. We note that should the trigger be served after 31 Dec 2015 then the £75m is due in five equal payments on the service of the trigger and the subsequent four anniversaries thereof. Payments received late as a result of this are indexed.

It therefore follows from the CSLA that:

- An exclusivity payment of £15m is received on 31 May 2012 which will contribute to the consideration due. We understand from the Council that this amount was transferred to the Council in July 2011, but the early receipt of this payment has not been factored into the discounting calculations set out below where the receipt is assumed to be on 31 May 2012.
- £10m of this exclusivity payment becomes refundable if the CSLA is not entered into.
- A further £15m payment for the Gibbs Green School and Farm Lane sites is also due at 31 May 2012.
- The balance of £75m will then be paid in five equal payments 31 Dec 2015 and the subsequent four anniversaries thereof.

Based on these assumptions, we have run a series of present value calculations to demonstrate an indicative profile of the cash consideration in present value terms. As the cash is received in tranches but is not indexed to reflect the time value of money (save for any delay periods for payments beyond the dates scheduled within the CLSA), nominal discount rates have been applied with a long term inflation assumption of 3%.

The minimum discount rate to apply is the government risk free rate of 6.60% (based on a long term inflation assumption of 3.00%). The present value of the consideration would then be £82m.

The actual discount rate applied may be higher than 6.60% to reflect the risk of non delivery by Capco. The present value of the cash consideration would then be lower than £82m. We have provided a range of PVs under different discount rates for illustrative purposes as follows:

Discount rate	PV of cash consideration
• 6.60%	£82m
• 9.00%	£77m
• 12.00%	£70m

9.0 Finance costs

Issues	Impact and Considerations
<p>The 2012 model assumes a blended average cost of capital of 6.5%.</p> <p>This appears optimistic against current market conditions and other schemes which have been exclusively funded through the private sector. In addition, we would expect a senior debt arrangement fee to be applied on the provision of the facility or at each debt drawdown, but the 2012 model includes no such fee.</p>	<p>Increased costs of finance would reduce the Council's residual land value. This may partially negate the impact of the reduced developer return (point 4.0) and the revenue ascribed to the social and affordable housing (point 6.0) which would increase the Council's land value.</p> <p>As this does not improve the Council's negotiating position, no further scenario analysis or presentation to Capco on this subject is proposed.</p>

10.0 Audit status of financial model

Issues	Impact and Considerations
<p>We understand that the Council have commissioned Mazars LLP to conduct an independent audit of the 2012 model.</p>	<p>The underlying logic and mathematics of the calculations underpinning the model therefore remain untested to this extent. A lack of due diligence could result in significant errors remaining undetected which could lead to material errors within the projected residual land value calculations. The Capco proposition can only be meaningfully assessed against an accurate value of the Council's land and the completion of the due diligence process is critical to this.</p> <p>The complete list of financial model assumptions should be compared against the duty of care the Council are to receive from technical advisers, to ensure that all assumptions have been tested.</p>



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Cost: Costs marked * are likely to be split between the HRA and the General Fund in the ratio 86.7% HRA: 13.3% General Fund. This is based on the area of land held within the general fund, that is the 39 freeholder properties, Gibbs Green School and Farm Lane	Illustrative costs at current values if all Leaseholders / Freeholders are bought back £	Illustrative costs at current values if only non resident leaseholders / Freeholders are bought back £	Potentially funded on an interim basis by CapCo if the Council took up their offer (section 7.11)	Indicative Capital¹ / Revenue split²	Period incurred over (estimated)
Buying back leaseholder and freeholder properties	52,033,000	15,034,000	X	Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Homeloss for Leaseholders and Freeholders	5,203,300	1,127,550	X	Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Homeloss for tenants (includes 58 RSL tenants)	2,768,300	2,768,300		Capital	Trigger Date through to date of last land transfer
Disturbance for Leaseholder / Freeholders	1,231,957	389,039	X	Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Disturbance for tenants	1,313,446	1,313,446		Capital	Trigger Date through to date of last land transfer
Interest Costs	19,510,171	2,549,069		Revenue	2012 to when net cash flow becomes positive
SDLT on leasehold properties (buybacks and new properties)	24,103,139	22,687,973		Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Adaptations ³	90,098	131,984		Capital	Trigger Date through to date of last land transfer
Tenants Improvements	265,500	324,000		Capital	Trigger Date through to date of last land transfer
Loss of Parking and garages ⁴	370,000	545,000			

¹ Capital includes items that can be offset as a cost of disposal, capital revenue split is subject to final review.

² The precise split will depend on the detailed nature of the expenditure and the detailed regulations in place at the time it is incurred

³ Net of £100k contribution from CapCo

⁴ Net of £140k contribution from CapCo

Cost: Costs marked * are likely to be split between the HRA and the General Fund in the ratio 86.7% HRA: 13.3% General Fund. This is based on the area of land held within the general fund, that is the 39 freeholder properties, Gibbs Green School and Farm Lane	Illustrative costs at current values if all Leaseholders / Freeholders are bought back £	Illustrative costs at current values if only non resident leaseholders / Freeholders are bought back £	Potentially funded on an interim basis by CapCo if the Council took up their offer (section 7.11)	Indicative Capital¹ / Revenue split²	Period incurred over (estimated)
Security	5,310,000	3,510,000		Revenue	2012 through to date of last land transfer to CapCo.
Early Redemption Costs	171,000	54,000	X	Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Project Team Costs over 14 years *	7,374,464	7,374,484		Capital	2012 through to date of last land transfer to CapCo, will be subject to a biannual review, estimate assumes a full team of nine staff ⁵ for 14 years and half team for 4 years
Estimated costs of cap on service charges for leaseholders	N/A, all bought out	368,900		Revenue	5 years from land transfer for Leaseholders,
Estimated costs to signing the CLSA (excludes officer time) *	1,750,000	1,750,000		Capital: currently deferred cost of disposal (subject to auditor confirmation)	2009-2012
Ongoing Legal work on managing CLSA	2,123,222	2,123,222		Capital or Revenue depending on	2012-2030

⁵ Comprising a Head of Area Regeneration/Project Director, Project Office/Project Manager, Re- housing Offer, Housing Officer, Principal Finance Officer, Buy Backs Officer, Re-housing Officer, Principal Legal Officer, Communications Officer

Cost: Costs marked * are likely to be split between the HRA and the General Fund in the ratio 86.7% HRA: 13.3% General Fund. This is based on the area of land held within the general fund, that is the 39 freeholder properties, Gibbs Green School and Farm Lane	Illustrative costs at current values if all Leaseholders / Freeholders are bought back £	Illustrative costs at current values if only non resident leaseholders / Freeholders are bought back £	Potentially funded on an interim basis by CapCo if the Council took up their offer (section 7.11)	Indicative Capital¹ / Revenue split²	Period incurred over (estimated)
				the nature of the work	
Legal challenges	4,000,000	4,000,000		Capital or revenue depending on nature of challenge	2012-2015
CPO Inquiries	500,000	500,000		Capital	2012-2015
CPO Referencer	150,000	150,000		Capital	2012-2015
CPO Lawyer	100,000	100,000		Capital	2012-2015
Third Party Rights	2,000,000	2,000,000		Capital	2012-2015
Consents Legal advice	50,000	50,000		Capital	2012-2015
Stopping Up Inquiries	200,000	200,000		Capital	2012-2015
Damages	10,000,000	10,000,000		Revenue	2015-2030
Certifying assets in Guarantor	250,000	250,000		Capital	2012 through to date of last land transfer to CapCo.
Decent Homes Compensation (all leaseholder buybacks)	238,896	238,896		Capital or revenue depending on nature of challenge	2012-2030
School Re-provision	12,000,000	12,000,000		Capital	2012
Contingency	8,051,377	7,914,470		Capital or Revenue	2012-2035

Cost: Costs marked * are likely to be split between the HRA and the General Fund in the ratio 86.7% HRA: 13.3% General Fund. This is based on the area of land held within the general fund, that is the 39 freeholder properties, Gibbs Green School and Farm Lane	Illustrative costs at current values if all Leaseholders / Freeholders are bought back £	Illustrative costs at current values if only non resident leaseholders / Freeholders are bought back £	Potentially funded on an interim basis by CapCo if the Council took up their offer (section 7.11)	Indicative Capital¹ / Revenue split²	Period incurred over (estimated)
				depending on the nature of the work	
Total	161,157,870	99,454,333			

Note the income to fund these costs comes from both the £105m received and from the sale of properties that replace the buy backs. If all leaseholders were bought back the Council would have 171 new higher value properties available to sell, if only the non residents were bought back the Council would have 54 new higher value properties available to sell. None of these sales would reduce the number of social for rent properties on the estates. The sensitivity of cash flows to house price inflation is shown in paragraph 10.11.5 of the main report.



Cabinet

23 APRIL 2012

LEADER
Councillor Stephen
Greenhalgh

**THE GENERAL FUND CAPITAL PROGRAMME,
HOUSING REVENUE CAPITAL PROGRAMME
AND REVENUE BUDGET 2011/2012 – MONTH
10 AMENDMENTS.**

Wards:
All

The purpose of this report is to seek approval for changes to the Capital Programme and the Revenue Budget for 2011/12.

CONTRIBUTORS

All Departments

HAS A EIA BEEN COMPLETED?
N/A

Recommendations:

1. That the changes to the capital programme as set out in Appendix 1 be approved.
2. That the changes to the General Fund revenue budget and Housing Revenue Account as set out in Appendix 2 be approved.
3. That the debt write off of £0.254m as set out in section 4 be approved.

HAS THE REPORT CONTENT BEEN RISK ASSESSED?
N/A

1. SUMMARY

1.1 This report sets out proposed amendments to both Capital and Revenue Estimates as at month 10.

2. GENERAL FUND CAPITAL PROGRAMME

2.1 Table 1 summarises the proposed amendments to the 2011/12 General Fund capital programme and is detailed in Appendix 1.

Table 1 – Summary of Proposed Amendments to the General Fund Capital Programme

Service Area	Revised Budget at Month 9	Additions/ (Reduction)	Slippage	Revised Budget at Month 10	Net Movement
	[a]	[b]	[c]	[a+b+c]	[b+c]
	£m	£m	£m	£m	£m
Children's Services	13.889	(0.028)	(0.663)	13.198	(0.691)
Adult Social Care Services	1.746	0.038	(0.308)	1.476	(0.270)
Transport and Technical Services	14.562	0.210	(1.324)	13.448	(1.114)
Finance and Corporate Services	1.500	0	0	1.500	0
Environment, Leisure and Resident's Services	6.139	0.012	0	6.151	0.012
Total	37.836	0.232	(2.295)	35.773	2.063

2.2 Movement in Expenditure

2.2.1 Children's Services

The budget movement from month 9 is a net decrease of £0.691m in month 10. This relates mainly to a net slippage of £0.663m in respect of :-

- Holy Cross school expansion and Bi-lingual Project, (£0.498m)
- Queensmill School Rebuild, (£0.195m)
- Other reprofiled expenditure, £0.030m

A net reduction of £0.028m in respect of various primary capital programmes.

2.2.2 Adult Social Care Services

A net decrease of £0.270m is reported in month 10. This relates mainly to a slippage of £0.308m in respect of :-

- Adult Social Care Grant – DOH (£0.180m)
- Grants to Social Landlords funded from mainstream resources (£0.128m)

Additional grant of £0.038m for Disabled Facilities Grant is reported in this period.

2.2.3 Transport and Technical Services

The budget movement from period 9 results in a net reduction in the month 10 budget of £1.114m. The main reason for the reduction is due to a slippage of £1.324m in respect of :-

- Footways and Carriage ways – mainstream funded (£0.135m)
- Corporate Planned maintenance/DDA – mainstream funded (£1.083m)
- Parking Reserve contributions to footways and carriageways – Revenue funded (£0.027m)
- Developer contributions funded schemes (£0.079m).

This is offset by new additional grants and contributions of £0.210m, primarily made up of :-

- Transport for London funded schemes (£0.077m)
- Revenue contributions to capital (£0.066m)
- Developer contributions to various schemes (£0.062m).

2.2.4 Environment, Leisure and Resident's Services

There has been an increase of £0.012m of external funding in respect of recycling projects.

3. REVENUE BUDGET ADJUSTMENTS

- 3.1 The total adjustment to General Fund revenue budgets is £0.069m (Appendix 2). This represents the additional funding of work towards the achievement of the Council's vision for development of Park Royal City International.
- 3.2 There is one Housing Revenue Accounts virement totalling £0.180m to realign the budget for Removal Costs (Appendix 2).

4. REVENUE BUDGET DEBT WRITE OFF

- 4.1 Approval is requested to write off a debt of £0.118m relating to an invoice raised in 2002 to Ealing Hounslow and Hammersmith Health Authority (EHHHA). This invoice was raised around the same time the EHHHA was broken up into the 3 Primary Care Trusts. Despite many attempts over a long period of time, it has proved impossible to recover the debt. In the view of the Department and the Executive Director of Finance and Corporate Governance, there is no prospect of this income being recovered. Due to the age of this debt 100% bad debt provision has been made so the write off will have no impact on the forecast revenue outturn.
- 4.2 Approval is requested to write off a £0.136m mortgage debt on a HRA property (59 Adeney Close) sold under the S110 Shared Equity Scheme. This property has been repossessed, returned to the HRA main stock and is currently tenanted, thereby generating rental income. This debt has been fully provided for in the accounts and the write off will not affect the revenue outturn forecast

5. REVENUE BUDGET CARRY FORWARD TO 2012/13

- 5.1 Each year the Council considers if Departments can carry forward planned underspends. The Financial Regulations provide that planned Departmental underspendings shall be considered for carry forward and such underspends be considered in the context of the Council's overall Budget Strategy.

- 5.2 On current projections there is a forecast year-end underspend of £7.459m. A future report will be presented requesting the budget carry forward once Departmental priorities are finalised.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Brief Description of Background Papers	Name/Ext. of holder of file/copy	Department
1.	Revenue Monitoring Documents	Gary Ironmonger Ext. 2109	Corporate Finance Room 38 , Town Hall
2.	Capital Monitoring Documents	Isaac Egberedu Ext. 2503 Jade Cheung Ext. 3374	Corporate Finance 2 nd Floor THXI

General Fund Capital Programme 2011/12 to 2015/16

SUMMARY CAPITAL PROGRAMME

	Revised Budget at Month 9	Additions/ (Reductions)	Slippage	Revised Budget at Month 10
Department	£'000	£'000	£'000	£'000
Children's Services	13,889	-28	-663	13,198
Adult Social Care Services	1,746	38	-308	1,476
Transport and Technical Services	14,562	210	-1,324	13,448
Finance and Corporate Services	1,500	0	0	1,500
Environment, Leisure and Residents Services.	6,139	12	0	6,151
Total Expenditure	37,836	232	-2,295	35,773

General Fund Capital Programme 2011/12 to 2015/16

CHILDREN'S SERVICES CAPITAL PROGRAMME

	Revised Budget at Month 9	Additions/ (Reductions)	Slippage	Revised Budget at Month 10
Schemes	£'000	£'000	£'000	£'000
Targetted Capital	79	0	0	79
Lyric Theatre Development	2,950	0	0	2,950
Kitchens	292	0	0	292
Early Years	51	0	0	51
Primary Capital Programme	3,135	-28	30	3,137
Devolved Capital to Schools	452	0	0	452
Other Capital Schemes	303	0	0	303
Schools Capital Programme	4,774	0	-693	4,081
Free Schools	1,853	0	0	1,853
Total Children's Services	13,889	-28	-663	13,198

General Fund Capital Programme 2011/12 to 2015/16

ADULT SOCIAL CARE SERVICES CAPITAL PROGRAMME

	Revised Budget at Month 9	Additions/ (Reductions)	Slippage	Revised Budget at Month 10
Schemes	£'000	£'000	£'000	£'000
Adult Social Care Grant	270	0	-180	90
Grants to Social Landlords to Improve Hostels	128	0	-128	0
Supporting Your Choice (Social Care Reform) (DOH)	60	0	0	60
Wormwood Scrubs Prison (Grant from PCT)	375		0	375
Disabled Facilities Grant	913	38	0	951
Total Community Services	1,746	38	-308	1,476

General Fund Capital Programme 2011/12 to 2015/16

TRANSPORT AND TECHNICAL SERVICES CAPITAL PROGRAMME

	Revised Budget at Month 9	Additions/ (Reductions)	Slippage	Revised Budget at Month 10
Schemes	£'000	£'000	£'000	£'000
Footways and Carriageways.	2,100	0	-135	1,965
Planned Maintenance/DDA Programme	3,664	0	-1,083	2,581
River Wall Repairs	114	0	0	114
Transport For London Schemes	5,222	77	0	5,299
Parking Reserve/ Revenue Contributions	772	66	-27	811
Developer Contribution Funded	1,622	62	-79	1,605
Efficiency Reserve Fund	436	0	0	436
West London Grant	485	0	0	485
Other Capital Schemes	147	5	0	152
Total Environment Services	14,562	210	-1,324	13,448

General Fund Capital Programme 2011/12 to 2015/16

FINANCE AND CORPORATE SERVICES CAPITAL PROGRAMME

	Revised Budget at Month 9	Additions/ (Reductions)	Slippage	Revised Budget at Month 10
Schemes	£'000	£'000	£'000	£'000
Contributions to Invest to Save	1,500	0	0	1,500
Total Finance and Corporate Services	1,500	0	0	1,500

General Fund Capital Programme 2011/12 to 2015/16

ENVIRONMENT, LEISURE AND RESIDENTS SERVICES

	Revised Budget at Month 9	Additions/ (Reductions)	Slippage	Revised Budget at Month 10
Schemes	£'000	£'000	£'000	£'000
Parks	807	0	0	807
Bishops Park	3,500	0	0	3,500
Shepherds Bush Common Improvements	1,750	0	0	1,750
Recycling	82	12	0	94
Total Resident's Services	6,139	12	0	6,151

APPENDIX 2 - VIREMENT REQUEST FORM**BUDGET REVENUE MONITORING REPORT – PERIOD 10**

Details of Virement	Amount (£000)	Department
Following the approval to fund the development of the Council's vision for Park Royal City International, further work and engagement with partners has been necessary to set out the practical steps involved in delivering the plan. The total forecast expenditure for 2012/13 is £174k. Approval has already been granted for £105k, leaving a further £69k to be funded from Council contingencies	69/(69)	HRD/CMB
The transfer of Removal Cost budget within Housing Services	180/(180)	HRA
Total of Requested Virements (Debits)	249/(249)	

Agenda Item 6



London Borough of Hammersmith & Fulham

Cabinet

23 APRIL 2012

LEADER

Councillor Stephen Greenhalgh

AWARD OF A CONTRACT AND FRAMEWORK AGREEMENT FOR THE PROVISION OF SERVICE FOR FACE TO FACE CUSTOMER TRANSACTIONS

**Wards:
All**

This report informs the Cabinet of the background to and benefits of this project.

A separate report on the exempt Cabinet agenda provides information about the procurement process and its outcome.

CONTRIBUTORS

AD (H&F Direct)
AD (IT and Procurement)
ADFCG
ADLDS

Recommendations:

1. **That approval be given to award a contract and framework agreement for the Provision of Service for Face to Face Customer Transactions to Post Office Ltd to commence in mid May 2012 for a period of 4 years.**
2. **That the contract award for the services be as outlined in the report.**

HAS AN EIA BEEN COMPLETED?YES
See equalities statement section 4

HAS THE REPORT CONTENT BEEN RISK ASSESSED?
YES

1. BACKGROUND

- 1.1 The contract for the Provision of Service for Face to Face Customer Transactions represents an essential component of the Council's ongoing customer access strategy and an important way to deliver significant future savings by reducing cost per transaction charges. The contract incorporates a variety of transactional activities, including high volume payment services currently processed via intermediaries and managed through two separate contracts.
- 1.2 The Council has traditionally managed face to face transactional services in response to customer demand, but with each element in isolation. The consequences of this approach have meant that the Council has failed to gain maximum efficiency with regard to both price and service. Implementation of the new contract will address these issues.
- 1.3 In addition to maximising potential savings, it was also considered that service users would benefit from having more than one service delivery point to carry out their transactions. In view of this, it was a requirement for the tenderer to have the ability to provide face to face transactional services from six or more establishments located across the borough.
- 1.4. In order to capitalise on potential savings whilst at the same time merge comparable services, the Council chose to seek a market provider to carry out a series of face to face transactional services.
- 1.5 An OJEU notice was published on 16 December 2011, using an open process, inviting tenders for the Provision of Service for Face to Face Customer Transactions. The contract will also set up a Pan London framework agreement allowing other London Councils to benefit from very competitive rates without the need for further procurement.
- 1.6 In addition, independent Legal advice was sought in conjunction with the Council's own Legal Services Department.

2. KEY BENEFITS OF NEW CONTRACT

- 2.1 The new contract will enable the Council to combine face to face transactional services and place them under one agreement, thus eliminating existing and costly contractual arrangements and exerting some overall control of this transaction type.
- 2.2 The key benefits for the Council are substantial and will not only offer significant savings but, at the same time, will enhance service delivery by introducing multiple access points across the borough.
- 2.3 The successful contractor is a trusted and very well established organisation which deals with high volume transactions on behalf of a variety of agencies on a daily basis.

- 2.4 The contract is flexible with no guarantee of volumes and specific types of transactions. It allows a phased approach to the addition of services as and when there is a supporting business case to do so.
- 2.5 It offers the opportunity to move to a more flexible per transaction cost to enable the removal of fixed fees and to continue to reduce expenditure as self service increases.
- 2.6 The provider will work with the Council to ensure that it maintains the required high level of customer service and will carry out a programme of rolling reviews to identify possible improvements.
- 2.7 The contract sets up a Pan London framework agreement which will provide an opportunity for other London Councils to, on payment of an access fee, benefit from attractive per transaction rates without the need for further procurement.

3. RISK MITIGATION

- 3.1 The Council proposes a mobilisation period in order to ensure a smooth and seamless implementation, and to mitigate the risk of service disruption.
- 3.2 Risks have been considered throughout the procurement process and as part of the Corporate Risk and Assurance register under entry number 11, Market Testing of Services. Risks have been discussed and reviewed as part of the project management.

4. EQUALITIES STATEMENT

- 4.1 As per the Equality Act 2010, the Council must consider its obligations with regard to the Public Sector Equality Duty (PSED). It must carry out its functions (as defined by the Human Rights Act 1998) with due regard to the duty and its effect on the protected in a relevant and proportionate way. The duty came into effect on 6 April 2011.
- 4.2 As part of the development of the contract, prospective tenders were scored on their ability to deliver services in such a way that takes into account the diversity of the borough. The successful provider is committed to complying with the Council's requirements to promote a Borough of opportunity and will be required to maintain this compliancy as required by the Council throughout the term of the Contract.

5. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 5.1 As set out in the exempt report, the initial savings expected from the contract are predicted to be minimal due to the anticipated saving from reductions in transactional costs of £44k (£7k General fund and £37k Housing Revenue Account (HRA)) in 2012/13 being mostly offset by one-off implementation costs which are yet to be finally quantified. Full year savings of £88k (£14k General Fund and £74k HRA) are expected to be delivered in 2013/14 onwards. These savings will need to be allowed for within the Medium Term Financial Strategy and HRA budget. Further savings may also arise should additional services be included within the contract.
- 5.2 In the HRA, the budget from which savings will be derived is held on cost code 31100 RES501.

6. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 6.1 The Assistant Director (Legal and Democratic Services) supports the recommendation in this report.

7. COMMENTS OF THE ASSISTANT DIRECTOR – PROCUREMENT AND IT STRATEGY

- 7.1 The Corporate Procurement Team has advised on this procurement and is content that both the Public Contracts Regulations and the Council’s Contracts Standing Orders have been satisfied.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	All background papers, including: Contract advert; Contract specifications; Tender evaluation models; Letter and tendering instructions. Tender submissions Written Clarifications Notes of TAP meetings	John Collins/Sue Evans AD – H&F Direct / Head of Pay and Park(Finance& Corporate Services) 020 8753	H&F Direct, Finance & Corporate Services Hammersmith Town Hall Extension, King Street, W6 9JU

		1544/1852	
2.			
CONTACT OFFICER:		NAME: Sue Evans EXT. 1852	

Cabinet

23 APRIL 2012

**CABINET MEMBER
FOR CHILDREN'S
SERVICES**

*Councillor Helen
Binmore*

CARE PROCEEDINGS PILOT

Wards: All

A multi agency pilot project to reduce the length of Care proceedings thereby making timely decisions about children's future and reducing expenditure on legal costs and looked after children costs.

CONTRIBUTORS

Director of Family
Services
ADLDS
EDFCG

Recommendation:

That approval be given to the care proceedings pilot at a total cost of £95k to Hammersmith and Fulham Council out of the total expenditure in the project of £220k, as set out in para. 5.7 of the report.

**HAS A EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

1. BACKGROUND

- 1.1. Care proceedings is the legal process initiated by a Local Authority seeking the power to remove children from the care of their parents when the children are assessed to be at risk of significant harm; because of the importance of the decision the court will seek expert assessments and guidance and often gives parents extended opportunities to show they can change the quality of care they give their children; as a result in the last ten years care proceedings have take longer and longer with the national average now being over a year. In London, the position is even worse with care proceedings taking an average of 65 weeks.
- 1.2. A national review and report which examined care proceedings (and other court activity) *The Family Justice Review* has recently been published. The review was extremely critical of the fact that the impact of unnecessary delay on children was damaging and was not being addressed. The Family Justice Review recommended that care proceedings are completed in 26 weeks.
- 1.3. This Cabinet report outlines an innovative tri borough, multi agency, proposal to address delay and seeks agreement to the Hammersmith and Fulham financial contribution to this project. It will be one of the first projects seeking to implement the findings of the Family Justice Review.
- 1.4. The benefits sought from the project are improved outcomes for children and financial savings to the Local Authority. The project aims to improve outcomes for looked after children by significantly reducing the time care proceedings take; this will ensure that decisions about children's future are taken more quickly and will reduce the length of time children wait in limbo – waiting to know where and with whom they will be living in the future – a period we know is damaging to their development
- 1.5. The financial benefits will arise from reduced expenditure on legal costs and reduced expenditure on looked after children (as some children will leave care more quickly as a result of the shortened care proceedings).
- 1.6. The project will encompass all new care proceedings initiated by the three Local Authorities in the financial year April 2012 to March 2013 (likely to be 80 – 100 cases).
- 1.7. The cost of the project is estimated to be £220k. The Hammersmith and Fulham contribution to date has been £60k and contribution going forward will be an additional £35k. The other financial contributions come from the other two tri borough Local Authorities and Capital Ambition.
- 1.8. Savings will come from a reduction in our expenditure on the legal costs of care proceedings which is currently £1.7m a year for Hammersmith and Fulham alone. The size of the savings will depend on how successful the project is in reducing the length of care proceedings; achieving the Family Justice Review target of 26 weeks would lead to a saving of up to £850k a year for our Council.

- 1.9. Savings for Hammersmith and Fulham on looked after children are harder to accurately estimate; a prudent estimate is that an additional £240k could be saved in this area.

2. BACKGROUND DATA

Current care proceedings

- 2.1. These are the number of care proceedings currently being undertaken in each of the 3 Local Authorities as at January 2012

Kensington & Chelsea	Westminster	Hammersmith and Fulham	Total
17	32	57	106

Length of care proceedings

- 2.2. The average length of time care proceedings take is:

Kensington & Chelsea	Westminster	Hammersmith and Fulham
at least 52 weeks	58 weeks	64 weeks

- 2.3. The average hides significant variation between the shortest and longest cases.

- A third of Westminster's current cases have taken over 52 weeks
- 25 % of Westminster's current cases have taken over 78 weeks.
- 25% of Hammersmith and Fulham cases concluded in the last year took over 78 weeks
- 4 Hammersmith and Fulham cases out of the 45 cases concluded in last year took over 2 years to complete.

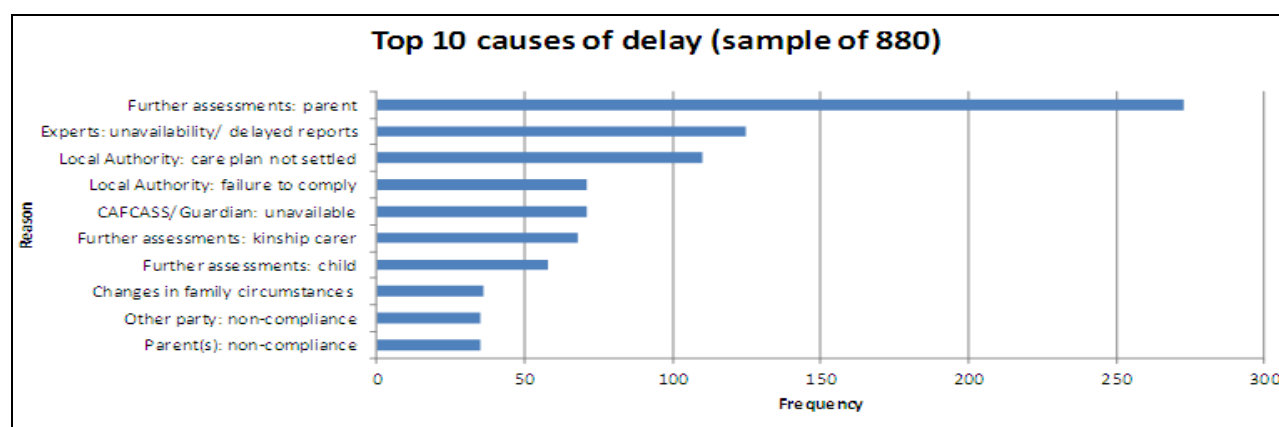
Expenditure on care proceedings

- 2.4. The average expenditure on legal costs alone for each set of proceedings is nearly 30k per case.

- 2.5. Total expenditure in Hammersmith and Fulham is £1.7m a year on legal costs.
- 2.6. There are other forms of expenditure that could also be included as costs resulting from extended care proceedings – these other costs arise from the need to keep children looked after for longer: for example the cost of the placement, of transport, of social worker and other staff time; work done in Hammersmith and Fulham which is yet to be replicated in the other two Local Authorities showed that the total cost of care during care proceedings is up to £80k per child.

3. THE PROJECT – THE ANALYSIS

- 3.1. The key stakeholders involved in care proceedings are: the Judiciary, the Court and Tribunal service which administers the court process, the Legal Services Commission, Lawyers representing Local Authorities and also children, CAFCASS which is responsible for Guardians, and our Local Authority Children's services.
- 3.2. Significant work has been done with stakeholders to engage them in the analysis and in obtaining their commitment to action.
- 3.3. An initial phase of problem analysis has been completed. An overall analysis of the causes of delay was undertaken partly through a workshop of key stakeholders and partly through an analysis of case records held by the court and Local Authorities.
- 3.4. The key causes of delay are summarised in the table below



- 3.5. The key themes of this analysis were:

- No single body accountable for case progression
- Routine ordering of expert assessments – sometimes 5 expert reports in a case.

- Pervading adversarial culture
 - Social workers not seen as experts
 - Late allocation of Guardians and duplication of the social worker role
 - Discontinuity and lack of specialism in the judiciary.
- 3.6. From this analysis using the stakeholder group proposals have been developed to address the identified problems.

4. THE PROJECT – THE PROPOSALS

- 4.1. A project initiation document has been developed to summarise the objectives and methods to be used in this project. The full document is attached as an appendix; the key points are:
- 4.2. The objectives of the project are defined as:
- The most timely and fair decisions made for the child.
 - A reduction in the average length of care proceedings;
 - A reduction in cost for all the agencies involved;
- 4.3. The project will be broken down into a number of workstreams that will address the key areas of care proceedings where delay occurs and deliver change in behaviour, process and outcomes; the key areas the project will address are:
- Improve social worker submissions to court – verbal and reports – through mentoring, guidance and training
 - Tighter timescale management in the court through judicial continuity, active case management and court allocated time for the project cases
 - Timely parenting assessments meeting the specification of the court
 - Timely relative assessments of potential alternative carers
 - Case tracking to identify potential delays before they occur
 - Timely and proportionate use of Guardians (the influential independent social worker who reports to the court)
 - Case reviews to identify lessons from all cases
 - Benefits tracking by the project manager
- 4.4. The project will be supported and directed by a project manager and a case manager.

5. FINANCIAL EXPENDITURE AND INCOME

Expenditure – existing and proposed

- 5.1. Significant work has been undertaken to date to engage the key stakeholders, to undertake the analysis of the problems and in generating agreed solutions; this work was initiated and undertaken by Hammersmith and Fulham as a single Local Authority initiative and so

the cost for this (£60k) has been met within the Departmental budget. The work has been supported by Ernst and Young using a Lean approach.

- 5.2. Now the project has the backing of the tri borough Local Authorities, all future costs will be shared by the three Local Authorities. The future costs relate mainly to staffing; the project will require a project manager and a case manager who will provide the day to day management to the project. In addition there are miscellaneous costs for training etc

Income

- 5.3. As this is a tri borough project each of the three Local Authorities will contribute to the future costs – and share the savings.
- 5.4. Capital ambition has agreed to fund at least £50k towards the Hammersmith and Fulham project and an additional sum to support learning from the project for other court areas in London who wish to undertake a similar project in their area.
- 5.5. The LGA is considering in the option of supporting the evaluation and wider dissemination of the lessons – there has been no confirmation of this to date.
- 5.6. Other sources of funding are being explored including Sector Led Improvement subject to their budget being finalised for next year. Any additional funding secured will enable a reduction in the tri borough Local Authority contribution.
- 5.7. The following table summarises the financial expenditure and income. The total expenditure on the project is £220k of which Hammersmith and Fulham is responsible for £95k comprising of the initial costs (£60k) and a third of the future Local Authority contributions (35k).

Expenditure				Income	
Stakeholder engagement	Oct 11 – March 12	Ernst and Young and project manager	60k	Hammersmith and Fulham initial funding	60k
Project delivery	April 12 – March 13	Staffing	140k	Tri borough Local Authorities (35k each)	H&F 35k Westminster 35k RBKC 35k
Training/Misc			5	Capital ambition	50k
Total			215	Total	215

6. EQUALITY IMPLICATIONS

- 6.1. The care proceedings project will apply to all children taken through care proceedings.
- 6.2. We will monitor the effect of the care proceedings pilot on the outcomes for children of different ethnicities but on the evidence of the existing service outcomes we anticipate all children will benefit from this pilot equally.

7. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 7.1. The recommendation of the report seeks to commit funding to the improvement of care proceedings
- 7.2. Hammersmith and Fulham have appointed a project manager to deliver this on behalf of all three boroughs.
- 7.3. One off tri borough project costs are generally funded in proportion to the level of expected savings for each borough. In this instance it is clear that there are a number of factors that contribute to shorter, more effective care proceedings. As such it is proposed that costs are shared equally. While there is every expectation that the project will deliver to budget, this needs to be monitored and kept under review.
- 7.4. There are a number of savings contained within the Council's MTFS relating to the reduction in the number of looked after children. This initiative is an element of the plan to deliver these savings.
- 7.5. The benefits tracker will enable the project board to monitor the delivery of the savings (Any overall deviation in the level of savings will need to be fed into the Council's financial planning, especially savings in addition to those built into the MTFS).

8. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 8.1. There are no direct legal implications for the purposes of this report

9. COMMENTS OF THE ASSISTANT DIRECTOR PROCUREMENT AND IT STRATEGY

- 9.1. There are no procurement comments relevant for this report.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Family Justice Review	Steve Miley. Ext 2300	Children's services
2.	Project Initiation Document	Steve Miley. Ext 2300	Children's services
CONTACT OFFICER:		NAME: Steve Miley EXT. 2300	



London Borough of Hammersmith & Fulham

Cabinet

23 APRIL 2012

CABINET MEMBER FOR RESIDENTS SERVICES

Councillor Greg Smith

REVIEW OF THE H&F ARCHIVES SERVICE

This report updates Cabinet on the current operation of the H&F Archives Services and reviews options for a short term way forward for 2012/13 and considers longer term options beyond that date.

Wards:
All

CONTRIBUTORS

EDELRS
DCGCS
Tri Borough Director,
Libraries
ADLDS
EDFCG

Recommendations:

1. That approval is given to proceed with option 2 for 2012/13 as outlined in paragraph 2.2 of the report, at a total maximum cost of £50K that will be met by carrying forward departmental underspends from 2011/12, and to waive the application of Contract Standing Orders to this award.
2. That authority be delegated to the Cabinet Member for Residents Services, in consultation with the Executive Director for Environment, Leisure and Residents Services, to consider, agree and implement what they decide is the most appropriate longer term solution.

**HAS AN EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

1. BACKGROUND

- 1.1. Lila Husset is a self contained, 2-storey building with offices on the first floor and a secure archive store with reading room on the ground floor. Lila Husset is an annexe to The Ark office building and is owned by GE Real Estate. It was constructed under the terms of a Section 106 agreement and is leased to the Council. Lila Husset is occupied by:
 - The Professional Development Centre (PDC)
 - The Urban Studies Centre (USC)
 - The Archives and Local History Centre (Archives)
- 1.2. The head lease commenced on 24 June 1991 and expires on 23 June 2016. It contains an option to renew on expiry subject to 12 months prior notice and a full market rent being paid for the entire premises. There are no break clauses and as such the Council cannot vacate the building before the lease ends without agreement from the landlord. Conditions within the head lease state that:
- 1.3. The user clause states that the ground floor is to be used as a local authority archive and the 1st floor as business training centre or urban studies centre. Subject to obtaining landlord's consent, we can use the premises for other local authority office use providing that it won't detract from the adjoining building. We cannot use the premises for anything connected to the provision of housing benefits or in fact any other benefits or with any entertainment use.
- 1.4. The rents payable for the building are:
 - The ground floor Archives at a peppercorn rent for the duration of the head lease.
 - Part of the first floor used by the urban studies centre at a peppercorn rent for the duration of the head lease.
 - Part of the first floor used as a professional development centre at 50% of full market rent for the duration of the head lease. The current annual rent paid is £47,000; however there are two rent reviews (2006 & 2011) outstanding.
- 1.5. The Archives and Local History Centre holds the archives and local history collections for Hammersmith and Fulham, including documents, books, maps, photographs and paintings, ceramics, old newspapers and other sources for family and house history. The Council does need to have due regard to its duty of compliance with Section 224 of the 1972 Local Government Act on "Proper arrangements for records" and the Code of Practice on records management under Section 46 of the Freedom of Information Act. As well as the Council's own records, the centre takes in material from organisations and people in the community. Archives need to be exploited and made available and accessible to customers but at the same time be protected from theft and damage. They need a regulated environment for their preservation.

- 1.6. In order to meet RSD MTF5 efficiency targets for 2011/12, the Archives Reading room at Lila Husset closed earlier this year. However, the London Metropolitan Archive (LMA) was then commissioned to provide a limited access service on the first and third Wednesday of each month and an enquiry service via email and telephone. This arrangement is secure until the end of March 2012 at a cost of £10,000 for 2011/12. LMA have indicated that they are willing to consider extending the temporary arrangements whilst a longer term solution is found. The options for delivering an archives service from April 2012 are explored below. From 15 June to 12 December 2011 there was a total of 178 visits to the reading room at Lila Husset, an average of 14 visitors per day of opening with a total of 629 document productions. There have also been 386 written and email enquiries to the LMA during this period.

2. SERVICE DELIVERY OPTIONS

2.1. Option 1: LMA house the H&F Collection at their premises in Clerkenwell, City of London

- 2.1.1. Under this option, LMA house the H&F collection at their premises in Clerkenwell but would keep it as a separate distinct collection. The collection would be digitised and made accessible both electronically and for physical visits. LMA would undertake outreach in the borough and use their own and H&F volunteers to work on the collection. The collection would be added to from LMA's own resources - they actually have more photographs of the borough than the Council does.
- 2.1.2. The majority of parish registers are already kept at LMA which is a world class centre of excellence. LMA would work on the following principles:
- Celebrating local identity and London history
 - Adding value for users
 - Offering wide ranging outreach work
 - Committing to four star technical excellence.
 - Networking across the borough to achieve sustained internal support for the service
 - Providing value for money
- 2.1.3. The advantages of this option include that the collection would be housed in far better facilities and could be exploited more effectively, both digitally and through physical access. Major cost savings would be realised by not being tied to the premises at Lila Husset. It should be noted that these premises savings would only be delivered if agreement is reached with the other services based there and if the landlord agrees early release from the current lease. As such, any saving to the Council is high risk. The main disadvantage of this delivery option is that the collection would no longer be in close proximity to the borough.
- 2.1.4. The complete cost of LMA housing and delivering an archives service on the Council's behalf is estimated at £130,000 per year (including the one off cost

of digitising the collection) plus one off removal costs of around £25,000 (as estimated by LMA based on the size of the collection). Any cost of terminating the current Lila Husset lease early is yet to be quantified and is subject to landlord approval.

- 2.1.5. The total estimated net cost of providing this service for 2012/13 is £155k (assuming the Lila Husset lease can be terminated early at no additional cost to the Council). See para. 3.1 below for a more detailed breakdown

2.2. Option 2 – Explore the option of a Tri-borough managed service hosted by WCC

- 2.2.1. The Tri-borough library service will be established from 1 April 2012 and there are clear synergies between the wider library services and the archives offer in H&F.

- 2.2.2. Westminster City Archives has a 4 star rating awarded by The National Archives and is recognised as a centre of excellence. It has an established record of both securing external funding and raising income, provides an award winning educational programme supported by experienced and qualified staff and has the infrastructure required to support conservation and volunteers. A joint arrangement with Westminster would put H&F in an advantageous position for potential heritage lottery funding bids for a tri-borough service offer. Subject to agreement on detailed requirements for the funding available, Westminster have indicated that they would be happy to provide a service to H&F similar to the current temporary service offering by the LMA, but with the potential to develop this further in the context of a Tri-borough service. The management of the service would be provided at a cost of £50k per year.

- 2.2.3. This is the **recommended option for 2012/13** as it allows for a further review over the next six months to establish a longer term solution. This could, amongst other things, investigate the opportunities for an archives presence either at the newly refurbished Hammersmith Library or at Fulham Palace. Further work is required to develop a viable financial model and would be dependent on the ability to be released from the Lila Husset at an earlier date than 2016.

- 2.2.4. Whilst the Westminster site has some capacity, it is unlikely that it could house both K&C and H&F collections. The collection would continue to be housed within the borough at Lila Husset whilst a longer term solution is developed. As such, premises and running costs would remain unchanged in the short term. Under a Tri-borough service it is likely that the reading room would be more accessible than twice per month and there would be greater opportunity to carry out more outreach, especially with local schools.

- 2.2.5. The total estimated net cost of providing this service for 2012/13 is £126k. See para. 3.1 below for a more detailed breakdown.

2.3. Option 3 - H&F run the Archives service by recruiting an Archivist to staff the reading room and recruit volunteers

- 2.3.1. Under this option, the collection would remain within the borough. It would be managed by a directly employed Archivist and locally recruited volunteers in partnership with local organisations (such as the Fulham and Hammersmith Historical Society). Premises and running costs would remain unchanged but there would be the additional staffing cost of recruiting and supervising volunteers (1 FTE at a total cost of £45k). Once volunteers are in place an enhanced service could be offered to customers, more outreach work could be provided and a digitisation programme could be rolled out (at an additional cost yet to be determined).
- 2.3.2. The total estimated net cost of providing this service for 2012/13 is £122k. See para. 3.1 below for a more detailed breakdown.

2.4. Option 4 - H&F run the Archives service with volunteers only

- 2.4.1. Under this option the collection would remain within the borough. It would be wholly managed by volunteers. Premises and running costs would remain unchanged and there would be no staffing costs.
- 2.4.2. This option can be delivered at the lowest cost but is the weakest option in terms of quality of service as it does not provide for the recruitment and supervision of the volunteers. This option is not recommended as there would need to be safeguards for the valuable items that are stored and it is highly unlikely that the volunteers would be able to answer the more specialised and complex enquiries.
- 2.4.3. The total estimated net cost of providing this service for 2012/13 is £76k. See para. 3.1 below for a more detailed breakdown.

3. FINANCIAL SUMMARY OF SERVICE DELIVERY OPTIONS FOR 2012/13

- 3.1. The expected cost of delivering each option is detailed below:
- **Option 1** - LMA house the H&F Collection at their premises in Clerkenwell
 - **Option 2** - Explore the option of a Tri-borough managed service hosted by WCC
 - **Option 3** - H&F run the Archives service by recruiting an Archivist to staff the reading room and recruit volunteers
 - **Option 4** - H&F run the Archives service with volunteers only

£000	Option 1	Option 2	Option 3	Option 4
Payment to Provider	130	50	0	0
Staffing	0	0	45	0
Premises	25	43	43	43
Collection Costs	0	3	3	3
Direct Costs	155	96	92	46
Indirect Costs	0	35	35	35
Gross Estimated Cost	155	132	127	82
Direct Income	0	(6)	(6)	(6)
Net Estimated Cost	155	126	122	76
	Note 1			

Indirect costs are corporately funded Business Rates. Any saving on these will be accounted for corporately, and not by ELRSD.

Note 1 – Assumes the existing Lila Husset lease can be terminated early at no additional cost to the Council.

4. CONCLUSIONS

4.1. It is recommended that a solution via the Tri-borough Service is agreed for 2012/13, with further work to be undertaken over the next six months to agree a longer term solution. A waiver of the Contract Standing Orders for not undertaking a competitive tender exercise for award of this tender valued at £50K is also recommended.

4.2 This approach would involve the following actions;

- That the present arrangement with LMA is continued from March until the end of May at a cost of £8,333 to allow us to develop and put in place a Tri borough option.
- WCC Archives supplies a trained member of staff to open the Reading Room at Lila Husset at least once per fortnight and to manage the local volunteers to keep the reading room open and explore the Team London bid for volunteers funding to develop and train them.
- Be the first point of contact for telephone and email enquiries on a daily basis at WCC Archives for H and F enquiries. There are between 12-16 written enquiries per week (including email). There are no figures for telephone enquiries but LMA estimate that it is about 4-6 per day.
- Explore the possibilities of digitalisation.
- Adapt the existing Memo of Understanding in place with the LMA into an arrangement with WCC.

- Explore options for relocating the materials in 2014, possibly to the refurbished Hammersmith Library, Fulham Palace or some other venue.

5. RISK MANAGEMENT

- 5.1. The future of the Archives Service is held within the ELRS risk register.

6. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 6.1. Option 4, to provide a volunteer run service, presents the lowest cost although this is outweighed by the additional risk of not being able to properly safeguard the collection as set out in paragraph 2.4.2. As such, this option is not supported from a broader financial perspective.
- 6.2. Due to the application of MTFs efficiencies, the budget held for the Archives service for 2012/13 is £71k. However, ELRS has requested to carry forward £50k from 2011/12 departmental underspends to further support the Archives service in 2012/13. On the assumption that this request is approved, the 2012/13 budget for the service is £121k.
- 6.3. There is little financial difference between Options 2 and 3, with both options being slightly in excess of the £121k budget held for 2012/13 (including corporately funded indirect costs/Business Rates). However, Option 2 may present longer term financial benefit as a Tri-borough service may be able to drive out additional cost savings whilst maintaining service quality. On that basis, Option 2 is supported as the preferred interim delivery model until a longer term solution is identified and appraised.
- 6.4. It should be noted that the costs estimated in para. 3.1 assume the existing Lila Husset lease can be terminated early at no additional cost to the Council. This is a significant assumption as early termination is subject to the landlord's approval, which has not yet been confirmed. The Lila Husset building also houses other Council services in addition to the Archives service. It is expected that any decision to vacate the building (and the funding of any resulting costs) will be considered as part of a separate corporate report through the Corporate Asset Disposal Group.
- 6.5. Funding of the service beyond 2012/13 will need to be identified as part of any longer term service delivery proposal.

7. EQUALITY IMPLICATIONS

- 7.1. An EIA has been completed and concludes that there is a low impact in relation to the preferred option.

- 7.2. There are little equality impacts except for Option 1, where the LMA would house the collection at their premises in Clerkenwell, which would take it outside the Borough boundaries and therefore make it more difficult for disabled, less mobile elderly or young children (for homework projects) to access.
- 7.3. The recommended option 2, to explore the option of a Tri-borough managed service hosted by WCC, would have positive impacts as it is intended to open the reading room at Lila Husset more than it currently is and would keep the collection within the Borough boundaries.

8. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 8.1. The proposed recommendation to award the Archives operation services would normally merit undertaking a competitive procurement exercise including advertisement of such tender as per the Contract Standing Orders (CSOs). However, as the proposal is a short term one with an objective of exploring various long term options under the Tri-borough arrangements, there is justification for a waiver of the CSOs. Further, as the proposal is below EU Public Procurement thresholds, there is no requirement to publish advertisement in OJEU.
- 8.2 In the circumstances, the Assistant Director (Legal & Democratic Services) endorses the recommendation contained in this report.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Policy Framework between the LMA and H&F	C.Lloyd	Libraries, ELRS
CONTACT OFFICER:		NAME: Christopher Lloyd EXT. 3811	



Cabinet

23 APRIL 2012

**CABINET MEMBER
FOR RESIDENTS
SERVICES**

Councillor Greg Smith

HAMMERSMITH LIBRARY REFURBISHMENT

Having successfully secured s.106 funding of £1.65m as a result of Hammersmith Car Park Construction Scheme, the objective of this project is to roll out the “More than a Library Brand” to Hammersmith Library with significant refurbishment and improvement as outlined in the agreed 2009-14 Libraries Strategy.

**Ward:
Hammersmith
Broadway**

CONTRIBUTORS

AD for Customers and
Business
Development,
EDTTS
EDELRS
Director for Libraries &
Archives Development
Management :
Planning TTS
ADLDS
EDFCG

Recommendations:

- 1. That the sum of £200k received from the S.106 fund as set out in this report be used to enable consultation with customers and stakeholders to commence, to scope and determine the costs of the building works and to engage an architect for the design element of the project.**
- 2. That the sum of £725k released from the S.106 fund on the commencement of the construction of the South Building of Hammersmith Car Park be used to commence the build and refit of the library.**
- 3. That £725k be released from the commencement of the construction of the North Building (timeframe to be advised by developers)**

**HAS AN EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

1. BACKGROUND: SECURING S.106 FUNDING

- 1.1 The Hammersmith Car Park Construction Scheme has provided section 106 opportunity funding of £1.65m. The funding has been designated for the redevelopment of Hammersmith Library, and a project has been created to facilitate effective utilisation of the funds and the opportunity.
- 1.2 The funding will be released in three stages as outlined below. Taking account of the consultation process, and any potential planning requirements, the project is likely to take not less than 24 months to deliver in its entirety Further details for each phase will be reported to Cabinet for approval.

Phase	Amount	Date	Comments
Phase I	£200k	January 2012	Received in January 2012
Phase II	£725k	28 February 2012	The second instalment of £725k will be paid to the Council on the commencement of the construction of the South Building of Hammersmith Car Park
Phase III	£725k	TBA	The third instalment will be paid on the commencement of construction of the North Building (timeframe is to be advised by developers.)

- 1.3 Having successfully secured s.106 funding of £1.65m, the objective of this project is to roll out the 'More than a Library Brand' into Hammersmith Library. The purpose of the refurbishment is to transform the Hammersmith Library to make it fit for purpose in the 21st century, to improve customer access and to extend the range of Council and library services available from the premises.

2. THE 'MORE THAN A LIBRARY BRAND'

- 2.1 The "More Than a Library" brand was developed in September 2009 with the opening of the brand new Shepherds Bush Library. The primary objective of the 'More than a Library Brand' is to create a modern day, customer focused experience, making use of self-serve technology and working with other organisations to enhance the library offer.
- 2.2 The 'More than a Library Brand' has proved extremely successful at Shepherds Bush Library - with state of the art interior design, 20,000 new books, DVDs and CD's, Wi-Fi internet access and relationships

developed with Workzone¹, who are now housed within the library. More recently a commercial relationship with Amazon and Unilever has been developed at Shepherds Bush Library. In 2010/11, the new library received 378,724 visits and has gone from being the third busiest library to the busiest library in the borough. "More Than a Library" involves working with a partner organisation to provide enhanced services that a library cannot provide on its own, to the benefit of both parties. In 2009 WorkZone, the employment and careers agency, was based at the newly opened Shepherds Bush Library contributing to the regeneration of the local area, and it has so far arranged over 2,000 job interviews and found employment for over 500 local residents.

- 2.2 The ambition of the Hammersmith Library project is to move the 'More than a Library Brand' to the next phase of evolution, learning from the experience within Shepherds Bush Library, Askew Road and Fulham Library and also from recent and planned refurbishments across the Tri-borough area.

3. THE SCOPE OF THE HAMMERSMITH LIBRARY PROJECT

- 3.1 The scope of the Hammersmith Library project (the project), will incorporate opportunities to improve both the customer offer and experience, including building design and layout improvements, IT & digitisation of service offers, the creation of an enhanced service offering where applicable and including other Council services.
- 3.2 Hammersmith Library is a Grade II listed building which dates from 1905. Minor changes to the internal layout took place in the 1950s and early 1990s, but since then no major redecorations, replacement of floor coverings or updating of shelving has taken place. Although the roof was replaced in the early 1980s and patch repaired since then, the roof now leaks and as a result the internal fabric of the building has been damaged by water ingress. Major works are required to all of the leaded windows as well as to the heating and electrical systems to meet current standards, environmental concerns and the needs of a 21st century library service.
- 3.3 Hammersmith Library is one of the main libraries for the borough but it is not equipped for the nature of services offered and customer requirements in 2012 and beyond, and therefore requires a considerable amount of investment.
- 3.4 The library has a cluttered internal layout which can be difficult to move around, especially for people with mobility difficulties. There is no natural flow around the building and the upstairs is hidden; there is a lack of visibility from the street and large areas of underutilised non-public space. These factors all impact on the attractiveness of the service and the levels of use it receives. This will be a unique

¹ The Employment Advice Agency

opportunity to improve “the customer experience” of visitors to the library. The tangible benefits are summarised below:

- i. Improve customer focus by installing self-service machines, to help reduce queues, allowing efficiencies and some diversion of the staff resource to higher value interaction with customers.
 - ii. Redesign counter areas so that staff are not “desk bound” and can get out into the library, floor walking to proactively assist customers.
 - iii. Improve the library book stock and promote reading, updating the books and other stock and by replacing and refreshing stock.
 - iv. Implement staff uniforms so that staff can be easily identified by customers and be more visible to talk to and assist them.
 - v. Make our libraries more visible, attractive, brighter and welcoming.
 - vi. Install new shelving, shelf guiding and new furniture on the ground floor to include more comfortable seating areas.
 - vii. Relocate the Children’s area on the ground floor to a more visible area, which will make better use of staffing and make it easier to supervise.
 - viii. New and improved signage making the library more user friendly and accessible for customers.
 - ix. Exploring digitisation opportunities to enable the Council to improve both the offer and customer experience.
- 3.5 As outlined in the archives report to Cabinet on 16 April 2012, there is a potential opportunity in the longer term for the provision of some form of archives provision from Hammersmith Library.
- 3.6 The project will be sponsored by the ELRS Head of Culture and the senior stakeholders are: Tri-borough Director for Libraries and the Bi-borough Director for Cleaner, Greener and Cultural Services.
- 3.8 The management of the section 106 funding and design of building layout and works will be the responsibility of the Technical Project Manager. This will ensure that all matters regarding planning and preservation are observed and adhered to. This Business Project Manager will focus on all communication, engagement and commercial opportunities. Through effective project management they will work together to ensure sponsors are kept up to date with reporting and project progress,

- 3.9 Consultation has taken place with customers from all of the libraries and previous survey feedback from the refurbishments of Shepherds Bush and Fulham libraries will be revisited to ensure that all feedback is taken on board for the Hammersmith Library refurbishment. There will be further consultation with other local stakeholders including resident groups to ensure that consultation and engagement takes place across a wide sector of residents and library customers.

4. RISK MANAGEMENT

- 4.1 Hammersmith Library is a listed building; as such there are Heritage constraints, and these will be managed and logged as part of the programme delivery and monitored at the fortnightly delivery review meetings. All mandatory regulatory requirements will be complied with in consultation with the heritage officer within the Council. A meeting is scheduled with planning officers in February 2012 to discuss all issues and risks associated with English Heritage constraints.
- 4.2 With regard to management of the project, all risks will be managed and assessed at the monthly project board meetings and will be included in the departmental risk register.

5. COMMENTS OF THE ASSISTANT DIRECTOR OF PLANNING

- 5.1 Planning permission was granted on 7 September 2011 for the redevelopment of the NCP site (2010/02842/FUL), subject to a legal agreement that required a library contribution totalling £1.65m to be paid in 3 parts, for enhancing and improving the existing (Hammersmith) Library, in lieu of on-site library provision. The release of the first payment of £200k for scoping and costing of the work is consistent with the purpose of that agreement.
- 5.2 It is recommend that an architect firm with experience/expertise in listed buildings is employed and that English Heritage and Planning officers are contacted at the earliest opportunity to discuss the proposed internal and/or external alterations and fixtures/fittings. It is also recommended that the project team proactively liaise with representatives of the local amenity groups, namely the Hammersmith Society and the Hammersmith & Fulham Historic Buildings Group in these matters.

6. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 6.1 The overall £1.65m s.106 funding for this project is set out above and is included as scheme specific funding in the Council's Capital

Programme. Spend against budget will be monitored and reported as part of the Council's regular capital monitoring process.

7. EQUALITY IMPLICATIONS

- 7.1 An EIA has been completed and the proposed refurbishment does not pose any equality implications. There will be benefits for all library users, with improved layout, access and signage.
- 7.2 At each stage of project design and delivery, the team will carry out equality impact assessments as appropriate.

8. COMMENTS OF THE ASSISTANT DIRECTOR (PROCUREMENT & IT STRATEGY)

- 8.1 The Council has externalised its architectural function to E.C. Harris and the client side officer is Patrick Nolan Ext 4516. If E.C. Harris are unable to support this scheme then procurement will be carried out in line with the EU Regulations.

9. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL & DEMOCRATIC SERVICES)

- 9.1 There are no planning related issues provided the s.106 monies are being spent for the purpose for which they were paid to the Council.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	LBHF Library Strategy Cabinet Paper	Sue Harris	ELRS, Ext 4295
CONTACT OFFICER:		NAME: Chris Lloyd EXT: 3811	



Cabinet

23 APRIL 2012

**CABINET MEMBER
FOR HOUSING**

HOUSING ESTATES INVESTMENT PLAN

**Ward:
Town**

This report sets out the results of the evaluation of estates under the Housing Estates Investment Plan and seeks approval to take forward Fulham Court Estate and Barclay Close Estate as a pilot under this programme.

Further detailed reports will be produced in order to secure specific project approvals.

CONTRIBUTORS

EDFCG
ADLDS
EDHRD
EDCSA

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

**HAS A EIA BEEN
COMPLETED?
YES**

Recommendations:

1. That the evaluation of estates as set out in Section 2 of this report be endorsed.
2. That Fulham Court and Barclay Close be approved as the pilot HEIP scheme and that the framework of the Draft Investment Plan for Fulham Court and Barclay Close as set out in Section 4 and Appendix 3 of this report be agreed as the basis for developing the detail of the specific projects.
3. That approval be given to the proposed physical improvements components of the Draft Investment Plan for Fulham Court and Barclay Close as set out in Section 4 and Appendix 3 of this report, at an estimated cost of £0.750m to be funded from the existing budget for Fulham Court of £3.469m held within the Decent Neighbourhoods Pot.
4. That authority be delegated to the Cabinet Member for Housing, the Executive Director of Housing and Regeneration and the Executive Director of Finance and Corporate Governance to develop an initial pilot project to oversee the disposal of up to 10 void properties to the Council's Local Housing Company as low cost home ownership units, following which a report will be brought to Cabinet.

- 5. That the receipts generated from the sale of void properties be earmarked for affordable housing and regeneration investment purposes at Fulham Court estate and Barclay Close (so far as possible and consistent with statutory pooling regulations), with the first call for reinvestment being the £3.469m.**

- 6. That a Local Lettings Plan be drafted on the basis set out in Section 5 of this report.**

1. BACKGROUND

- 1.1 The policy framework for the Housing Estates Investment Plan (HEIP) was agreed by Cabinet on 18 April 2011. It was agreed that officers should consult on the basis of this policy framework.
- 1.2 On 7 November 2011, Cabinet approved the policy and resolved that officers would undertake an assessment, using the selection criteria under the HEIP and report back to Cabinet with a recommended estate to be the first to benefit from the HEIP.

2. EVALUATION

- 2.1 As set out in the Cabinet reports referred to above, officers undertook a 1st Stage evaluation of all housing estates of more than 100 units against the agreed selection criteria. The headline results of this evaluation are set out in Appendix 1 of this report.
- 2.2 The three top rated estates from the Stage 1 evaluation were in order: Ashcroft Square, Fulham Court and Emlyn Gardens. In relation to Ashcroft Square, the Kings Mall has recently changed ownership and the new owner is currently developing proposals for the regeneration of the ground floor retail accommodation at Kings Mall. Whilst there are no current proposals for Ashcroft Square the position will be kept under review having regard to the investment proposals that may emerge. It is considered therefore that any decision to develop proposals for Ashcroft Square under HEIP would be premature.
- 2.3 The headline results of the Stage 2 evaluation for Fulham Court and Emlyn Gardens are set out in Appendix 2 of this report. The top ranking estate was Fulham Court. Due to the scoring, the level of background information available and the high levels of resident engagement, officers propose that Fulham Court is taken forward as a pilot for the HEIP. The position of Ashcroft Square and Emlyn Gardens will be reviewed again in the future.
- 2.4 Barclay Close is a small estate which forms the western boundary of Fulham Court. The estate did not score in the top 20 under the HEIP evaluation process. It was therefore not subjected to a Stage 2 evaluation. However, the range of data that is available for Barclay Close clearly demonstrates that it has a number of similar factors as Fulham Court. In addition, the physical issues of public realm and access which are considered to be significant for Fulham Court are shared with Barclay Close and can only be fully addressed by a comprehensive programme across the two estates. The social and economic programmes will be targeted at Fulham Court where there is a greater concentration of need.

3. RESULTS OF CONSULTATION

- 3.1 In 2010, consultation took place around environmental improvements on the Fulham Court Estate.
- 3.2 The launch of the Tudor Rose Centre in December 2011 was used as an opportunity to consult residents on their key priorities. At the event, questionnaires were completed by residents and local service providers. This highlighted the main issues as:
- lack of community facilities particularly for young people
 - poor quality lighting
 - poor quality paving and external landscaping
- Residents were also asked to pinpoint the main parts of the estate which needed investment.
- 3.3 Officers have recently sought to reinvigorate the Tenants and Residents Association. These discussions are at an early stage and formal elections to the TRA positions have not yet taken place.
- 3.4 A meeting with the group of residents interested in creating the TRA took place on 26 January 2012 at which the Draft Investment Plan was outlined. The meeting was attended by tenants of Fulham Court. The outline proposals were fully supported. In addition the issue of repair and maintenance of fencing was brought up.
- 3.5 All residents of the two estates were invited by letter to a workshop on 9 February 2012 at the Tudor Rose Centre. The attendees were supportive of the proposals. Additional to this doorknocking, targeted on Barclay Close, has also taken place. As part of this further consultation, a number of leaseholders have been spoken to as well as tenants. The views expressed have informed the development of the proposals in the Draft Investment Plan.
- 3.6 Working with the Youth Involvement Officer in Children's Services, a meeting with young people on the estates, facilitated by Young Advisors, took place on 23 February 2012. The Young Advisors consist of young people from the borough who have been involved in either the Borough Youth Forum, the UK Youth Parliament, or as a Youth Commissioner for over 50 hours, and who have completed at least three training courses. The views expressed have informed the development of the proposals in the Draft Investment Plan.
- 3.7 Ward Councillor briefings have taken place with Councillors Smith and Craig.
- 3.8 Internal discussion within the Council has taken place with Housing Services, Housing Options, Economic Development, Learning and Skills, Property and Youth Involvement. The views expressed have informed the development of the proposals in the Draft Investment Plan.

- 3.9 Stakeholder consultation has taken place with Shepherds Bush Housing Association and the Pre-School Learning Alliance. Both were supportive of the proposals. The proposals have been discussed with the Crime Prevention Design Advisor who was supportive and keen to be involved in the detailed proposals.

4. FULHAM COURT AND BARCLAY CLOSE DRAFT INVESTMENT PLAN

- 4.1 On 11 January 2010, Cabinet agreed a Phase 1 Physical Improvement Strategy for the Fulham Court Estate. As part of this strategy, Tudor Rose, the new Children's Centre and Community Centre, has recently opened on the Estate. As part of the Decent Homes programme, £12m has been invested on works including kitchens, bathrooms and roofs on Fulham Court. £800,000 has been spent on external decorations and kitchens and bathrooms in tenanted property on Barclay Close.
- 4.2 Building on the priorities raised by residents during consultation in Summer 2010 and the consultation recently carried out, the draft Investment Plan is based around the following:
- local lettings plan which seeks to address the issue of overcrowding and strengthen the local community through the creation of more mixed and balanced tenures and incomes.
 - disposal of void properties and recycling of receipts (so far as possible – see section 12.3) into the estate in order to increase housing opportunities and available funding.
 - extending low cost home ownership opportunities for residents living on the estates.
 - increasing access to employment and training opportunities to address the barriers faced by residents on the estate.
 - by means of a new overriding head lease on the Fulham Road shops (to be sold to an investor as part of the restructuring of the HRA Shops portfolio previously approved by Cabinet) to improve the rear area to those shops and address management issues.
 - formation of a youth forum for the estate to increase youth involvement.
 - look at the option of creating a Trust to provide revenue funding for community development and economic development programmes on the estates.

- physical improvements:
 - lighting improvements to reduce fear of crime
 - landscaping improvements and estate boundary treatments to improve the public realm and integrate the estates into the wider residential neighbourhoods
 - provision of new cycle storage and removal of pram sheds to improve the local environment and meet the needs of residents
 - extension of existing bin store to improve the quality of the local environment and address some housing management issues

The Draft Investment Plan is attached as Appendix 3 to this report. A number of the proposals such as removing walls and railings on the estates will be the subject of further discussion with the Police in order to ensure that the safety and security impacts can be mitigated.

- 4.3 A preliminary costing exercise has been undertaken and the estimated cost of the physical improvements identified above is approximately £750,000. Further detailed work is being carried out prior to a report being brought back for project approval. There is currently budgetary cover for these indicative costs from within the £3.469m allocated in the Decent Neighbourhoods Fund for Fulham Court as approved by Cabinet on 11 January 2010.

5. LOCAL LETTINGS PLAN

- 5.1 It is proposed that a Local Lettings Plan is developed and adopted. One of the identified issues facing the residents on the estates is overcrowding. This is stated as one of the principal reasons for requesting a transfer off the estates. It is considered that by prioritising the allocation of larger properties to existing overcrowded households on the estates, as well as addressing a local housing need, there are community benefits through enabling residents to stay on the estates maintaining links to neighbours and local facilities particularly schools. It is proposed that priority would be given to working households for both transfers within the estate and larger voids generated within the estate that are retained for re-letting.

6. VOIDS FOR DISPOSAL

- 6.1 Funds for reinvestment may be generated from the disposal of void properties that meet the Council's Expensive Voids Policy disposal criteria. On the basis of current trends, it is anticipated that 20 voids per annum of 2 bed and smaller properties will be generated on the estates. A balance will need to be struck between those voids being made available for reletting in accordance with the local lettings plan prioritising working households and those identified for disposal to create funds for reinvestment. In terms of the disposal route, it is

considered that although the normal route of taking properties to auction could be used, the option of disposal to a Registered Provider (RP) or to the Council's Local Housing Company may be preferable as a way of promoting lower cost home ownership. The resulting receipt would be reinvested by way of capital expenditure into the estate. In the event of any disposal to an individual or individuals, this would only be so far as possible consistently with statutory pooling regulations – see Legal comments below.

- 6.2 However, from initial discussions with large Registered Providers operating locally, it is apparent that the limited pipeline of disposal opportunities is of limited interest. Discussions are continuing with RP partners working in the borough to further explore this option. In relation to the Local Housing Company the initial legal advice is that the disposal to the LHC would be possible provided that transaction was at “best consideration” or alternatively through obtaining Secretary of State consent. The funding for the LHC would be dependent on the proceeds generated from the sale of Discounted Market Sale units. The detailed cashflow, funding, tax implications, and business case for the first 10 properties will be developed and considered under the delegated authority given within this report and under the governance structure within the LHC. This will include consideration of the impact on capital allowances. A further report will be presented to Cabinet should additional funding be required via this route. Additional funding if required would come from the £3.489m held for Fulham Court to enable their sale as Low Cost Home Ownership properties, we will also explore the possibility of an element grant funding via the charitable company created as part of the Local Housing Company Structure.
- 6.3 The first £3.469m of void receipts is likely to be allocated to fund the existing budgetary provision for investment in the Fulham Court estate within the current Decent Neighbourhoods programme (£1.722m and £1.747m respectively in 2012/13 and 2013/14).

7. COMMUNITY TRUST AND TUDOR ROSE CENTRE

- 7.1 Although there has been significant capital investment in the estates and the new Tudor Rose Centre, there is a need for revenue funding for social and economic programmes to address the issues affecting residents on the Estate. It is proposed to assess the feasibility of establishing a Community Trust which could provide this ongoing revenue support. This could be via income generated by the Centre; however, we will also explore models used elsewhere including a scheme set up by Westminster Council at Dolphin Square. This scheme is sustained by generating an income stream from the interest earned on investing capital receipts from disposals. Given current interest rates, the feasibility of such a scheme may be less attractive financially, but a number of options will be investigated.

- 7.2 The Tudor Rose Centre creates an opportunity for community management of facilities. Officers have started discussions with the Old Oak Housing Association who manage the Old Oak Community Centre about them assisting the creation of a business plan for the long term management of the community space at Tudor Rose. The Pre School Learning Alliance have also expressed an interest in managing the community facilities within the building.

8. DELIVERY MECHANISM

- 8.1 In order to maximise the usable capital receipt and promote low cost home ownership options it is proposed that voids which meet the disposal criteria under existing policy are disposed of to either a Registered Provider or the Council Local Housing Company. These receipts would be offset against the capital investment on the estate including any grant required to enable the sale of the void properties as low cost home ownership. The pilot project to dispose of void properties to the LHC will require detailed appraisal under the delegated authority provided for in this report, and under the governance framework within the LHC as noted above.
- 8.2 The detailed actions required to deliver the programme of physical improvements (estimated costs are £750,000) are set out in the Draft Investment Plan at Appendix 3. The overall leadership to ensure delivery of these actions will be provided by the Assistant Director of Housing Services, and further detailed reports to Cabinet will follow to secure project spend approval.
- 8.3 The youth, education and economic development aspects of the Draft Investment Programme will be delivered from within existing revenue and staffing resources.
- 8.4 The overall Draft Investment Plan will be monitored by the Regeneration Team in Housing and Regeneration Department. This team will also be responsible for the consideration of further estates under the HEIP. This can be done within existing revenue and staffing resources.
- 8.5 In the medium to longer term, it is anticipated that the proposed Community Trust will provide a source of revenue funding for social and economic programmes, and a further report will be brought to Cabinet at the appropriate time.

9. RISK MANAGEMENT

- 9.1 The Regeneration Team will monitor the strategic risks associated with the Investment plan in accordance with the Council procedures. The proposal contributes to the management of the corporate opportunity risk 7 associated with maintaining and improving service for local residents.
- 9.2 An individual risk register will be completed for this project.

10. EQUALITY IMPLICATIONS

- 10.1 A full EIA has previously been completed for the HEIP. A full EIA has been completed for the Fulham Court and Barclay Close Investment Plan. The main findings of this EIA are that the proposals in the investment plan would have a positive impact on all residents with a particular effect on young people and BME groups due to the extensive consultation proposed.

11. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 11.1 Given the nature of the recommendations, subsequent reports to Cabinet (or to the Cabinet Member for Housing where authority has been delegated) will be required, once detailed costs and financial/ investment appraisals for the pilot HEIP schemes at Fulham Court and Barclay Close have been prepared, in order to approve planned expenditure and confirm funding sources.
- 11.2 The comments below consider each recommendation in turn:

Recommendation 1: There are no financial implications of evaluating the estates as this work was completed within the remit of established, budgeted staff.

Recommendation 2: The Fulham Court and Barclay Close draft Investment Plan contains a number of plans covering the themes of economic development, youth involvement, education and community development. These plans will need to be further developed before the full financial implications can be determined and therefore, further reports to Cabinet will follow.

Recommendation 3: it is proposed to implement physical improvements to the estate with an estimated cost of £0.750m. The Decent Neighbourhoods capital programme contains approval to spend £1.722m and £1.747m respectively in 2012/13 and 2013/14, and it is anticipated that any physical works will be allocated against this

budget, subject to approval of this bid. This leaves £2.719m of the existing capital allocation available for investment in the estate.

Recommendation 4: This is concerned with exploring options to dispose of expensive voids to the local housing company in order to boost home ownership on the estates. The funding for the LHC would be dependent on the proceeds generated from the sale of Discounted Market Sale units. The detailed cashflow, funding, tax implications, and business case will be developed for the options and considered within the context of governance arrangements within the LHC and subject to the delegated authority conferred in this report. A further report will be presented to the Cabinet Member for Housing setting out the detailed proposal for the disposal of up to 10 properties to the LHC for low cost home ownership, and this will be followed by a later report to Cabinet to include details of any Council-funded grant required to enable delivery of the proposal.

Recommendation 5: The report seeks approval to re-invest receipts generated from the sale of expensive void properties into improvements at Fulham Court and Barclay Close. The first £3.469m of void receipts will be allocated to fund the existing budgetary provision for investment in the Fulham Court estate within the current Decent Neighbourhoods programme (£1.722m and £1.747m respectively in 2012/13 and 2013/14).

Recommendation 6: There are no financial implications of developing a local lettings plan, though it is noted that the effect of implementing this may involve financial risks including the impact of higher void rates and bad debt provisions.

- 11.3 It should be noted that expenditure is likely to be classified as capital only after each individual case for investment has been approved. Therefore any costs involved in pulling together such a case would be classified as revenue expenditure, and these would have to be met from HRA balances. As balances are currently fairly low and no specific budgetary allowance is available these funds would have to be found via additional savings.
- 11.4 All void disposals will be subject to existing regulations governing capital receipts. This is expanded upon in paragraphs 12.3, 12.6 and 12.7.

12. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 12.1 With respect to Local Letting Plans, Local authorities are required by the Housing Act 1996 ("The Act") to have an Allocation Scheme for determining priorities and the procedure to be followed in allocating housing accommodation. The Council's current Allocation Scheme

was approved by Cabinet on 13 July 2009. Section 167(2E) of the Act gives the Council the power to introduce local letting schemes.

- 12.2 The Allocation Scheme includes a general statement about the Council's intention to implement local letting policies within the Borough and gives authority for local lettings plans for certain areas, within the borough in order to achieve and maintain sustainable communities and to address social and economic polarisation in the borough. Before any such local lettings policy is introduced the council may consult with existing residents in that locality and will produce an explanation/ justification of the plan should there be a wish to view this.
- 12.3 Where expensive voids are sold to anyone (including the local housing company created by the Council) for improvement and resale for owner-occupation the whole capital receipt should be re-cyclable. In theory 50% of the net receipt will need to be pooled, but not if the Council off-sets against the receipt a corresponding amount of "available capital allowance". Available capital allowance consists of amounts which the Council has resolved to contribute towards projects of affordable housing or regeneration. However, in certain circumstances, the entire capital receipt from the disposal of void dwellings will not be available for recycling into these (or any other) estates. This is where the void is sold directly to an individual or individuals who intend to occupy the property as their only or principal home. In that case, the Council will need to pay over 75% of the net receipt to central government under national pooling rules. No pooling can apply on sales to the Local Housing Company or to a Registered Provider (as they are not individuals capable of having a "home"). Such sales will be compliant with the Capital Finance Regulations, so long as real (not a sham) and the terms of the relevant disposal consent are complied with (in that, broadly, the disposal must be for "market value"/"best consideration" or must meet the requirements of Consent B referred to in paragraph 12.7 below).
- 12.4 Even where a capital receipt can be retained, it can only be used to finance the investment plan for the estates insofar as it consists of capital expenditure.
- 12.5 Receipts generated from the sale of void properties on the estates should only be automatically reinvested in these estates in accordance with the approved investment plan and if the Council remains satisfied that there remains a clear case for priority to be given to expenditure on these estates.
- 12.6 Voids to be disposed of (being land held under Section 32 Housing Act 1985) can only be disposed of with Secretary of State consent. In some cases, disposals can be effected under the General Housing Consents 2005 . Where disposals do not fall within an applicable general consent, specific application will need to be made to DCLG. Auction sales fall within the latter category, because the general consents do

not necessarily cover sales to companies and of course it cannot be predicted whether the successful bidder at auction may be a company. Although there is a general consent covering sales to companies (and others) prepared to covenant to carry out works and then re-sell to persons intending to occupy the improved properties as their only or principal home, this would not necessarily authorise sale to the local housing company, because the general consent requires that disposal be at the best consideration reasonably obtainable. The same is true of a consent for disposal to an RSL (now called “registered providers” of social housing).

- 12.7 If therefore the local housing company does not pay the Council “best consideration” (or is allowed to defer payment for a lengthy period interest free) *ad hoc* consent ought to be sought from DCLG or it may be possible to rely on Consent B of the general consents under Section 25 of the Local Government Act 1988 (this specifically authorises local authorities to give financial assistance/gratuitous benefit to registered providers). For Consent B to apply the housing company must not only become a registered provider, it must also obligate itself to spend an amount equal to at least 25% of the market value of the relevant property on works of conversion, rehabilitation or improvement (not counting costs of design, supervision and provision of other facilities). The works must be completed within 3 years (though this can be extended due to circumstances beyond the control of the registered provider) and thereafter the property must be let by the registered provider in one of a number of specified ways, the most relevant for present purposes being a periodic tenancy or a shared ownership lease (discounted market sale is not mentioned as such). Two restrictions on the use of Consent B should be noted: Firstly, local authorities are expressly excluded from managing properties sold under it; Secondly, there is an annual limit of 50 properties or (if greater) 0.25% of the Council’s housing stock.
- 12.8 Arising from its decision to dispose of part of its retail portfolio, the Council is currently seeking a purchaser for the parade of shops at Fulham Court. The purchaser will be sold a long lease of the entire parade, with the lease granted subject to and with the benefit of the then current tenancies of the individual shops. The grant of this overriding headlease will provide an opportunity for the purchaser to improve the area behind the shops.
- 12.9 Once a specific scheme has been devised for the precise works to be carried out, the Council will need to consult with residents. In the case of secure tenants, this will be pursuant to Section 105 Housing Act 1985. In the case of leaseholders (who stand to contribute towards the cost of works) this will be in accordance with Section 20 of the Landlord and Tenant Act 1985. In general, where improvements are capable of being re-charged to leaseholders, the Council has a fiduciary duty to do so (subject to limited discretion to waive some charges, primarily in cases of hardship, and to leaseholders’s statutory right to service

charge loans).

- 12.10 It would be advisable for Legal Services also to be invited to comment on the detailed works decided upon, in case there may be any specific legal implications.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Cabinet 18/04/2011. Housing Estates Investment Plan	Neil Kirby X 1722	Housing and Regeneration
2.	Cabinet 07/11/2011. Outcome of consultation on the Housing Estates Investment Plan.	Neil Kirby X 1722	Housing and Regeneration
3.	Cabinet 11/01/2010. Fulham Court Estate Improvement Strategy: Phase 1: Physical improvements	Neil Kirby X 1722	Housing and Regeneration
CONTACT OFFICER:		NAME: Neil Kirby EXT. x 1722	

Appendix 1

HEIP Stage 1 Evaluation Results

Estate	total	Rank
Ashcroft Square	52%	1
Emlyn Gardens	49%	2
Fulham Court	47%	3
Wormholt Estate	46%	4
Queen Caroline	46%	5
Lakeside Road	44%	6
Flora Gardens	41%	7
Maystar	40%	8
Aintree Estate	39%	9
Riverside Gardens	39%	10
Bulow Estate	39%	11
Bayonne Estate	38%	12
Sullivan Court	38%	13
Becklow Gardens	37%	14
Clem Attlee Estate	36%	15
Edward Woods	36%	16
Lytton Estate	35%	17
Margravine	35%	18
Springvale	33%	19
Charecroft Estate	32%	20
Lancaster Court	31%	21
Old Oak	30%	22

Appendix 2

HEIP Stage 2 Evaluation Results

Estate	Total	Rank
Fulham Court	71	1
Ashcroft Square	69	2
Emlyn Gardens	54	3

Appendix 3



Draft Fulham Court and Barclay Close Investment Plan

April 2012 – March 2014

Introduction

In November 2011, following consultation, the Council agreed a framework for investment in council housing estates which is known as the Housing Estates Investment Plan. Following approval of this framework, the Council evaluated all estates with over 100 properties against a range of deprivation and estate specific information.

Following this evaluation, Fulham Court was identified as one of the priorities under this programme. Barclay Close, which acts as the western boundary to the estate, has a number of the same indices as Fulham Court and due to its physical proximity is key to addressing a number of key issues. This investment plan, which is based on resident priorities and discussions with key stakeholders, sets out current programmes and proposals to tackle the physical, social and economic issues affecting the community of both estates. It is intended to provide a framework for future interventions.

Summary

The Needs

The estates are ranked within the top 15% most deprived neighbourhoods in England and is within the top 5% most deprived nationally with regard to income levels.

Employment

High levels of unemployment – on Fulham Court Estate 70 residents receive Job Seekers Allowance and 115 residents are on ESA/Incapacity Benefit. This proportion of the adult working age population at 25% is nearly twice the Borough average of 13%.

Housing

High level of overcrowding – 23% of households on Fulham Court are classed as overcrowded. 9.5% of Fulham Court tenants have requested a transfer due to overcrowding. This is the highest rate of all estates over 100 units in the borough.

Education

Low levels of educational attainment – 31% of residents have no qualifications compared to a borough average of 18%.

Crime

The average level of crime allegations per 100 residents is 17. The rate of anti social behaviour per 100 residents is 3.

Health

The rate of teenage pregnancy for the ward is 50.3%. Town Ward has one of the lowest standardised mortality rates in the Borough.

Existing provision

There has been and will continue to be a lot of public sector resources going into Fulham Court and Barclay Close Estates through investment in the physical fabric and specific revenue programmes such as benefit payments. This expenditure meets certain needs within the community but too little of it addresses the underlying problems that maintain the area and the families within it in a state of deprivation, low aspiration and dependency.

Proposal

There is a need for social and economic regeneration to be delivered alongside the physical improvements that have already taken place and are planned in the near future. In addition, there is a need to increase the housing options available and enhance the quality of the public realm.

Section 1 Profile and Needs Analysis

Location

Fulham Court is a relatively large Council estate, situated in Town ward. The estate comprises 356 dwellings, 50 of which have been sold under the Right to Buy scheme, contained within one 4 storey and eight 5 storey blocks. Situated immediately to the east of the estate is Barclay Close, which is a smaller Council owned estate comprising 106 dwellings of which 50% have been sold under Right to Buy.

The estates are located five minutes walk from Parsons Green Tube Station. The northern boundary of the estates is a row of shops on Fulham Road. The southern boundary of the estate is the railway. The western and eastern boundaries of the estates are onto a residential area.

Population

- The average household income of a single person household on the estate is £10,694 which compares to a Borough average of £13,450. The average household income of a household with a dependent child living on the estate is £17,285 which compares to a borough average of £22,105.
- The % of all tenants on Housing Benefit is 57.3% which compares to a Borough average of 27.5%.
- The % of leaseholders in service charge arrears (>£100) is 23% as compared to a Borough average of 16%.
- There is a high concentration of young people with 32% of residents aged under 18 years of age.

Employment

- On Fulham Court, 70 residents are on JSA, 115 residents are on Employment Support and Allowance / Incapacity Benefit and 60 residents are lone parents.

Housing

- 10.9% of properties on Fulham Court are leasehold. 50% of the properties on Barclay Close are leasehold.
- In December 2011, 14% of properties on the Fulham Court were owner-occupied.
- 9.5% of Fulham Court tenants have requested a transfer due to overcrowding. This was the highest rate for all estates over 100 units.
- 55% of Council tenants on Fulham Court have resided on the estate for 10 years or more.

Education

- Based on the Schools Census 2011, at the primary schools attended by Fulham Court children, 81.3% of 7 year olds achieved Level 2 or above in reading, writing and maths. Based on the Schools Census 2011, at the primary schools attended by Fulham Court children, 75%

of 11 year olds achieved Level 4 or above in English, Maths and Science.

Crime

- Between October 2009 and September 2010, the average crime allegations per 100 residents was 17. The rate of anti social behaviour per 100 residents is 3. In 20078/9, the rate of graffiti per 100 dwellings was 0.9.

Health

- The teenage pregnancy rate for the ward is 50.3%
- The annual average in the output area is 36.4 ambulance call outs per 100 dwellings.

Section 2 Consultation results

Residents

In February and September 2010, resident consultation took place on proposed environmental improvements. The views expressed on issues such as parking, refuse, removal of boundary walls, landscaping and security were not conclusive. A series of options were developed to form the basis of this consultation.

The opening of the Tudor Rose Centre in December 2011 was used as an opportunity to reengage with residents about the priority issues facing the community. Questionnaires were completed by tenants, leaseholders, non-estate residents and service providers. The main issues identified were around lighting, public realm and lack of youth facilities.

Work has been ongoing to re-establish the TRA on Fulham Court. A meeting with the group of residents interested in creating the TRA took place on 26th January 2012 at which the Draft Investment Plan was outlined. The meeting was attended by tenants of Fulham Court. The outline proposals were fully supported. In addition the issue of repair and maintenance of fencing was brought up.

All residents of the two estates were invited by letter to a workshop on 9th February 2012 at the Tudor Rose Centre. The outline proposals were generally supported. A few residents queried the potential impact on safety and security of removing all of the internal walls and railings on the estates.

Doorknocking exercises have taken place focused on Barclay Close. The outline proposals were generally supported. A few residents queried the potential impact on safety and security of removing all of the internal walls and railings on the estates. A few residents queried the need to remove all pram sheds although they did state that the current system of allocation of the pram sheds should be reviewed. A number of residents requested dog free areas of open space on the estate where it would be safe for children to play. A number of residents requested changes to the visitor car parking policy which would allow permits to be given for longer periods. As part of this further consultation a number of leaseholders were spoken to as well as tenants.

Working with the Youth Involvement Officer in Children's Services, a session for young people on the estate was facilitated by Young Advisors on 23rd February 2012.

Officers

The physical works programme has been developed in consultation with the Housing Services Division of Housing and Regeneration Department. The local lettings plan and employment proposals have been discussed with the Housing Options, Economic Development and Skills Division of Housing and Regeneration Department. The Youth Involvement Officer from Children's

Services has facilitated the involvement of the Young Advisors. Officers from the Property Division have been involved in discussions about the shops and void disposal routes set out in this document.

Stakeholders

The eastern boundary of Barclay Close adjoining land and property managed by Shepherds Bush Housing and Octavia. Officers have met Shepherds Bush to initiate a discussion about replacing the boundary wall. There was general support for the proposals. Both organisations will be consulted in developing detailed plans.

The manager of the Tudor Rose Children's Centre has been taken through the draft Investment Plan. The organisation was supportive and keen to explore ways in which the PSLA and the Council could work together both in terms of the management and activities of the Tudor Rose Centre and the proposals for the estates.

The Crime Prevention Design Advisor has been taken through the draft Investment Plan. He was supportive and keen to be involved in developing the detailed proposals. In particular, where internal walls and railings were removed, he would want to advise on lighting and cctv measures that could help to mitigate any potential impact on safety and security.

Section 3 Housing

Current provision

There has been £12m of investment in achieving the decent home standard on Fulham Court Estate. This work has included kitchens, bathrooms and roofs. £800,000 has been spent on external decorations and kitchens and bathrooms in tenanted property on Barclay Close Estate.

The estates are physically separated from the wider neighbourhood by a series of gates and barriers. Although this does reduce vehicular access onto the estates, it does reinforce the feeling that it is a separate housing estate under council management rather than a high quality residential neighbourhood. Within the estates, there are a series of walls and railings which separate the two estates and limit pedestrian access.

Barclay Close estate has pram sheds which were provided to serve a storage need a number of years ago. These needs have changed over time. The pram sheds are physically located on the estate in a way that they serve as physical barriers to pedestrian access. There are no pram sheds or other storage facilities in Fulham Court estate. Larger flats on Barclay Close also have storage cupboards adjacent to their front door. There are significant management and health and safety issues generated by cycle storage within flats on the estate.

There is a relatively high level of overcrowding on the estates. The larger properties that become void are let to the highest priority housing needs from the Borough.

Proposal

Physical improvements

- Upgrading of external lighting in order to reduce fear of crime and enhance cctv coverage. These works will be designed in consultation with the Police.
- Demolition of boundary gates to the estates in order to integrate into the wider residential neighbourhood
- Repaving of parts of the estates
- Demolition of internal walls on the estates. These works will be designed with the Police and the extent to which walls are fully removed rather than being replaced by railings will be dependent upon these discussions.
- Demolition of pram sheds and replacement with new cycle storage
- Upgrading of play areas including looking at an option for the development of an outdoor gym
- Extend large bin store in order to increase capacity

The works listed above are shown on plan 1.

Local lettings

In order to address issues of overcrowding and increase housing tenure options on the estate, it is proposed to develop a local lettings plan. This plan would enable overcrowded 1 and 2 bed households on the estate to move into vacant larger properties on the estate and would release smaller units which would be considered for potential disposal. This plan would prioritise working households.

Void sale

The outcome of the Local Lettings Plan being introduced would be smaller voids being considered for disposal subject to meeting the Expensive Voids Policy disposal criteria. On the basis of current trends, it is anticipated that 20 voids pa of 2 bed and smaller will be generated on the estates. A balance will need to be struck between those voids being made available for reletting in accordance with the local lettings plan prioritising working households and those identified for disposal to create funds for reinvestment. In terms of the disposal route, it is considered that although the normal route of taking properties to auction could be used, the option of disposal to the Council's local housing company or a Registered Provider may be preferable as a way of promoting lower cost home ownership. The resulting receipt would (so far as legally possible) be reinvested by way of capital expenditure into the estate. From initial discussions with large Registered Providers, it is apparent that the scale of the disposal proposal would make a specific scheme unviable in their opinion. The initial legal advice is that the disposal to the Council's housing company would be possible although "best consideration" would need to be met unless specific Secretary of State consent is in place.

Benefits

- Improved public realm
- Reduced fear of crime
- Lower turnover
- Increased housing options
- Reduced housing management costs due to increased refuse storage
- Creation of more mixed and balanced community with greater access to low cost home ownership

Action	Milestone	Responsibility
Agree local lettings plan	Agree by June 2012	Asif Rashid
Develop physical improvements programme	Detailed programme sent out to residents July 2012	Sally Hutchinson

Section 4 Education

Current provision

- The Tudor Rose Centre, based on Fulham Court Estate, opened in December 2011. It is managed by the Pre-Schools Learning Alliance and provides a hub children's centre. It is designed for families with children, from conception to under five years. It provides services including advice and guidance, integrated education and care, parent and toddler drop-in groups, family learning, family support, health services and links to employment/training. The programme of activities broadly focuses on four main objectives:
 - parenting skills
 - school readiness for children
 - work readiness for parents
 - child and family health
- It is understood that primary school age children from the estate go to Fulham, New King's and Sullivan Schools in LBHF.

Proposal

- Increase the scope of services provided to the users of the Children's Centre in order to start to address wider issues such as employment, adult education and health. For example, the activities involving Somali parents could be developed to address the wider issues affecting this community. The manager of the children's centre has recently started a process of consulting users about additional services that they would like to see provided.

Benefits

- Intervention in early years provision has a recognised impact on future educational attainment. Residents and users of the centre will benefit from increased information and awareness of other services.

Action	Milestone	Responsibility
Increased range of services offered by Tudor Rose Children's Centre	Enhanced programme agreed June 2012.	Sheila Kane PSLA
Initiate discussions with local primary and secondary schools	July 2012	Sally Hutchinson

Section 5 Shops

Current provision

- The row of shops 653-683 Fulham Road serves as the northern boundary to the estates. The shops are owned by the Council and are fully occupied. The rear of the shops (which face the estates) are in a range of lease positions which leads to issues around management including refuse collection.

Proposal

- The Council is proposing to market an overriding lease for all of these shop premises. This lease will include the responsibility for the rear of the premises. It is intended that this lease will be awarded by June 2012.

Benefits

- As well as clearing setting out the management responsibilities, this proposal should lead to an improved physical environment. This will be of direct benefit to local residents and visitors to the estates as well as adjoining businesses.

Action	Milestone	Responsibility
Grant head lease	Council approval to grant head lease June 2012	Gavin Ross

Section 6 Employment and Training

Current provision

- Residents have access to Borough wide programmes which are marketed in the normal way. There have not been any targeted activities on the estates. As part of the construction of the Tudor Rose Centre, an apprentice was taken on by the main contractor.

Proposal

- A Work Boost Session will take place at the Tudor Rose Centre on 19th and 20th March 2012. Residents will be able to choose from a range of sessions designed to be hands on and practical with tangible outcomes for participants and clear signposting to post-session follow up and support. This exercise is a pilot and follows on similar exercises at White City.

Benefits

Action	Milestone	Responsibility
Works Boost Session	Event 19 th and 20 th March 2012	Neil Wigglesworth
Review	Review success and agree new customised programme June 2012	Neil Wigglesworth

Section 7 Youth involvement

Current provision

- The only current provision is a football pitch (which is not laid out) and three play areas which have equipment aimed at under 10s. Older residents identify problems with young people hanging around the estate and with some of the activities that take place on the football pitch.
- A Youth Takeover Day took place in November 2011. There are no existing mechanisms for consulting for involving young people on the estate.

Proposal

- To use the Tudor Rose Centre as the focus of new youth involvement activity on the estates
- To redesign the outdoor play areas and football pitch so that it better meets the needs of local young people
- Discussions are underway with Let Me Play about targeted programmes of sport and dance on the estates
- To use the skills and expertise of a Young Advisor to facilitate a youth forum on the estate. The Young Advisors are young people from the Borough who have been involved in either the Borough Youth Forum, the UK Youth Parliament, or as a youth commissioner for over 50 hours, and who have completed at least three training courses
- The activities taken forward by this forum will be dependent upon the ability to generate revenue funding.

Benefits

- Young people will feel more involved in their local environment and will take on a higher level of ownership of initiatives.
- Initiatives will be more based upon the needs of local people and will therefore have a greater impact on the needs of the area.
- Facilities will be better used.

Action	Milestone	Responsibility
Youth Forum	Inaugural meeting of Young Advisor and youth February 2012	Neil Kirby, Angela O'Connor and Brenda Whinnett
Programme	Funded programme of activities agreed July 2012	Brenda Whinnett and Sally Hutchinson

Section 8 Community activities

Current provision

- There is no dedicated budget for community investment on Fulham Court and Barclay Close. Due to the need to make savings, national and local government funding for youth and community activities has been heavily reduced. Although new facilities such as the Tudor Rose Centre have been provided, in order to be effective there may be a need to consider how these activities can be funded.
- Work has been undertaken recently to try to establish a TRA for Fulham Court.

Proposal

- To investigate the potential for the creation of a community trust for the estates. This would be designed to provide a sustainable source of revenue funding. Options under consideration include the consideration of investing part of the sales receipts from voids into the trust. Further legal and financial advice is needed on this issue.
- Building on good practice, there is an ambition that the community centre element of the Tudor Rose Centre is managed by a local community organisation. Options for taking this objective forward need to be considered in the context of the work with the TRA and other organisations including the Pre-School Learning Alliance. Officers are meeting with the manager of the Old Oak Centre and will develop a business plan for Tudor Rose.

Benefits

- Sustained revenue support
- Provide a focus on the estates
- Better use of community facilities
- Increased involvement of residents in voluntary and community activities

Action	Milestone	Responsibility
Management of Tudor Rose Centre	Interim management proposals agreed	Sally Hutchinson
Management of Tudor Rose Centre	Business Plan completed September 2012	Sally Hutchinson
Community Trust	Feasibility study completed September 2012	Sally Hutchinson

Appendix on funding implications

A ballpark estimate for the physical Improvements to the estates has been provided by Wilmott Dixon, officers in Council lighting and cctv sections and a provider of outdoor gym equipment. This estimate is £750,000. This estimate can be contained within the existing allocations under the Decent Neighbourhoods capital programme.

The route for disposal of any voids will need to be carefully considered in order to maximise the level of capital receipt which can be reinvested into the estate.

The economic development, youth involvement, education and community development activities set out in this Draft Investment Plan need to be further developed before an assessment of the revenue implications can be made. These proposals will be the subject of further reports.

The project management of the physical improvements and the staff resourcing of the other activities within this Draft Investment Plan will be contained within existing budgets.

Draft Action Plan April 2012- March 2014

Action	Milestone	Responsibility
Youth Forum	Inaugural meeting of Young Advisor and youth February 2012	Neil Kirby, Angela O'Connor and Brenda Whinnett
Works Boost Session	Event 19 th and 20 th March 2012	Neil Wigglesworth
Management of Tudor Rose Centre	Interim management proposals agreed April 2012	Sally Hutchinson
Draft local lettings plan	Agree by June 2012	Asif Rashid
Increased range of services offered by Tudor Rose Children's Centre	Enhanced programme agreed June 2012.	Sheila Kane PSLA
Review employment and training programmes	Review success and agree new programme June 2012	Neil Wigglesworth
Grant head lease of shop units	Council approval to grant head lease July 2012	Gavin Ross
Initiate discussions with local primary and secondary schools	July 2012	Sally Hutchinson
Programme of youth activities	Funded programme of activities agreed July 2012	Brenda Whinnett and Sally Hutchinson
Develop physical improvements programme	Detailed programme sent out to residents July 2012	Sally Hutchinson
Management of Tudor Rose Centre	Business Plan completed September 2012	Sally Hutchinson
Community Trust	Feasibility study completed September 2012	Sally Hutchinson

Plan 1 Fulham Court and Barclay Close





Cabinet

23 APRIL 2012

**CABINET MEMBER
FOR HOUSING**

*Councillor Andrew
Johnson*

**TENDER ACCEPTANCE REPORT FOR A CONTRACT FOR
SERVICING AND MAINTENANCE OF FIRE FIGHTING
EQUIPMENT TO HOUSING PROPERTIES BOROUGHWIDE**

**Wards:
All**

This report concerns the letting of a five year term contract to carry out the service and maintenance of fire fighting equipment to Council housing premises across the borough.

A separate report on the exempt Cabinet agenda provides exempt information about the results of the tendering process and recommends that approval be given to award the contract to the successful tenderer.

CONTRIBUTORS

TTS (BPM)
HRD
FCS
FCSLs
ADLDS
EDFCG

Recommendations:

1. To note that the average anticipated works spend for this contract is £44,500 per full financial year, including an annual indexed uplift, and contingencies of 5%.
- 2.. To note that the new contract is expected to start on 1 July 2012 for a period of five years with optional annual extensions up to a maximum of three years.

**HAS AN EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

1. BACKGROUND

- 1.1 The Regulatory Reform (Fire Safety) Order 2005, and the Management of Health and Safety at Work Regulations 1999 require that the Council takes responsibility for the maintenance of all fire fighting equipment within its housing properties.
- 1.2 Building & Property Management act on behalf of client departments as agents in matters relating to the tendering, administration and monitoring of this maintenance contract.
- 1.3 The estimated total value of the proposed five year contract exceeds the European threshold for services contracts. The market for services such as these is very limited and therefore the contract was tendered in accordance with the Open Procedure under the Public Contracts Regulations 2006 (as amended), which allows any contractor to tender without pre-qualification.
- 1.4 A Tender Appraisal Panel (TAP) has been set up to oversee the tendering process for the contract. This panel consists of officers from Building & Property Management, Housing & Regeneration, Procurement and IT Strategy, Legal Services and Finance.
- 1.5 The new contract is for a period of five years, with an option to extend for a further three years. The contract contains annual price fluctuation clauses linked to published industry indices to allow for inflation over the term of the contract.
- 1.6 The existing contract with Chubb Fire Mechanical expires on 30th June 2012, having been extended from 31st January 2012.
- 1.7 In the light of Housing & Regeneration's MTFs Transformation strategic procurement review, and the possible inclusion of fire fighting equipment servicing within the proposed major supply contracts, the contract includes a non-default break clause. Current indications are, however, that the servicing of fire fighting will remain outside the scope of the proposed major contracts.
- 1.8 The proposed works form part of the 2012/2017 Housing Revenue Account Programme.

2. BRIEF DETAILS OF THE WORKS

- 2.1 The proposed works consist of the regular servicing and repair to dry and wet risers, hose reels, fire extinguishers, fire blankets and sprinkler systems located in housing premises across the borough.

3. TENDER PROCEDURE

- 3.1 A Contract Notice was placed in the Official Journal of the European Union on 19 September 2011, requesting Economic Operators to submit tenders under the Public Contracts Regulations Open Procedure. Contractors were required to apply a percentage adjustment to a pre-priced schedule of rates and complete a quality submission, providing information in respect of their technical and

financial credentials for carrying out the scope of works proposed. The quality submission required contractors to respond to pre-defined weighted questions prepared by Building & Property Management (BPM). As part of the quality assessment, contractors were also required to submit the names of three referees to be used as references to be taken up by the Council following close of tenders. The tender exercise was undertaken electronically using the London Tenders e-portal.

3.2 The criteria for determining the most economically advantageous tender were:

- Price and financial provision of the tender (lowest valid tender percentage)
- Satisfactory response to a pre-prepared Questionnaire, including references

4. PROGRAMME OF WORK

4.1 The anticipated programme of work is as follows:

Cabinet	23 April	2012
Issue Leaseholder Notices of Proposal	N/A	
Leaseholder Notices of Proposal Expire	N/A	
Alcatel Period Expires	27 April	2012
Issue Letter of Acceptance for new contract	28 April	2012
Proposed Commencement	01 July	2012
Anticipated Completion	30 June	2017

5. COMMENTS OF THE ASSISTANT DIRECTOR OF PROPERTY SERVICES (HOUSING & REGENERATION)

5.1 The Assistant Director of Property Services (Housing & Regeneration) is in agreement with the recommendations in this report.

6. DETAILS OF FUNDING PROVISION

6.1 Funding for this scheme is contained within the 2012/13 BPM delegated Housing Revenue Account funded budget for Mechanical & Electrical and other repairs in the sum of £40,800 excluding fees.

6.2 The cost of the proposed works is subject to an annual rate increase in line with the Indices for Maintenance Costs, published under the "Updating Percentages – Adjustments for Measured Term Contracts 'Building and Specialist Engineering Formulae Indices'. Based on an annual rate increase of 5% the anticipated cashflow of the project is as follows:

	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	Totals £
Works:	28,407	39,770	41,758	43,846	46,039	12,085	211,905
Contingency Sum:	1,420	1,989	2,088	2,192	2,302	604	10,595
Fees:	3,728	5,220	5,481	5,755	6,043	1,586	27,813
Total:	33,555	46,979	49,327	51,793	54,384	14,275	250,313

7. LEASEHOLDER CONSULTATION - SECTION 20 OF THE LANDLORD AND TENANT ACT 1985 (AS AMENDED BY SECTION 151 OF THE COMMONHOLD AND LEASEHOLD REFORM ACT 2002)

- 7.1 The individual leaseholder contributions are unlikely to exceed £100. Consequently, there is no requirement for statutory leaseholder consultation for this contract.

8. RISK MANAGEMENT

- 8.1 Risks relating to the project's pre-construction processes have been ascertained, and the project will not commence until the necessary actions identified on the register have been undertaken. A post-contract risk register will be developed jointly with the contractor once they have been appointed, in order that risks can be managed throughout the duration of the project.

9. EQUALITY IMPLICATIONS

- 9.1 An Equalities Impact Assessment has been completed and is available on request

10. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 10.1 The cashflow for this scheme in 2012/13 is £29,827 excluding fees. This is contained within the 2012/13 BPM delegated Housing Revenue funded budget for Mechanical & Electrical and other repairs in the sum of £40,800 excluding fees. The cost of the existing contract for the period 1 April to 30 June 2012 is estimated to be £10,200. This will result in a funding surplus of £773 in 2012/13 which will be used to offset any potential overspends in the BPM delegated Housing Revenue Account funded budgets.
- 10.2 Provision will need to be made in the 2013/14 to 2017/18 Housing Revenue Account funded budget for M&E and other repairs for the commitment in future years.

10.3 The 2012/13 BPM internal fees budget was reduced from 15% to 12.5% as a result of the review of the repairs managed budgets exercise. The BPM fees in the cashflow in paragraph 6.2 have been assumed at 12.5%..

10.4 Further comments are provided in the separate exempt report.

11. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

11.1 It is noted that it proposed to award the contract to the tenderer who submitted the lowest price, having met all other requirements set out in the tender documents. Legal services have been represented on the TAP and support the recommendations set out in this report.

12. COMMENTS OF THE ASSISTANT DIRECTOR FOR PROCUREMENT & IT STRATEGY.

12.1 The procurement process has been undertaken in accordance with the Public Contracts Regulations 2006 (as amended) and the Council’s Contract Standing Orders. The AD has been represented on the Tender Appraisal Panel and agrees with the recommendations contained in the report.

12.2 It should be noted that in accordance with the above Regulations a Contract Award Notice must be published in the Official Journal of the European Union within 48 days of the contract being awarded.

LOCAL GOVERNMENT ACT 2000
BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Project Manager	Keith Rouse Ext 4835	BPM / Transport & Technical Services 6 th Floor, HTH Ext King Street Hammersmith W6 9JU
2.	Procurement & Project documents	Keith Rouse Ext 4835	BPM / Transport & Technical Services 6 th Floor, HTH Ext King Street Hammersmith W6 9JU
3.	Project development	Ian Watts Ext. 1848	Housing & Regeneration 3 rd Floor, HTH Ext King Street Hammersmith W6 9JU

CONTACT OFFICER:	NAME: Sally Williams x 4865 Velma Chapman x 4807
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Agenda Item 12



London Borough of Hammersmith & Fulham

Cabinet

23 APRIL 2012

**CABINET MEMBER
FOR HOUSING**

*Councillor Andrew
Johnson*

**INTRODUCTION OF A RECHARGES POLICY
FOR PROPERTY SERVICES**

**Wards:
All**

This policy draws together various existing arrangements already identified in Tenancy Agreement, Tenants Handbook and aspects of the Repairs Policy with a view to introducing recharging of tenants where they fail to meet their obligations with regard to keeping and leaving their residence in a reasonable condition.

CONTRIBUTORS

AD Asset Management
and Property Services
EDFCG
ADLDS

Recommendation:

That approval is given to implement the Recharges Policy for Repairs as in the Appendix to this report.

HAS A EIA BEEN COMPLETED? YES
HAS THE REPORT CONTENT BEEN RISK ASSESSED? N/A

1. BACKGROUND

- 1.1. The proposed Recharges Policy covers the subject of recharging for repairs and other reasons associated with housing management. The policy is intended to apply to all Council tenants of whatever legal tenure they occupy their premises at the time when any damage to the Council's property is caused.
- 1.2. The principle of recharging is one of fairness, and is directed at ensuring that, where possible, the Council does not incur unnecessary costs where tenants do not discharge their responsibilities for occupying and leaving their residences in a reasonable manner.
- 1.3. This policy draws together various existing arrangements already identified in Tenancy Agreement, Tenants Handbook and aspects of the Repairs Policy under which some recharges are already being made.
- 1.4. The Policy is intended to provide clear guidance on recharging the cost of repairs undertaken by the Council (acting as the landlord) where:
 - The repair is caused by neglect, wilful/malicious damage, misuse and accident
 - Repairs for Tenant's Obligations following Notice to Vacate/Possession Order
 - Repairs for Tenant's Obligations in connection with Mutual Exchanges
 - Repairs for Tenant's Obligations in connection with Transfers
 - Work that falls within Tenant's Obligations, arising from other property and estate inspections

2. CONSULTATION WITH RESIDENTS

- 2.1 To ensure that the proposed Policy balanced the Council's interests as a landlord against those of residents who will be directly affected by the Policy, during the process of drafting the policy, officers sought to consult with a Focus Group of residents' representatives (further to a meeting that took place on 17 May 2011) and internal consultation with HRD departments whereupon the proposed Policy was presented for discussion at Borough Forum.
- 2.2 This consultation process is believed to be in compliance with all statutory requirements placed upon the Council due to the housing management nature of this Policy.
- 2.3 Following discussion at Borough Forum on 27 October 2011, it was agreed that the Recharges Policy should be presented to Cabinet for formal approval.

3. APPEALS PROCESS

- 3.1 The Policy includes an internal appeals process to ensure that residents are able to challenge why a Rechargeable Repair (i.e. works where the Council are entitled to seek to recover a recharge fee – see Section 1.1. of the Policy for examples) has been levied against them should they believe it to be unjustified. Section 6.6. of the Policy sets out the proposed route of appealing a decision to levy a Rechargeable Repair.

4. RISK MANAGEMENT

- 4.1. This policy addresses a significant item of risk as identified by the Audit Commission, and will prevent unnecessary expenditure from the HRA.

5. EQUALITY IMPLICATIONS

- 5.1 An Equalities Impact Assessment (“EIA”) was prepared in accordance with the Council’s Single Equality Scheme and included in the papers disclosed to the Residents’ Focus Group. No issues arose further to that consultation so the same EIA was then further disclosed to the Borough Forum. Again no issues arose further to consultation at Borough Forum so as to require a fresh EIA to be carried out.

6. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 6.1. The Housing Revenue Account currently bears the cost of repairs resulting from tenants not meeting their agreed obligations. The most significant of these costs relates to rubbish removal from voids and this is estimated to cost £250k per annum.
- 6.2. This policy is intended primarily to act as a deterrent and therefore, it is expected that there will be a reduction in costs from the date of implementation, though it is not possible to quantify the amount of the reduction at this early stage.
- 6.3. Departmental finance officers will assess any proposed recharges to tenants in terms of recoverability, and raise the invoices where agreed. Again, the level of income is not quantifiable at this stage.
- 6.4. There will be no increase in administrative costs as the processes involved are already being carried out within the department and any increase in the volume of invoices raised is expected to have a negligible impact on existing capacity.

- 6.5. Overall, it is expected that there will be some financial benefit to the Housing Revenue Account as a result of this policy, and forecast levels of income and expenditure will be included in the Council's monthly monitoring reports from implementation, with a view to establishing a budget once the financial implications become clear.

7. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 7.1. The comments of Legal Services have been implemented within the body of this Report.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Equalities Impact Analysis – Assessment Document	NAME: Ian Watts EXT: 1848	
2.	Consultation Recharge/Discretionary Focus Group Minutes – 17 th May 2011	NAME: Ian Watts EXT: 1848	
3.	Draft Recharges Policy	NAME: Ian Watts EXT: 1848	
CONTACT OFFICER:		NAME: Ian Watts EXT: 1848	

Recharges Policy - Applicable to all Council Tenants of all tenure

Contents

- 1. Introduction**
- 2. Principles**
- 3. Recharges – End of Tenancy**
- 4. Recharges – Housing Management**
- 5. Recharges – Repairs**
- 6. Miscellaneous**
- 7. Equality and Diversity**

N.B. In accordance with Council Policy, a translation of this document can be provided on request where a resident does not have English as their primary language.

1. Introduction

This Policy covers the subject of recharging for repairs and other reasons (see Section 4) associated with housing management. This policy is intended to apply to all Council tenants (where the Council accepts that it is the tenant's direct landlord) of whatever legal tenure they occupy their premises at the time when any damage to the Council's property (to include land as well as premises) is caused. This Policy draws together various existing arrangements already identified in Tenancy Agreement, Tenants Handbook and aspects of the Repairs Policy under which some recharges are already being made, and it provides guidance on recharging the cost of repairs undertaken by the landlord where:

- The repair is caused by neglect, wilful/malicious damage, misuse and accident
- Repairs for Tenant's Obligations following Notice to Vacate/Possession Order
- Repairs for Tenant's Obligations in connection with Mutual Exchanges
- Repairs for Tenant's Obligations in connection with Transfers

1.1 **Examples of rechargeable repairs**

The following list, are repairs which would attract a charge to the current or former tenant of the property where the damage has been caused.

This Policy does not contain an exhaustive list of each and every situation when the Council will seek to levy a recharge. It is simply written to indicate the most likely reasons for there being a recharge to tenants for repairs undertaken at their former or current property.

- **Wilful damage** - e.g. replace smashed door, DIY which has damaged the fabric/ structure of the Property
- **Neglect** - e.g. repairs required further to rubbish removal, missing keys (including windows locks), clear blocked sink, drain, bath and toilet of (e.g. nappies, toilet fresheners, etc..) removal of fire doors, frozen/burst pipes, etc
- **Misuse** - e.g. – replace tiling, repair damage to walls (graffiti)
- **Accident** - e.g. – damage or loss of function to a fixture and/or fitting that occurs suddenly as a result of an unexpected and non-deliberate external action

Tenants will also be responsible for work that may be required when moving out of their home in order to bring it up to an acceptable standard for it to be re-let. This includes cleaning of property, replacing missing fixtures and fittings.

2. Principles

- We will deliver 'Value for Money' services and ensure maximum and efficient use of maintenance budgets
- We will be consistent and fair in the treatment of all tenants
- We will aim to raise recharges promptly and accurately with the minimum of administration cost

3. Recharges – End of Tenancy:

This section deals with the procedure for dealing with rechargeable repairs when a tenant ends their tenancy.

- 3.1 Where a Tenant informs us that a tenancy will end and serves a Notice to Vacate (NTV) or a Notice to Quit (NTQ), the NTV/NTQ receipt letter is sent. This letter makes arrangements to carry out the NTV/NTQ visit and warns the outgoing tenant of their obligations and potential recharges (See Letter Template 2)
- 3.2 When the Council has received the NTV/NTQ, the departing tenant should be made aware of possible recharges and that they should allow access and be present for an inspection of their property to be carried out by a Technical/Housing Officer before the end date of their tenancy. This will be known as a “NTV/NTQ inspection” All properties should be inspected before the tenant leaves, where possible upon receipt of a valid NTV/NTQ.
- 3.3 Where the tenant is deceased and their Next of Kin/Executor informs us that the tenancy will end and serves a Notice to Vacate (NTV), the Council will not seek to levy and recover a recharge.
- 3.4 The NTV/NTQ inspection will include all of the property let under the tenancy or that is let in conjunction with the tenancy (i.e. garden, sheds, garages, etc) When the NTV/NTQ inspection is carried out, any Rechargeable Repairs will be discussed with the tenant (should they be present). If the tenant is not present at the time of the NTV/NTQ inspection, the Council will write to the tenant setting out what Rechargeable Repairs were identified during the inspection. It will be further to the discretion of the Council following the NTV/NTQ Inspection to decide whether to afford the tenant an opportunity to rectify those Repairs or alternatively to sign to confirm that they accept the recharge to be levied against them.
- 3.5 If the tenant indicates that they want to organise and carry out any Rechargeable Repair works and the Council agrees to allow them to do so, 7 days after the NTV/NTQ Inspection, a target date will be set by the Council by which time the tenant will be expected to complete the works. Where possible, the Technical Officer will be required to check the work before the end of the tenancy.
- 3.6 If the tenant indicates that they do not want to organise and carry out any Rechargeable Repair works and the Council has obtained their signature to confirm that they accept to pay a recharge levy, then the Council will order the necessary void works (which shall include any Rechargeable Repairs), a recharge levied along with a letter to be sent to the Tenant confirming the amount sought and payment process and timescale. This will be determined on a case by case basis.
- 3.7 If a tenant leaves either prior to a NTV/NTQ inspection taking place or post NTV/NTQ inspection but prior to the Council setting out to the tenant what Rechargeable Repairs were identified during the inspection, the Rechargeable Repairs will be ordered and a letter and invoice sent to any given forwarding address, advising that the repair work will be recharged and how those charges will be recovered.
- 3.8 The property will be inspected either by a Voids Inspector or whoever is employed/contracted to carry out that function at the relevant time, who will order the Rechargeable repairs and any other void works that are deemed necessary to re-let the property. Once both sets of works (Rechargeable Works and any void works) have been completed the Voids Inspector will detail the final costs of these items and pass this information back to the Finance department for an invoice to be raised. Information will be entered on to iWorld Rents notepad and otherfields, giving details of the recharge and cost for future reference. Recharges will be managed from phase 2 using sundry accounts with an arrears escalation policy to manage any debit.
- 3.9 Finance or Income Services will be asked to recover the recharges and trace the former tenant where tenants have not provided a forwarding address.

4. Recharges – Housing Management General

4.1 Recharges may also be made for other reasons associated with housing management that apply to new/existing tenants; such as:

- Damage identified following routine property inspections
- Mutual exchange inspections
- Unauthorised alterations identified during routine property inspections
- Rubbish, fly tipping, blocking refuse chutes
- Excessive hoarding of items within the property
- Damage to fences and gates to car parks
- Damage to controlled access systems
- Damage to TV aerials
- Gas servicing access difficulties that result in forced entry and/or a lock change being requested
- Recharges by gas contractor when called out to calls that result from no meter credit, turned down thermostat, tenant damage to heating system fixtures and fittings
- Dog fouling within or upon the demised premises and communal areas
- Graffiti within or upon the demised premises and communal areas
- Misuse of recycling bins
- Garage evictions (to include clearance costs and lock change costs)
- Removal of garden shrubs and trees
- Removal of garden rubbish
- Tidying of gardens where it is the responsibility of tenant(s)

4.2 The principles in Clause 2 apply. It will be further to the discretion of the Council following the NTV/NTQ Inspection to decide whether to afford the tenant an opportunity to rectify those Repairs or alternatively to sign to confirm that they accept the recharge to be levied against them.

4.3 Where any work can be carried out by the community caretakers, it will be and a fixed charge at a flat rate of £50.00 plus VAT will be levied. Where works require an external contractor, the total costs incurred by the Council will be invoiced and will be re-charged in full.

4.4 The kind of works where community caretakers may be able to carry them out for which the flat rate fee above will be levied are:

- Rubbish removal,
- Graffiti cleaning,
- General cleaning after rubbish removal,
- Replacing padlocks to roof hatches after removal of unauthorised satellite dishes, radio ham, pirate radio equipment etc

5. Recharges – Day to Day Repairs

5.1 When a repair is requested through the CSC (Repairs Hotline) or reported to the Reception staff further to a visit to the Area Housing Offices, staff will endeavour to determine whether the request is a landlord's obligation, a tenant's responsibility or a rechargeable repair

Tenant Responsibility - The tenant is responsible for the works as set out within whatever current version of the Tenant's Handbook is in effect at the time that the works arise.

6 Miscellaneous

6.1 Recharging Process

There are two methods of recharging. Method 1 will be the Council's preferred option. Method 2 is used only where emergency health and safety repairs have to be ordered or the recharge is identified after a repair is carried out.

1. Payment in full before the repair is carried out (e.g. where the repair can wait until payment is made)
2. Invoice after the repair has been carried out (Unpaid bills will be recovered in accordance with the Council's policy).

If the repairs are not of an emergency health and safety nature and the Council is provided with documentary evidence by a tenant asserting that they cannot afford to comply with Method 1 above,

- If the tenant remains in residence and it is not the end of the tenancy, the Council will not undertake the repair until such time as the tenant can comply with Method 1, or
- If the tenant has ended or seeks to end the tenancy, the Council will carry out the works in accordance with Method 2. The tenant will then be afforded a period of time to be fixed by the Council to settle the invoice, failing which further tenancy or legal action may be taken to enforce the outstanding invoice.

6.2 Recharging tenants – where do we get the costs?

Recharges will be made in one of three ways:

1. Minor repairs are charged at a single cost of £135.38 + VAT per item per incident (being the average works cost incurred by the Council to have one of its chosen contractors to carry out such works) and include such things as:
 - Lost Keys
 - Damaged internal door
 - Damage wall plaster
 - Broken light fittings
 - Broken glass (single glazed)
2. Major repairs, where the work costs more than £1500 will be charged at cost + VAT, and include such things as:
 - Replacement Front Entrance Door
 - Broken Double glazed window
 - Missing light fitting
 - Unlicensed alteration
3. Rubbish Clearance from voids will be charged as follows:
 - Light Clearance – up to 250 kg - £125

- Medium Clearance – 250 – 400 kg - £230
- Heavy Clearance – 400 – 800 kg - £380
- Double Heavy Clearance – over 800 kg - £725

Garden and external rubbish clearances will be recharged at cost.

6.3 Insurance

LBHF are only responsible for undertaking any necessary repairs to the building; tenants are strongly advised to take out a comprehensive contents policy to insure their private possessions and belongings.

Information on the council run insurance scheme in partnership with a major insurance company can be found within the tenant's handbook.

6.4 Accidental damage

Where damage has been caused to a property accidentally and where a Rechargeable Repair is created, a Technical Officer or Re-housing Officer may give due consideration to the incident and the tenant's account of the incidents before consulting with their Line Manager to decide whether the Council would apply discretion and not levy any charges for the Rechargeable Repair.

6.5 Fair wear and Tear:

Where damage has been caused to a property and where a Rechargeable Repair is created, provided that the damage was only caused further to the reasonable use of the premises by the tenant and the ordinary operation of natural forces (i.e. the passage of time), a Technical Officer or Re-housing Officer may give due consideration to the tenant's account of the cause of the damage before consulting with their Line Manager to decide whether the Council would apply discretion and not levy any charges for the Rechargeable Repair.

6.5 Discretion

LBHF may decide not to recharge in certain instances. The Assistant Director for Asset Management and Property Services may exercise discretion as outlined below.

- Those with Learning Disabilities living alone
- Registered Physical Disability that prevents tenant carrying out their obligated repairs, if living alone
- Debilitating Medical or Mental Health condition, and living alone
- Households where all members have either Learning Disabilities, Registered Physical Disability (that prevents them from carrying out their obligated repairs), Debilitating Medical or Mental Health condition.

In addition, a Housing Manager may recommend a relaxation of the recharge policy for a tenant who has an excellent record of conduct during their tenancy.

6.6 Appeals against decisions to levy Rechargeable Repairs

This will be a two stage appeal process

Stage	Detail	Officer hearing appeal
1	Any appeal against an officer decision	Area Technical Manager
2	Appeal against decision made at Stage 1	Appeals Panel of : The Head of Repairs and the Head of Housing Management Services

7. **Equality and Diversity**

This Council has an Equality and Diversity Policy, which is related to the implementation of this policy. Equality Impact Assessments will also be conducted to ensure the needs of all communities are met in adopting this policy.

SAMPLE LETTER – CONFIRMATION OF RECHARGES

Our Ref:

Your Ref:

Please ask for:

Directline:

04 April 2012

Dear

Confirmation of Rechargeable Repair

I am writing regarding our conversation today when we agreed to carry out the following Rechargeable Repairs to (PROPERTY DETAILS)pending the return of the slip at the bottom of this letter with your signature. I confirm that we will be recharging you approximately £.....for the cost of carrying out the work.

Please find attached a list of all works to be carried out.

You will receive an invoice once the slip has been returned and the work ordered.

Yours sincerely

xxx Officer

I,, agree to pay for all of the repairs at (PROPERTY DETAILS) as listed within (IDENTIFY DOCUMENT LISTING WORKS).....
At an approximated cost of £.....

Date.....
Signature.....
Name

(xxx ASAP)

SAMPLE LETTER – NOTICE TO VACATE

Our Ref:

Your Ref:

Please ask for:

Directline:

04 April 2012

Dear

Acknowledgement of Notice to Vacate/Notice to Quit ** DELETE AS APPROPRIATE**

I acknowledge receipt of the Notice to Vacate/Notice to Quit (*delete as appropriate) , dated and received on .

I confirm that the Notice to Vacate/Notice to Quit (*delete as appropriate) is valid and that your tenancy of will end on .

The keys must be returned to the xxxxxx Area Housing Office no later than this date. Failure to return the keys by the end of your tenancy may result in the Council making additional charges for your occupation and for the cost of changing the locks.

Before you leave, an inspection of your home will take place to ensure that it is in a satisfactory condition. I will call to carry out the inspection on at approximately . Please contact this office to arrange another appointment if you are unable to be at home at this time.

Rent will continue to be payable up to the end of your tenancy. Your account is currently in arrears of £ (as at week). A total of £ will be due by the end of your tenancy. You may be entitled to housing benefit for this period. Please contact the xxx Area Housing Office for further advice.

In accordance with your tenancy agreement, the premises should be left in a proper state of repair and decorative order and both the house and garden should be cleared of any rubbish and belongings.

PLEASE NOTE THAT IT IS COUNCIL POLICY TO RECHARGE VACATING TENANTS FOR THE COST OF ANY DAMAGE TO THE PROPERTY OR FOR THE COST OF CLEARING ANY RUBBISH OR BELONGINGS.

For your ease of reference, please find attached a copy of the Council's Recharges Policy.

The Council offers a collection service for bulky items of refuse for which there is a charge. Telephone xxx to arrange collection.

It is in your interests to cancel papers and milk and to arrange a final reading of electricity, gas and water meters.

Should you have any queries concerning any of the above matters please contact the xxx Area Housing Office telephone xxx.

Yours sincerely

xxx Officer



FORWARD PLAN OF KEY DECISIONS

Proposed to be made in the period April 2012 to July 2012

The following is a list of Key Decisions, as far as is known at this stage, which the Authority proposes to take in the period from April 2012 to July 2012.

KEY DECISIONS are those which are likely to result in one or more of the following:

- Any expenditure or savings which are significant, regarding the Council's budget for the service function to which the decision relates in excess of £100,000;
- Anything affecting communities living or working in an area comprising of two or more wards in the borough;
- Anything significantly affecting communities within one ward (where practicable);
- Anything affecting the budget and policy framework set by the Council.

The Forward Plan will be updated and published on the Council's website on a monthly basis. (New entries are highlighted in yellow).

NB: Key Decisions will generally be taken by the Executive at the Cabinet. The items on this Forward Plan are listed according to the date of the relevant decision-making meeting.

*If you have any queries on this Forward Plan, please contact
Katia Richardson on 020 8753 2368 or by e-mail to katia.richardson@lbhf.gov.uk*

Consultation

Each report carries a brief summary explaining its purpose, shows when the decision is expected to be made, background documents used to prepare the report, and the member of the executive responsible. Every effort has been made to identify target groups for consultation in each case. Any person/organisation not listed who would like to be consulted, or who would like more information on the proposed decision, is encouraged to get in touch with the relevant Councillor and contact details are provided at the end of this document.

Reports

Reports will be available on the Council's website (www.lbhf.org.uk) a minimum of 5 working days before the relevant meeting.

Decisions

All decisions taken by Cabinet may be implemented 5 working days after the relevant Cabinet meeting, unless called in by Councillors.

Making your Views Heard

You can comment on any of the items in this Forward Plan by contacting the officer shown in column 6. You can also submit a deputation to the Cabinet. Full details of how to do this (and the date by which a deputation must be submitted) are on the front sheet of each Cabinet agenda.

LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2010/11

Leader:	Councillor Stephen Greenhalgh
Deputy Leader (+Environment and Asset Management):	Councillor Nicholas Botterill
Cabinet Member for Children's Services:	Councillor Helen Binmore
Cabinet Member for Community Care:	Councillor Joe Carlebach
Cabinet Member for Community Engagement:	Councillor Harry Phibbs
Cabinet Member for Housing:	Councillor Andrew Johnson
Cabinet Member for Residents Services:	Councillor Greg Smith
Cabinet Member for Strategy:	Councillor Mark Loveday

Forward Plan No 119 (published 15 March 2012)

LIST OF KEY DECISIONS PROPOSED APRIL 2012 TO JULY 2012

Where the title bears the suffix (Exempt), the report for this proposed decision is likely to be exempt and full details cannot be published.

New entries are highlighted in yellow.

* All these decisions may be called in by Councillors; If a decision is called in, it will not be capable of implementation until a final decision is made.

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
April			
Cabinet	23 Apr 2012	Land at 282-292 Goldhawk Road	Cabinet Member for Housing
	Reason: Expenditure more than £100,000	To agree the partnership and procurement arrangements necessary to bring forward the development of the sites	Ward(s): Ravenscourt Park
Cabinet	23 Apr 2012	The Irish Community Centre, Black Road, Hammersmith, London, W6	Deputy Leader (+Environment and Asset Management)
	Reason: Expenditure more than £100,000	Cabinet agreed to release this property for disposal in February 2011 with the tenant being offered first refusal. The report seeks approval to the terms agreed with the tenant.	Ward(s): Hammersmith Broadway
Cabinet	23 Apr 2012	Tri Borough Insurance Contract	Leader of the Council
	Reason: Expenditure more than £100,000	To approve the award of a contract for insurance cover as tendered under the Tri-Borough Arrangements	Ward(s): All Wards
Cabinet	23 Apr 2012	The General Fund Capital Programme, Housing Capital Programme and Revenue Monitoring 2011/12 month 10	Leader of the Council
	Reason: Expenditure more than £100,000	The report seeks approval to changes to the Capital Programme and Revenue Budgets.	Ward(s): All Wards

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
Cabinet	23 Apr 2012	Review of the H&F Archives Service	Cabinet Member for Residents Services
	Reason: Affects more than 1 ward	This report will outline the current position and recommend options for the future delivery of the Council's archives service.	Ward(s): All Wards
Cabinet	23 Apr 2012	Award of a Contract and Framework Agreement for the Provision of Service for Face to Face Customer Transactions	Cabinet Member for Residents Services
	Reason: Expenditure more than £100,000	The successful contractor from current tender process (Dec 2011) will provide a full face to face payment and verification process for the Council which will include the requirements as specified in the report. The majority of payments will be cash or cheque but may also be via credit card or debit card or postal orders. The Contractor may be asked to support new payment types that emerge during the life of the Contract.	Ward(s): All Wards
Cabinet	23 Apr 2012	Hammersmith Library Refurbishment	Cabinet Member for Residents Services
	Reason: Expenditure more than £100,000	Approval for funding for refurbishment of Hammersmith Library	Ward(s): Hammersmith Broadway
Cabinet	23 Apr 2012	Tender Acceptance Report for a Contract for Servicing and Maintenance of Fire Fighting Equipment to Housing Properties Boroughwide	Cabinet Member for Housing
	Reason: Expenditure more than £100,000	Periodic inspection, repairs and maintenance work to fire fighting equipment located on Council-owned housing properties for the London Borough of	Ward(s): All Wards

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
		Hammersmith and Fulham.	
Cabinet	23 Apr 2012	Care proceedings pilot A Tri-borough multi agency pilot to reduce the length of time care proceedings take in order to improve outcomes for children and reduce expenditure.	Cabinet Member for Children's Services
	Reason: Expenditure more than £100,000		Ward(s): All Wards
Cabinet	23 Apr 2012	Housing Investment Plan (HEIP) and Action Plan Following report approved at November Cabinet, consultation outcome has now been considered and assessment undertaken using the criteria agreed. Now returning to Cabinet with a recommended estate to be the first to benefit from the Housing Investment Plan.	Cabinet Member for Housing
	Reason: Affects more than 1 ward		Ward(s): All Wards
Cabinet	23 Apr 2012	Sale of Council's freehold interest in Palingswick House, 241 King Street, London W6 9LP to The West London Free School Academy Trust A decision is required to authorise the sale to enable the exchange of contracts by 31st March 2012 as required by the purchaser.	Leader of the Council
	Reason: Affects more than 1 ward		Ward(s): All Wards
Cabinet	23 Apr 2012	Earl's Court Redevelopment Project The Council has been exploring the benefits of including the West Kensington and Gibbs Green estates within the proposed comprehensive redevelopment of Earl's Court and Lillie Bridge depot.	Leader of the Council, Cabinet Member for Housing
	Reason: Affects more than 1 ward		Ward(s): North End

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
May - provisional date			
Cabinet	14 May 2012	Youth Provision Commissioning	Cabinet Member for Children's Services
	Reason: Affects more than 1 ward	Proposals for the commissioning of Youth Provision from 2013-2015	Ward(s): All Wards
Cabinet	14 May 2012	Network technology enabling multimedia use	Leader of the Council
	Reason: Expenditure more than £100,000	Work is required to implement network technology enabling multimedia use. This will enable (for example) access to e-meetings, streaming from websites such as news or webinars, training materials or staff briefings from the Leader or Chief Executive. This will offer cost-effective just-in-time and personalised training courses, resulting in lower training costs and a higher-skilled workforce. There are also potential benefits from improved communication, e.g. videos of Leadership forum events.	Ward(s): All Wards
Cabinet	14 May 2012	Tri-Borough Integration of Health and Social Care Services - Update and Proposals for Next Steps	Cabinet Member for Community Care
	Reason: Affects more than 1 ward	Tri-Borough Integration of Health and Social Care Services - Update and Proposals for Next Steps.	Ward(s): All Wards
Cabinet	14 May 2012	Riverside Studios, Crisp Road, London, W6	Deputy Leader (+Environment and Asset Management)
	Reason: Expenditure more than £100,000	Re-development of Riverside Studios Site.	Ward(s): Hammersmith Broadway
Cabinet	14 May 2012	Hammersmith Town Hall - Smart Accommodation Programme - Phase 1	Deputy Leader (+Environment and Asset

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
		Tender acceptance report to appoint contractor to carry out remodelling works on 1st and 2nd floor offices at Hammersmith Town Hall to provide smart working, open plan accommodation to maximise occupancy.	Management)
	Reason: Expenditure more than £100,000		Ward(s): Hammersmith Broadway
Cabinet	14 May 2012	Repairs & Maintenance Re-procurement	Cabinet Member for Housing
	Reason: Affects more than 1 ward	HRD Property Services proposal for Re-procurement of Repairs and Maintenance contracts	Ward(s): All Wards
Cabinet	14 May 2012	Tri-borough ICT strategy 2012-2015	Leader of the Council
	Reason: Affects more than 1 ward	The Vision for Tri-borough ICT - A Tri-borough ICT Strategy for 2012-2015	Ward(s): All Wards
Cabinet	14 May 2012	Recharges Policy	Cabinet Member for Housing
	Reason: Affects more than 1 ward	Implementation of a Recharges Policy for for HRD	Ward(s): All Wards
June - provisional date			
Cabinet	11 Jun 2012	Meals Service Contract	Cabinet Member for Community Care
	Reason: Expenditure more than £100,000	To request authority for the outsourcing of the Meals Service to a "cook on route" model. To notify of multi borough tendering arrangements. To request that authority to award the contract be delegated to Cabinet Member for Community Care in conjunction with the Executive Director of Adult Social Care.	Ward(s): All Wards

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
Cabinet	11 Jun 2012	Looked After Children Social Care Report	Cabinet Member for Children's Services
	Reason: Affects more than 1 ward	Looked After Children Social Care report.	Ward(s): All Wards
Cabinet	11 Jun 2012	Child Protection Social Care Report	Cabinet Member for Children's Services
	Reason: Affects more than 1 ward	Child Protection Social Care report.	Ward(s): All Wards
Cabinet	11 Jun 2012	Local Safeguarding Children's Board (LSCB) Social Care Report	Cabinet Member for Children's Services
	Reason: Affects more than 1 ward	Local Safeguarding Children's Board (LSCB) Social Care report.	Ward(s): All Wards
Cabinet	11 Jun 2012	Replacement for Frameworki CHS Report	Cabinet Member for Children's Services
	Reason: Affects more than 1 ward	Replacement for Frameworki CHS report.	Ward(s): All Wards
Cabinet	11 Jun 2012	Secure e-mail with external partners	Leader of the Council
	Reason: Expenditure more than £100,000	Implementation of an IT solution to allow sensitive data to be sent via outlook over the public internet to external organisations.	Ward(s): All Wards
July - provisional date			
Cabinet	9 Jul 2012	Travel Assistance Policies	Cabinet Member for Children's Services
	Reason: Affects more than 1 ward	Travel Assistance Policy – Special education needs (SEN)	Ward(s): All Wards

Decision to be Made by: (ie Council or Cabinet)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s) and Wards Affected
September - provisional date			
Cabinet	3 Sep 2012	SmartWorking Stage D : Paperless Office Business Case A detailed Business Case for SmartWorking Stage D : Phase B "Paperless Office"	Leader of the Council
	Reason: Expenditure more than £100,000		Ward(s): All Wards

Agenda Item 14



London Borough of Hammersmith & Fulham

Cabinet

23 APRIL 2012

SUMMARY OF OPEN DECISIONS TAKEN BY THE LEADER AND CABINET MEMBERS REPORTED TO CABINET FOR INFORMATION

**CABINET MEMBER
FOR COMMUNITY
CARE**

*Councillor Joe
Carlebach*

14.1 FAST TRACK SMALL GRANTS SCHEME, APRIL 2012

This report details allocations for the Fast Track Small Grants scheme aimed at local 3rd sector organisations.

The scheme will be offered twice in 2012/13. No individual award will exceed £10,000.

Decision taken by Cabinet Member on: 21 March 2012

That awards be granted to the applicant organisations as listed in Appendix 1 to this report, in line with the stated funding criteria.

Ward: All

LEADER

*Councillor Stephen
Greenhalgh*

14.2 JOB CENTRE PLUS – FLEXIBLE FUND SUCCESSFUL APPLICATION

The WorkZone is the Council's recruitment and employment support facility based within the Shepherds Bush Library, adjacent to Westfield London.

The WorkZone submitted an application for Job Centre Plus Flexible Funds in partnership with St*r Learning to deliver six, three day motivational job search courses to H&F residents which has been successful.

In order to commence delivery the council must enter into agreements with Job Centre Plus (JCP) and St*r Learning.

Decision taken by Cabinet Member on: 5 March 2012

- 1. That approval is given for the Council to enter into a contract with Job Centre Plus and accept the award of £22,500 for the delivery of motivational job search services to H&F residents.**
- 2. That a Service Level Agreement be entered into with St*r Learning for the delivery of the motivational job search course.**
- 3. That delegated authority be given to the Executive Director of Housing & Regeneration (HRD) in order to enter into the contract and oversee programme management and service delivery.**

Wards: All

CABINET MEMBER FOR RESIDENTS SERVICES

*Councillor Greg
Smith*

14.3 LINFORD CHRISTIE STADIUM - IMPROVEMENT WORKS TO MALE CHANGING ROOMS

This report seeks approval to place an order for Non-Housing works under the Measured Term Contract. These works need to be undertaken to address identified structural fabric defects. In addition associated localised repairs and welfare improvement works will be carried out to improve general condition in line with council service standards.

Decision taken by Cabinet Member on: 24 February 2012

- 1. That approval be given for an order to be placed under the Measured Term Contract for Non-Housing Projects 2011/2015. This procurement route is based on a framework agreement with three contractors.**
- 2. That the contract be awarded to Mulalley & Company Limited as set out in section 3 of this report, at an estimated works cost of £116,103 including a contingency sum of £4,000 to which fees of £ 18,015 will be added, making a total cost of £ 138,118 as set out in section 4 of this report.**

Wards: College Park and Old Oak

CABINET MEMBER FOR RESIDENTS SERVICES

*Councillor Greg
Smith*

14.4 APPOINTMENT OF COUNCIL REPRESENTATIVE TO OUTSIDE ORGANISATION – BUSH THEATRE

This report records the Cabinet Member's decision to appoint a Council representative to Alternative Theatre Limited (The Bush Theatre), which falls within the scope of their executive portfolio

Decision taken by the Cabinet Member taken on: 22 February 2012

To appoint Councillor Stephen Greenhalgh as the Landlord Trustee of Alternative Theatre Limited (The Bush Theatre) for a term of 3 years from 22 February 2012.

Ward: Shepherd's Bush Green

**CABINET MEMBER
FOR CHILDREN'S
SERVICES**

*Councillor Helen
Binmore*

14.5 LAND TRANSFER TO FULHAM EDUCATION TRUST

This report seeks authorisation of the Cabinet Member for Children's Services, in consultation with Executive Director Children's Services, for the land transfer on conversion of Fulham Cross and Henry Compton schools to trust status in line with the Statutory Guidance for foundation/ Academy/Trust schools

The recommendation to approve delegation of this authorisation to the Cabinet Member for Children's Services, in consultation with Executive Director of Children's Services, is contained within the School Organisation Strategy Report approved at Cabinet 5 March 2012.

Decision taken by Cabinet Member on: 19 March 2012

That authorisation is given to proceed with the land transfer (excluding the Childerley Centre) as shown on the plans attached to this report on conversion of Fulham Cross and Henry Compton schools to trust status of the in line with the Statutory Guidance for foundation/ Academy/Trust schools.

Ward: Parsons Green and Walham

**DEPUTY LEADER
(+ ENVIRONMENT
AND ASSET
MANAGEMENT)**

*Councillor Nicholas
Botterill*

14.6 CONTRACT FOR THE MAINTENANCE OF PAY AND DISPLAY MACHINES

This report seeks approval to extend the contract for the maintenance of pay and display machines with Metric Group Ltd for 1 year from April 2012.

Decision taken by Cabinet Member on: 19 March 2012

That the contract for the maintenance of pay and display machines with Metric Group Ltd be extended for 1 year from April 2012 at an estimated value of £422,000.

Wards: All

**CABINET MEMBER
FOR CHILDREN'S
SERVICES**

*Councillor Helen
Binmore*

**14.7 DETERMINATION OF PROPOSAL TO OPEN A STUDIO
SCHOOL AS PART OF HENRY COMPTON SCHOOL**

The report seeks approval to determine a proposal by the governing body of the Federation of Fulham Cross Girls' School & Henry Compton Boys' School to open a Studio School on the Henry Compton School site. As no objection were made or received in the formal consultation period, the Governing Body requests the Local Authority agrees the proposal. This falls within the scope of the Cabinet Members' executive portfolio.

Decision made by Cabinet Member on: 19 March 2012

- 1. That the proposal for a Studio School to open on the Henry Compton School site in September 2012 be approved.**
- 2. That the Published Admission Number of Henry Compton School be reduced from 150 to 120 in order to make room for the new provision.**
- 3. That the Studio School on the Henry Compton site will be co-educational (male and female pupils) aged 14 – 19 years.**

Ward: Munster

**CABINET MEMBER
FOR CHILDREN'S
SERVICES**

*Councillor Helen
Binmore*

**14.8 APPOINTMENT OF LOCAL AUTHORITY SCHOOL
GOVERNORS- BRIDGE ACADEMY**

This report records the Cabinet Member's decision to appoint LA Governors, which falls within the scope of her executive portfolio.

Decision made by Cabinet Member on: 13 March 2012

To reappoint Dan Sargent and Andrew Brown to the Bridge Academy for a four-year term with effect from 1st February 2012.

Ward: Palace Riverside

**CABINET MEMBER
FOR CHILDREN'S
SERVICES**

*Councillor Helen
Binmore*

**14.9 PROJECT MANAGEMENT SUPPORT FOR THE TRI-
BOROUGH EMPLOYEE-LED MUTUAL**

Resources to fund two Project Management appointments to support: (A) the 'client', in managing a successful procurement process and, (B) the officers transferring into employee-led mutual (ELM) across the three boroughs.

Decision made by Cabinet Member on: 28 March 2012

- 1. That approval be given to the release of contingency resources to cover the costs of two interim posts until the planned go live date September 2012.**
- 2. That the first interim post be for a procurement lead to support the client side who must have suitable procurement experience(estimated at £65k).**
- 3. That the second interim post be a project management role to support the employee-led mutual for the duration of the project (estimated at £34k).**
- 4. That the project manager to support the employee led mutual is recruited externally, to further reduce risk of any conflict of interest.**

Wards: All

SUMMARY OF URGENT DECISION TAKEN BY THE LEADER REPORTED TO CABINET FOR INFORMATION

The following reports were considered in accordance with paragraph 1.21 of the Leader's Portfolio.

ITEM

15.1 SALE OF THE IRISH CENTRE AT 3, BLACK'S ROAD, LONDON W6

Cabinet agreed the sale of this building in February 2011 and to give the current tenants first refusal. After negotiations with them it is proposed to sell the building to them at less than best consideration reasonably obtainable using the General Disposal Consent 2003.

Reasons for Urgency

The tenant's lease expires at the end of March 2012 and both parties wish to enter into contracts for the sale of this building prior to the termination of the lease.

Decision taken by the Leader on: 23 March 2012

- 1. That authority is given to sell this property to the Irish Cultural Centre at an undervalue using the General Disposal Consent 2003 on the terms set out in this report.**
- 2. That the details of the sale contract are delegated to the Assistant Director (Legal and Democratic Services) and the Assistant Director (Building & Property Management).**

Wards: Hammersmith Broadway

15.2 APPROPRIATION FOR PLANNING PURPOSES OF THE WHITE CITY COLLABORATIVE CARE CENTRE, BLOEMFONTEIN ROAD, WHITE CITY

Building Better Health (White City) Limited (**BBH**) have a long lease of the former Janet Adegoke Centre, Bloemfontein Road, White City (**Property**) from the Council. BBH have been developing a scheme for the provision of the White City Collaborative Care Centre together with 170 apartments to be sold to Notting Hill Housing Association and two retail units (**Scheme**). The Scheme will provide a significant regeneration boost to the area as well as allowing the Council and the NHS to provide an improved range of services in a much needed location. In addition, a section 106 agreement will see the Scheme fund more than £1,000,000 to improve Wormholt Park. A very small number of properties in the vicinity of the Property may have the benefit of rights of light acquired by prescription. A Plan showing the position of the Property is attached to this report.

In the context of the benefit to the locality of the Scheme, it is proposed that the Council appropriates the Property for planning purposes to enable Section 237 of the Town and Country Planning Act 1990 to be relied on so that claimants to rights of light remain entitled to compensation but cannot seek an injunction to prevent construction or the subsequent use of the Scheme.

Reasons for Urgency:

The Scheme was granted planning permission on 18 November 2011 and the judicial review period is very nearly at an end. It was intended, before this issue recently came to light, for financial close of the Scheme to happen by 17 February and all the parties were on target to achieve this, enabling construction to start immediately thereafter.

If the potential rights of light claims are not dealt with by appropriation under this procedure and reliance on s.237 now, there is a danger that: (a) it may not be possible to deal with rights of light claims by way of negotiation or insurance and the delay and uncertainty that this would bring could cause the Scheme to fail and (b) left with only the uncertain option of negotiation or insurance the parties will walk away from the Scheme entirely, leaving the Property undeveloped and the regeneration benefits of the Scheme will be lost.

Decision taken by the Leader on: 28 February 2012

That a resolution is made to appropriate the Property for planning purposes to enable reliance on Section 237 of the Town and Country Planning Act 1990 (1990 Act).

Ward: Wormholt and White City

15.3 SUBSCRIPTIONS/AFFILIATIONS FOR EXTERNAL ORGANISATIONS 2012/13

This report deals with the major corporate subscriptions/affiliations whose funding is included in the Finance and Corporate Services' estimates. Other departments carry out a similar exercise, reported separately to committee or dealt with under delegated authority in the case of small subscriptions.

Reasons for Urgency:

Need to meet subscription renewal dates.

Decision taken by the Leader on: 23 February 2012

- 1. That approval is given to the subscription renewal in 2012/13 to the organisations listed in Appendix A at a total cost of £199,022.**
- 2. That for financial reasons notice of potential withdrawal from London Councils and the Local Government Association be maintained.**

Wards: All

15.4 WHITE CITY NEIGHBOURHOOD BUDGETS

This report seeks approval to establish a budget to resource the White City Neighbourhood Budgets pilot for the two years - 2012/13 and 2013/14.

Reasons for Urgency:

A budget needs to be established before 1 April 2012 in order to fund planned expenditure, and to enable this high profile project to progress.

Decision taken by the Leader on: 8 March 2012

That approval be given to establish a budget for the White City Neighbourhood Community Budget pilot of £405,000 and £345,000 for the years 2012/13 and 2013/14 respectively, to be funded via contributions from General Fund reserves of £730,000 and from the Housing Revenue Account working balance of £20,000.

Wards: College Park & Old Oak; Shepherds Bush Green