

Cabinet

Agenda

MONDAY
28 APRIL 2014
6.00 pm

COURTYARD ROOM
HAMMERSMITH
TOWN HALL
KING STREET
LONDON W6 9JU

Membership

Councillor Nicholas Botterill, Leader (+ Regeneration, Asset Management and IT)

Councillor Greg Smith, Deputy Leader (+ Residents Services)

Councillor Helen Binmore, Cabinet Member for Children's Services

Councillor Mark Loveday, Cabinet Member for Communications (+ Chief Whip)

Councillor Marcus Ginn, Cabinet Member for Community Care

Councillor Andrew Johnson, Cabinet Member for Housing

Councillor Victoria Brocklebank-Fowler, Cabinet Member for Transport and Technical Services

Councillor Georgie Cooney, Cabinet Member for Education

Date Issued
15 April 2014

If you require further information relating to this agenda please contact:
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Reports on the open Cabinet agenda are available on the Council's website: http://www.lbhf.gov.uk/Directory/Council_and_Democracy

PUBLIC NOTICE

The Cabinet hereby gives notice of its intention to hold part of this meeting in private to consider items (11 and 12) which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

The Cabinet has received no representations as to why the relevant part of the meeting should not be held in private.

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

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on non-exempt item numbers **4-8** 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 23 April 2014.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Wednesday 30 April 2014**. Items on the agenda may be called in to the relevant Scrutiny Committee.

The deadline for receipt of call-in requests is: **Tuesday 6 May 2014 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 **Tuesday 6 May 2014**.

Cabinet Agenda

28 April 2014

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1.	MINUTES OF THE CABINET MEETING HELD ON 7 APRIL 2014	1 - 16
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	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that 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 disclosable pecuniary interest or other significant 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.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.</p>	
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10. 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.

**11. EXEMPT MINUTES OF THE CABINET MEETING HELD ON 7 APRIL
2014 (E)**

**12. HOUSING DEVELOPMENT PROGRAMME - RATIONAL HOUSE
PROGRESS UPDATE AND CONTRACTOR APPOINTMENT :
EXEMPT ASPECTS (E)**



London Borough of Hammersmith & Fulham

Cabinet

Minutes

Monday 7 April 2014

PRESENT

Councillor Nicholas Botterill, Leader (+ Regeneration, Asset Management and IT)
Councillor Greg Smith, Deputy Leader (+ Residents Services)
Councillor Mark Loveday, Cabinet Member for Communications (+ Chief Whip)
Councillor Andrew Johnson, Cabinet Member for Housing
Councillor Victoria Brocklebank-Fowler, Cabinet Member for Transport and Technical Services
Councillor Georgie Cooney, Cabinet Member for Education

186. MINUTES OF THE CABINET MEETING HELD ON 3 MARCH 2014

RESOLVED:

That the minutes of the meeting of the Cabinet held on 3rd March 2014 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

187. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Helen Binmore and Marcus Ginn.

188. DECLARATION OF INTERESTS

There were no declarations of interest.

189. REVENUE BUDGET 2013/14 - MONTH 10 AMENDMENTS

RESOLVED:

- 1.1. That £398,000 of bad debt be written off.
- 1.2. That approval be given to the carry forward of departmental underspends of £3.752m as detailed in Appendix 2 to this report.

- 1.3. That the Executive Director of Finance and Corporate Governance be given delegated authority to authorise a reallocation of the current Children's Services reserves to help them manage their 2014/15 risks in line with their current risk assessment.
- 1.4. That approval be given to virements totalling £2.056m as set out in Appendix 1 to this report.
- 1.5. That approval be given to the request for the Executive Director of Finance and Corporate Governance, in conjunction with the Leader, to take the necessary decisions required to ensure the Council's accounts are closed by 30 June 2014.

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. DEVELOPING TRI-BOROUGH CORPORATE SERVICES

RESOLVED:

- 1.1 That the three Cabinets agree with the principle of the establishment of Tri Borough Corporate Services.
- 1.2 That the three Cabinets appoint the Chief Executive of Westminster City Council to be the SRO overseeing the development of detailed business plans, including the establishment of necessary business cases, for the creation of Tri Borough Corporate Services.
- 1.3 That the three Cabinets endorse the decision of the Chief Executive of Westminster City Council to appoint the s151 officer from the London Borough of Hammersmith and Fulham to undertake the consequent planning and implementation of the Tri-borough Corporate Services, plus day to day line management of Legal Services, Human Resources and Procurement in Westminster City Council on an interim basis.
- 1.4 That further reports with detailed business cases for Tri Borough Corporate Services be provided to all three Cabinets in due course for formal agreement.
- 1.5 That a budget of £210,000 is allocated by each Council, funded from the Efficiency Projects Reserve in H&F.

- 1.6 That in accordance with a previous delegated decision, the s151 officers in the three boroughs are requested to approve all s113 agreements required to underpin Tri-borough Corporate Services.

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. CONTRACT FOR CASH IN TRANSIT AND CASH PROCESSING SERVICES

RESOLVED:

- 1.1. That the Contract for Cash in Transit and Cash Processing Services be awarded to Contract Security Services Limited as the tenderer with the most economically advantageous tender submission in terms of price and quality.
- 1.2. That approval be given to the Council entering into a contract for services, commencing on 1 June 2014 for a period of six years, with an option to break after the third anniversary of the commencement of the contract, for a contract value as set out in the exempt 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.

192. ELECTRONIC DOCUMENT MANAGEMENT SYSTEM CONTRACT EXTENSION

RESOLVED:

That approval be given to potential contract costs as set out in the exempt report for the provision of a corporate EDMS from carried forward Finance and Corporate Services resources.

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. BUSINESS INTELLIGENCE

RESOLVED:

- 1.1. That the Tri-borough Councils approve plans for the 18 month Business Intelligence (BI) Service Pilot, and that funding of £1,743,000 be approved for the 18 month BI Service Pilot with assured ROI of 55% over 3 years with other projects providing a contribution that will increase the ROI beyond 55% (projected and possible).
- 1.2. That the Tri-borough Councils approve the setting up of a Section 113 agreement to enable the virtual team to be established.

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. DEPOT WELFARE FACILITIES - HAMMERSMITH PARK :
REFURBISHMENT OF THE EXISTING STAFF WELFARE BLOCK FOR
OCCUPATION BY THE STREET CLEANING TEAMS AND THE GROUNDS
MAINTENANCE TEAMS**

RESOLVED:

- 1.1 That approval is given for the works to be procured from Amey Community Limited (ACL) in accordance with the approved Terms and Conditions of the Tri-Borough TFM contract at an estimated cost of the works will be £134,225 which includes a contingency sum of £12,200 to

which fees of £20,134 will be added, making a total cost for approval of £154,359.

- 1.2 The funding for this scheme will be met from the Corporate Planned Maintenance Programme 2012/2013 which was approved by Cabinet as a Key Decision on 30th January 2012 and the WSTF08 Westfield Section 106 agreement dated 11 June 2010 clause 11.29.3.

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. SPECIAL GUARDIANSHIP ALLOWANCE POLICY

RESOLVED:

That the new Special Guardianship allowance policy (attached as Appendix 1 to the 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.

196. DELIVERING THE SCHOOLS CAPITAL PROGRAMME

Cabinet noted that the report described William Morris School as “a newly-established academy” but the process of conversion to a post-16 academy was still in progress. The planned conversion date (subject to final Governor approval) is 1 July 2014. The first sentence of paragraph 5.6.1 should therefore read: “William Morris is in the process of converting to an academy...”

RESOLVED:

1.1. That approval be given to the capital allocations, and appropriate delegations where required to develop the priority schemes at the following schools:

1.2. Ark Conway

1.2.1. To note that the Council is the contracting authority for the expansion of the Ark Conway Free School, subject to confirmation that the construction qualifies for zero-rating for VAT purposes, and that the costs of the project are underwritten by the Education Funding Agency (EFA). Ministerial approval is being sought for a contract sum of £4,282,297.

1.2.2. That the Leader and the Cabinet Member for Education approve the appointment of the contractor for these Ark Conway works, following a competitive exercise.

1.3. Burlington Danes

1.3.1. To note the increased funding requirement of approximately £1.5m (to approximately £6m) for the creation of a primary school within the grounds of Burlington Danes and the contribution from the Burlington Danes Trust to cover the cost of expanding the sixth form.

1.3.2. That the Council undertakes the role of Contracting Authority for the establishment of new-build construction at Burlington Danes subject to confirmation that the construction qualifies for zero-rating for VAT purposes.

1.4. New King's & Sullivan (and re-location of Paray House from New Kings to Normand Croft)

1.4.1. That Contract Standing Orders be waived and that approval be given to the direct award to Elliott Group Ltd for the supply and installation of the temporary classroom units at Sullivan at an estimated cost of £500,000 to accommodate the students to be relocated from New King's School.

1.4.2. That Contract Standing Orders be waived and that approval be given to delegate the approval of the contractor for Normand Croft refurbishment works to the Cabinet Member for Education in order to facilitate the relocation of Paray House from New King's primary school.

1.4.3. That approval be given to the procurement strategy as set out at paragraph 5.4 of the report for the procurement of a contractor to carry out further construction works, and that the Leader and the Cabinet Member for Education approve the award the contract for the construction works at New King's primary school, providing the tendered sum is within the estimated value of £3.8m for this project. (This particular delegation is needed in order to facilitate a timely

submission of the planning application and commencement of building works. The estimated cost of works is currently £3.8m).

1.5. St. Peter's

- 1.5.1. That the Leader and Cabinet Member for Education approve a funding agreement between the Council and the school, and other appropriate parties, to draw down funding up to the maximum available of £2.279m subject to satisfactory planning and contract award approvals to allow the school to carry out the project described in paragraph 5.5.1 of this report.

1.6. William Morris

- 1.6.1. That the approval of a funding agreement between the Council and the school for the provision of post-16 SEN teaching facility be delegated to the Cabinet Member for Education, subject to the development of agreed education strategy for post-16 SEN, the availability of the adjacent St. Dunstan's site, and planning permission.

1.7. Wood Lane Special School

- 1.7.1. Subject to receiving tenders within the estimated value of the proposed works of £750,000, that approval of the contractor for the expansion of Wood Lane Special School be delegated to the Cabinet Member for Education in order to facilitate the commencement of works in May 2014 and completion in September 2014.

1.8. Lady Margaret's

- 1.8.1. That approval be given to additional Council funding of £500,000 up to £6.5m to fund 1 form of entry expansion proposals as described in paragraph 5.8 of this report.

1.9. St Thomas'

- 1.9.1. That a provision of up to £124,000 be established to settle a contractual dispute with the contractors as further described below in paragraph 5.9 and that authority be delegated to the Tri-borough Executive Director of Children's Service, and to the Cabinet Member for Education if required, to determine the appropriate use of this provision in settling the dispute.

1.10. Pope John

- 1.10.1. That approval be given to the allocation of up to £100,000 to fund the cost of providing temporary classroom to accommodate the additional children on roll for September as described in paragraph 5.10 of the report.

1.11. Queensmill @ Fulham College for Boys

- 1.11.1. That approval be given to the allocation of £50,000 to fund the expansion of the autism pilot run by Queensmill school at Fulham

college for Boys as described in paragraph 5.11 of this report, the school being the contracting authority.

1.12. Contingency

1.12.1. That approval be given to the establishment of a contingency fund of £742,000 and that authority be delegated to the Cabinet Member for Education to determine the appropriate use of this contingency fund in support of the schemes approved by Members as part of the Schools' Capital Programme..

1.13. That approval be given to establish a Planned Maintenance Programme in the value of £1,481,072.

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. SCHOOLS ORGANISATION AND INVESTMENT STRATEGY 2014

RESOLVED:

That approval be given to the School Organisation and Investment Strategy 2014 contained in Appendix B of the report and the recommendations contained therein.

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. APPROVAL OF A ROLL-OVER OF TEAM WHITE CITY PROGRAMME BUDGET UNDERSPEND INTO 2014/15.

RESOLVED:

That approval be given to a roll-over of £136,000 underspend from the Team White City programme budget into 2014/15.

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. BETTER CARE FUND PLAN

RESOLVED:

- 1.1. That approval is given to the Better Care Fund Plan and specifically to the following elements:
- i. The establishment of a Better Care Fund Programme of work relating to integrated operational services; service user experience; integrated contracting and commissioning; and programme delivery.
 - ii. The development of a Better Care Fund pooled budget, to be held by the local authority on behalf of both the Council and the NHS, to enable the development of integrated health and social care services for the people of Hammersmith and Fulham.
 - iii. The allocation of £47,781,199 local authority existing budgets to the pooled budget in 2015/16 (this is a minimum figure based on existing partnership commitments and during 2014-15 further proposals may be brought to the Cabinet Member (and the CCG Governing Bodies) for possible inclusion in the pooled budget).
 - iv. Confirmation of the Integration Partnership Board as the BCF Implementation Board, reporting to the Hammersmith and Fulham Health and Wellbeing Board on delivery of the BCF Programme.
 - v. Agreement that, following sign off, any significant variations to the Plan relating to the allocation of funds by the local authority will be brought back to the Cabinet Member for approval.

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. HRA HOUSING CAPITAL PROGRAMME 2014/15 TO 2016/17

RESOLVED:

- 1.1. That approval be given to the projects and schemes identified in Appendix 1 of this report which form the 2014/15 Housing Capital Programme to the value of £48.391 million (this envelope of £48.391 million was approved at Budget Council on 26 February 2014).
- 1.2. That approval be given to the budget envelope of £43.580 million for 2015/16 and £43.543 million for 2016/17 together with capital receipts contributions of £21.386 million for 2015/16 and £21.115 million for 2016/17 from the Decent Neighbourhoods Fund and to note that revenue contributions will also be made to the programme, subject to future quarterly / annual changes to the overall Council capital programme.
- 1.3. That authority be delegated to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration, to award contracts over £100,000 and, if appropriate, exercise built-in options to extend such contracts in respect of any individual projects and schemes under the Housing Capital Programme identified in Appendix 1, in accordance with Contract Standing Order 9.4 and 9.4.1.
- 1.4. That authority be delegated to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration, to approve future amendments to the 2014/15 programme for operational reasons where such amendments can be contained within the overall approved 2014/15 – 2016/17 budget envelope and available resources.

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.

201. APPROVAL OF THE 2014/15 HIGHWAYS MAINTENANCE WORK PROGRAMME

RESOLVED:

- 1.1. That approval be given to the programme in Appendix A to the report, with provision to make adjustments during the year as necessary.
- 1.2. That authority be delegated to the Cabinet Member for Transport and Technical Services, in conjunction with the Director for Transport and Technical Services, to make amendments to the programme as agreed for operational and cost effective reasons, in order to make the optimum use of resources.
- 1.3. That reports and updates on programme amendments (additions and removals) to the approved scheme list be made, as and when required, during the year to the Cabinet Member for Transport and Technical Services

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.

202. PERMISSION TO TENDER FOR A BI-BOROUGH PARKING MANAGEMENT INFORMATION SYSTEM

RESOLVED:

- 1.1. That permission be given to carry out a Bi-borough regulated procurement process (in accordance with the Public Contracts Regulations 2006 (as amended)) for a hosted Parking Management Information System (PMIS) for Penalty Charge Notice (PCN) processing with options to include handheld devices, parking bay suspensions, permit processing, and printing and scanning services.
- 1.2. That the procurement exercise contains provision that would allow other London borough Councils the facilities to call off from a framework agreement (within the first 4 years after it has been awarded).
- 1.3. In accordance with the paragraph 12.5 of the Council's Contract Standing Orders that the decision to award the contract following the tender evaluation process be delegated to the appropriate Cabinet

Member(s) providing that the actual contract value is within the estimated values set out in paragraphs 10.2 and 10.3 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.

203. COLLECTIVE INVESTMENT VEHICLE FOR LONDON LOCAL AUTHORITY PENSION FUNDS

RESOLVED:

That Cabinet agree:

- 1.1. that a private company limited by shares be incorporated to be the Authorised Contractual Scheme Operator (the "ACS Operator") of the Common Investment Vehicle and that the Council become a shareholder in the ACS Operator;
- 1.2. to contribute £1 to the ACS Operator as initial capital;
- 1.3. the establishment of a London Councils "Pensions CIV Joint Committee", to be formed under the Local Government Act 1972 and the Local Government Act 2000 and to delegate to the Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors;
- 1.4. that Mayor Pipe, Councillors O'Neill and Dombey, Mr Chris Bilsland (Chamberlain, City of London), Mr Chris Buss (Finance Director, LB Wandsworth), Mr Ian Williams (Finance Director, LB Hackney), and Mr John O'Brien (Chief Executive, London Councils) be appointed as the interim Directors of the ACS Operator, subject to the consent of their relevant authorities to the appointments. These directors may be replaced once FCA authorisation is formally applied for;
- 1.5. to note that in the case of RBKC, the Cabinet will appoint the Chairman of the Investment Committee to the Joint Committee and will delegate to him the authority to act for the Council in exercising its rights as a shareholder of the ACS Operator;
- 1.6. to appoint the Chairman of the Audit, Pensions & Standards Committee to the Joint Committee and to delegate to him the authority to act for the

Council in exercising its rights as a shareholder of the ACS Operator;
and,

- 1.7. to note that in the case of WCC, the Cabinet will appoint the Chairman of the Superannuation Committee to the Joint Committee and will delegate to him the authority to act for the Council in exercising its rights as a shareholder of the ACS Operator.

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.

204. KEY DECISIONS LIST

RESOLVED:

The Forward Plan was 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.

205. 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.

206. CONTRACT FOR CASH IN TRANSIT AND CASH PROCESSING SERVICES: EXEMPT ASPECTS (E)

RESOLVED:

That the recommendations in the exempt report be agreed.

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. ELECTRONIC DOCUMENT MANAGEMENT SYSTEM CONTRACT EXTENSION : EXEMPT ASPECTS(E)

RESOLVED:

That the recommendations in the exempt report be agreed.

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. BUSINESS INTELLIGENCE : 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.

209. PERMISSION TO TENDER FOR A BI-BOROUGH PARKING MANAGEMENT INFORMATION SYSTEM : 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. DISPOSAL OF 1-3 CARNWATH ROAD AND RELOCATION OF CO-OP HOMES TENANTS ON 5 CARNWATH ROAD : EXEMPT (E)

RESOLVED:

That the recommendations in the exempt report be agreed.

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.

Meeting started: 6.00 pm
Meeting ended: 6.03 pm

Chairman

Executive Decision Report

[

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	<i>Full Cabinet</i> Date of decision: 28 April 2014	
	<i>Cabinet Member for Finance and Strategy; Cabinet Member for Community Safety, IT and Corporate Services</i> Date of decision (i.e. not before): 1 April 2014 Forward Plan reference: 04226/14/C/A	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Report title (decision subject)	BI-BOROUGH CUSTOMER ACCESS PROGRAMME – RESOURCING REQUEST	
Reporting officer	<i>Jane West - Executive Director of Finance and Corporate Services (H&F)</i> <i>Nicholas Holgate – Joint Chief Executive</i>	
Key decision	Yes	
Access to information classification	Public	

1. SUMMARY

- 1.1. The Bi-borough Customer Access Programme was initiated in November 2013, to deliver efficiencies and improve service delivery by: managing demand more effectively and efficiently; redesigning/digitising services to encourage customer contact via digital channels/lowest cost channels; investing in 'fit for purpose' technology; bringing together the customer service functions of the two Councils (subject to future approval) and hence sharing management, costs and good practice. This forms part of the Tri-borough Corporate Services portfolio.
- 1.2. This paper outlines the resources required to get the programme defined, mobilised and early projects delivered. This will provide the new bi-borough

customer service function and the technology framework to deliver the first phase of savings (£903,000) in April 2015.

2. RECOMMENDATION

- 2.1. That approval be given to funding of £160,000 (LBHF) from the Efficiency Projects Reserve and £115,000 (RBKC) from the Transformation Reserve to resource a Bi-borough Customer Access Programme that aims to deliver £475,500 (LBHF) £427,500 (RBKC) recurrent savings (i.e. savings from annual running costs) from April 2015; and to note that as the programme becomes more defined it will identify further significant savings from Bi/Tri-borough working, from better demand management and from robust, cost effective digital service delivery (an overview of the resource requirement is outlined in Appendices A and B.)

3. REASONS FOR DECISION

- 3.1. The funding request is in excess of £100,000 for both boroughs and consequently requires a key decision to be made by LBHF Cabinet and the Cabinet Member for Finance and Strategy, and the Cabinet Member for Community Safety, IT and Corporate Services in RBKC.

4. BACKGROUND

- 4.1 In November 2012, the Cabinet Office published the *Government Digital Strategy* which sets out how the government will become digital by default. The strategy defined digital by default as 'digital services that are so straightforward and convenient that all those who can use them will choose to do so whilst those who can't are not excluded.'
- 4.2 The programme's approach will embrace the digital first agenda where and when appropriate, with the intention of service redesign around the customer, focusing on the exploitation of digital technology and user demand analysis; making it easier for people to access Council services as part of their daily lives. Customer habits are evolving rapidly, particularly the willingness/expectation to self-serve 24/7 and the use of smart devices such as phones and tablets to transact, leaving most organisations (private and public) playing catch-up to adapt service delivery accordingly.
- 4.3 The development of digital services and efforts to drive channel shift and digital adoption will underpin how we will continue to deliver high quality services whilst reducing costs. This involves building a knowledge base of our customers' access to technology, the type and complexity of contact that they make with the Councils, as well as their personal preferences when selecting channels. Information such as this will be used to direct citizens to use the most appropriate channel for the service they require. For those that may not have access to the internet or be confident completing transactions online there will be support such

as web chat and self-service terminals in Council premises, as well as the traditional face to face and telephony channels. Technological investment will be required to transform access in order to achieve long term savings and efficiencies.

5. PROPOSAL

5.1 The programme consists of four main areas underpinned by strong business change management – both for customers and staff - and effective demand management. We envisage a common approach and strategy across both organisations; with the understanding that decisions around implementation and policy can still remain sovereign e.g. whether to close channels or not.

5.2 The four programme areas:

- a) Building a Bi-borough customer service function** – this will be the key delivery vehicle for the programme and will deliver the first phase of savings through shared management and service delivery (subject to future Cabinet approval).
- b) Developing online/digital services** (where appropriate and cost effective) - to enable channel shift towards digital channels, self service and provide a robust technology framework for the new function to deliver savings. Our digital offer will be developed and promoted as a means to drive savings whilst maintaining sovereign decisions about levels of service provision.
- c) Collating and using customer insight/intelligence** – using analyses of customer behaviour, demand and preferences to help redesign processes, increase service efficiency and effectiveness, and to support channel shift planning. This will link up with the business intelligence work that Tri-borough Corporate Services Portfolio is undertaking.

A combination of a) b) and c) will deliver the first phase of savings (£903k).

- d) Championing digital inclusion** - increasing digital access and skills of both customers and staff to help deliver business change, whilst ensuring appropriate safeguards are in place for those without digital access and/or who have complex needs.

5.3 Resourcing

We are using existing resources where possible from within the Councils. Additional dedicated resourcing is required to ensure delivery of the assured and projected savings for April 2015 and also to lay the foundations for identifying and delivering the potentially significant savings from implementing a strategy focussed on channel shift, digital service delivery and effective demand management. Opportunities for secondments, internships and work placements will be sought first before considering going out to the market to fill the requirements outlined in Appendices A and B.

5.4 Demand management

The programme and bi-borough customer service function will seek to manage customer demand in a more proactive and targeted way. This will involve understanding what needs or behaviours trigger demand and how such demand materialises as a service request (customer insight). A mismatch or variation in capacity and demand is one of the reasons why a backlog of work develops. Analysing the causes of this mismatch will enable changes in processes to deal with bottlenecks. Demand may also be created due to poor information provision creating unnecessary contact or a request for clarification. Understanding this will enable us to address the root cause of such demand and reduce it. This demand is described as failure demand or avoidable contact which puts further pressure on capacity and creates poor customer flow. Both Boroughs have successfully worked on demand management in the past year and have identified service improvement opportunities. These approaches now need to be standardised and deployed across services to ensure maximum benefits are achieved.

5.5 Benefits to the customer

Successful implementation of the programme will deliver a number of benefits to the customer including:

- easily accessible services (when, where and how that is convenient to the customer)
- speedier service responses and ability to track progress of service delivery
- ability to transact with the Councils 24/7 for non personalised services e.g. booking an appointment, reporting street issues, making payments, registering for Council tax, applying for a new parking permit
- more joined up service delivery e.g one interaction with the Council across a range of services such as moving in or moving out, hospitalisation (the interactions linked to life event triggers)
- more resources available to deal with complex customer requirements
- consistent approach across channels

5.6 Examples of benefits to the Councils

- lower running costs (see below for financial savings)
- retained/improved customer satisfaction
- potential for further significant savings (to be identified)
- rise in reputation as progressive/modern organisations
- increase in efficiency for bi-borough operational services (liaising with single customer service function)
- multi-skilled and highly motivated staff
- reduced supply chain and joint procurement/contracts
- act as an enabler to other departments/services – to help them deliver further savings and develop alternative service delivery models

6. OPTIONS

- 6.1. Option 1 (Recommended) As outlined above resource a Bi-borough Customer Access Programme that will create a bi-borough customer services function (subject to future Cabinet approval), gather and analyse customer and service

delivery intelligence to drive digital service delivery initiatives across the two boroughs, exploiting technology and shared resources, and ensuring any service redesign is centred around customer requirements and efficient use of resources.

- 6.2. Option 2 Attempt to deliver digital services, channel migration and savings through business as usual/service operations. This would likely be piecemeal and undertaken in a silo fashion which could lead to duplicating effort and expenditure, disjointed service delivery.
- 6.3 Option 3 Do nothing. With the financial challenges that lie ahead for both Councils this is not considered a viable option.

7. CONSULTATION

- 7.1 As part of the programme we will undertake significant customer and service provider consultation/engagement. We will seek the voice of the customer and undertake customer journey mapping to inform the re-design process. The development of a new target operating model for a bi-borough customer services function will involve consultation with staff as well as with client services. The proposal for the Bi-borough Customer Access programme was presented to the Corporate Services Member Steering Group as part of the overall Tri Borough Corporate Services Review and has been discussed with the relevant Cabinet members across the two Councils, and with bi-borough senior management (Joint Transformation Board). We have also maintained dialogue with WCC colleagues to ensure that future collaboration is a possibility.

8. EQUALITY IMPLICATIONS

- 8.1. As part of the digital service delivery agenda we will address any digital exclusion issues, and as outlined above will have a specific workstream focussed on digital inclusion to ensure those who cannot access services online are not disadvantaged. A full equalities impact assessment will be carried out on the resulting projects to implement digital service delivery and on any decisions around service provision.

9. LEGAL IMPLICATIONS

- 9.1 There are no direct legal implications arising from this report. The necessary advice and assistance will be provided by Legal Services as and when required.
- 9.2 (Verified by Janette Mullins Principal Solicitor (Housing and Litigation): Telephone: 020 8753 2744).

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. The estimated savings from the first phase of the programme i.e. creating the Bi-borough Customer Service Function together with programme funding requirements are as follows:

	LBHF	RBKC	Total	Note
Estimated savings from annual running costs (from April 2015)	£475.5k	£427.5k	£903k	Note that £216k of the total are assured management savings identified within H&F Direct/Dept of Revs/Ben (K&C) which will be delivered through the programme.
Funding requirement	£160k	£115k	£275k	Covers resourcing staff over a 24 month period. Expenditure will be in stages. The additional expenditure requirement for LBHF is to part fund a bi-borough web project manager who is already in place in RBKC.

The above savings are based on a bi-borough target operating model for both customer services and revenues and benefits. This may be subject to slight change if a Triborough Revenues and Benefits model is taken forward instead.

- 10.2 The value of undertaking this work as a programme rather than purely as a restructure project is in the extent we want to increase digital service delivery and identify further savings from shifting customer demand to lower costs channels. Overleaf are the findings of recent research to identify the average cost of public sector transactions. This mirrors existing research from PwC and Socitm. It exemplifies the potential scale of savings from both reducing failure demand and enabling channel shift.

Table 1

Channel	Average cost
Face to face	£8.62
Telephone	£2.83
Online	15p

Source: Research commissioned by GOSS Interactive, based on a survey of 575 senior executives from 480 public sector organisations

10.2 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance, tel. 020 8753 1900.

Jane West
Executive Director for Finance and Corporate Services (LBHF)

Nicholas Holgate
Joint Chief Executive

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report: none

Contact officer(s): Ms Yo Fung, Programme Manager, LBHF and RBKC, yo.fung@lbhf.gov.uk 020 8753 1125/ Mr Ray Brown Head of Customer Services and Business Development, RBKC ray.brown@rbkc.gov.uk

APPENDIX A: PROGRAMME RESOURCING REQUIREMENTS

Customer Insight/intelligence to inform demand management

The review of the LBHF customer portfolio last year identified the lack of customer data analysis (using actual customer insight and intelligence) to inform how best to reduce demand, drive digital service delivery and channel shift. It is accepted that to optimise the use of online/self-serve capabilities we need to link with what is driving service demand and customer behaviour/preferences. This involves gaining a thorough understanding of our customer contact activity across the Councils including what our customers are experiencing when interacting with us and the reasons why customers choose to interact with us by certain means over others. Without such analysis it is extremely difficult to identify where best to change processes/ service delivery models to make savings, and what the magnitude of those savings might be. Understanding our customers' behaviour and what is driving customer demand will be core to establishing the right approach to digital service delivery and channel shift.

Defining the programme / building the approach – developing projects

To ensure that we get long lasting benefits out of the programme we need to do the right preparatory/foundation work to establish exactly what we want to achieve, what investment might be required, who is responsible/accountable, what benefits we want to get out of the programme and how those benefits are going to be realised and managed. This includes managing risk, managing and engaging with stakeholders, business case development etc. We need to build a blueprint for both Councils that brings as much as possible into a bi-borough model whilst building in flexibility for sovereign decision-making. We will need to identify and initiate projects that will contribute to the overall vision and ensure the programme complements other significant programmes/initiatives, working collaboratively to take advantage of shared objectives/benefits.

Web project management


RBKC has been running a project to refresh the web and make improvements – ready to transfer to a new content management system. LBHF has also instigated a move to refresh its website, although this is less advanced than the RBKC project. The Bi-borough customer access programme provides an opportunity for a shared project manager resource to continue with RBKC's project and to scope and oversee H&F requirements. RBKC has offered to share its project manager which makes sense and will help maintain consistency and collaboration.

Opportunities for secondments, internships and work placements will be sought first before considering going out to the market to fill these requirements.

APPENDIX B: HOW THESE RESOURCES WILL BE DEPLOYED OVER 24 MONTH PERIOD

Resource	To do/Output	Customer and Service Benefits	Council-Wide Benefits
Business analyst (1 FTE)	To provide the customer insight/intelligence to inform service redesign, identify failure demand and ways to reduce it; estimate the channel shift capacity in services.	<p>Customers – opportunity to help redesign services; more joined up services</p> <p>Services – comprehensive customer and service performance intelligence with which to inform service delivery improvements/redesign</p>	<ul style="list-style-type: none"> - Reduced running costs/better value for the Council tax payer - Retained/increase in customer satisfaction - Digitally enabled and skilled staff
Project Manager (1 FTE)	To develop and implement projects to grow the digital first agenda and channel shift possibilities – including developing online services; service redesign; support digital inclusion; ensure change management activity.	<p>Customers - increased ability to transact with the Council 24/7 through digital channels; simpler processes to follow</p> <p>Services – capabilities that if deployed correctly and supported by appropriate business change will lead to cost reductions; maintain/improve customer satisfaction</p>	
Programme overall (intern support)	To identify projects and initiatives; to mitigate programme risks; to track benefits and ensure financial and non financial benefits delivered; oversee transition into business as usual	See benefits sections 5.5 and 5.6	

Agenda Item 5

	London Borough of Hammersmith & Fulham CABINET 28 APRIL 2014
PROCUREMENT OF ENERGY CONSERVATION MEASURES FOR COUNCIL BUILDINGS	
Report of the Leader of the Council and of the Cabinet Member for Housing – Councillors Nicholas Botterill and Andrew Johnson	
Open Report	
Classification: For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Nigel Pallace, Executive Director for Transport and Technical Services	
Report Author: Dr. Vassia Paloumbi Carbon Reduction Manager, TTS - Building and Property Management	Contact Details: Tel: 020 8753 3912 E-mail: vassia.paloumbi@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. RE:FIT is a framework agreement that has been let by the Mayor of London on behalf of the public sector within the Greater London area. The RE FIT framework relates to the installation of energy efficient materials and technology into the fabric and the energy equipment and controls of public buildings. This aims to allow authorities to make substantial cost savings, reduce energy bills and maintenance costs as well as lowering the carbon footprint of their buildings.
- 1.2. The West London Alliance (WLA) is working in partnership with a number of boroughs in order to collaboratively run a RE:FIT programme which will aim to achieve an estimated 21% energy savings per annum across the participating boroughs.

2. RECOMMENDATIONS

- 2.1. That approval be given for the Council to participate in a the West London Alliance (WLA) programme to work collaboratively on a “RE-FIT” programme, the aim of which is to enhance energy savings.
- 2.2. That the Council accesses the RE:FIT framework agreement let by the Mayor of London
- 2.3. That the Leader of the Council and the Cabinet Member for Housing (acting on advice from the Director of Building and Property Management) award a contract to an Energy Services Company (via a mini-competition from the Mayor of London’s framework agreement) for installation of energy conversation measures in Council buildings including Council owned hostels.
- 2.4. That authority be delegated to the Director of Building and Property Management to appoint the chosen supplier to carry out the Investment Grade Proposal (IGP) for the buildings in Phase 1 of RE:FIT in order to better assess the potential of suitable energy reduction projects for 2 buildings, the associated costs and the carbon savings, the cost of which is expected at less than £2,500 for each building, and that this revenue expenditure be funded from Housing Services for housing-related properties only.
- 2.5. That a further Cabinet report be prepared in due course seeking approval to proceed with Phase 1 of the programme dependent upon the findings of the IGP.

3. REASONS FOR DECISION

- 3.1. It is common knowledge that UK energy market is a highly volatile futures commodity market. Ever increasing energy demands combined with reliance upon fossil fuel based energy production in the UK mean that energy costs will continue to increase over time.
- 3.2. The annual energy costs for H&F’s offices (excluding housing, schools buildings, street lighting) are estimated at: approx. £200,000 for gas and approx. £700,000 for electricity.
- 3.3. Due to the growing financial pressures, the Council in 2009 approved the Carbon Management plan which focused on energy efficiency and conservation in order to reduce increasing energy costs. Energy efficiency technologies were identified and in some cases installed between 2010- 2013 resulting in cost and energy reductions as well as decreasing the Council’s carbon footprint. The Plan was projected to deliver annual revenue savings of around £75,000 with a cumulative saving of just over £500,000 by March 2016, and a cost avoidance of over £3.5 million which would occur if business continued as usual. A number of projects were however never carried out due to budget

constraints or changing legislation. The Council's carbon management plan is currently in the process of being reviewed with assistance from Carbon Trust.

3.4. The West London Alliance (WLA) is working in partnership with the following London Boroughs for a collaborative approach to RE:FIT (see *Section 4: Introduction and background for more information on RE:FIT*)

- London Borough of Barnet,
- London Borough of Ealing,
- London Borough of Hammersmith and Fulham,
- London Borough of Harrow,
- London Borough of Hounslow,
- Royal Borough of Kensington and Chelsea and
- London borough of Westminster.
- London Borough of Brent are engaged in the process but have no properties in phase 1 (they may opt to be part of future phases)

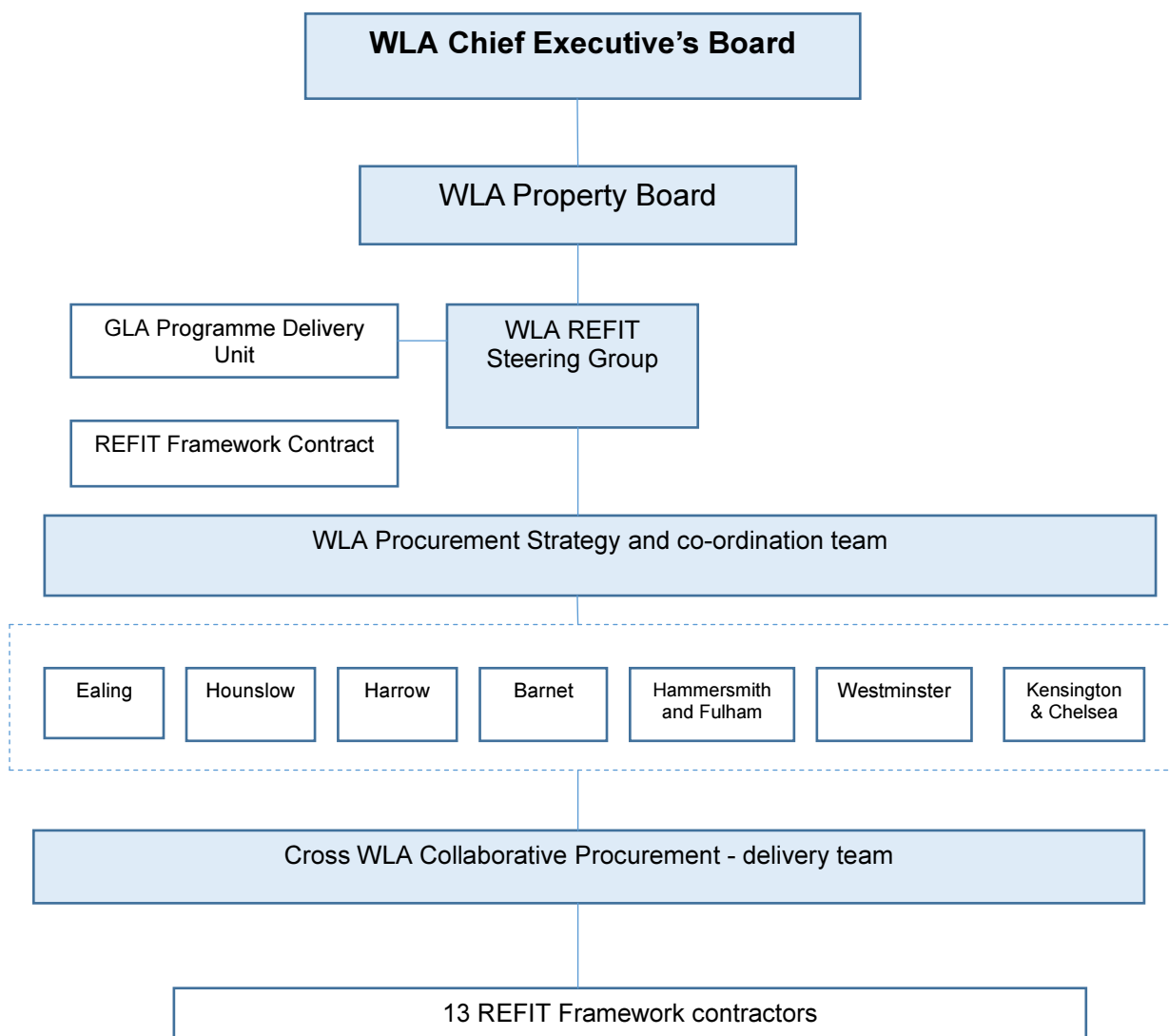
3.5. The benefits of taking a collaborative approach to RE:FIT are:

- Economies of scale will attract keener pricing;
- Continuity of work over a sustained period offered;
- One procurement exercise for a number of boroughs is more cost effective than multiple repetitive procurements and companies will not have to repetitively expend time and cost by continually bidding for work;
- Benchmarking between boroughs becomes more relatable;
- Working through, on a continuous basis, a pipeline of buildings in a systematic fashion will improve the effectiveness and efficiency of the process;
- The WLA can have more way over the successful contractor in terms of quality, delivery, programme, equipment and installation costs;
- Greater influence to ensure that the successful contractor meets our collective aspirations with regard to SME engagement, apprentices and social value.

3.6. The West London Strategic Property Board approved the collaborative RE:FIT programme at their meeting on 10 July 2013. It was also agreed at this meeting that Hounslow would be the lead borough for the purposes of the procurement. The programme was subsequently endorsed by the West London Alliance Chief Executives' Board on the 22 October 2013. (Appendix 1).

3.7. The WLA RE:FIT programme is currently in procurement and it is expected that a preferred Energy Services Company (ESCO) will be selected in May 2014 with building work commencing in June 2014.

3.8. The project organisation structure is shown below:



4. BACKGROUND AND INFORMATION

- 4.1. RE: FIT has been running since 2009 and is aimed at meeting the Mayor of London's overall target of reducing carbon emissions in the capital by 60% from 1990 levels by 2025. Up to date 102 London public sector organisations have participated in RE:FIT. These include 28 of the 33 London Boroughs, 21 NHS Organisations and 53 other organisations, such as central government, museums and education organisations. The RE:FIT programme has so far retrofitted 245 of London's public sector buildings, generating estimated CO₂ savings of 28,000 tonnes per annum from investment of £38m.
- 4.2. RE:FIT has been initiated by the London Mayor who has established a framework agreement for use by public sector organisations to call off from. In addition the programme is supported with an EU funded Programme Delivery Unit (PDU) providing skills, knowledge and resources at no cost to the participating authorities.

- 4.3. The RE:FIT contracting framework agreement has been set up in accordance with the Public Contracts Regulations 2006 (as amended). This framework agreement provides public sector bodies within London with ready access to a panel of (13) Energy Service Companies (ESCOs). These ESCOs are capable of delivering and installing energy efficient technologies, materials and equipment into existing buildings in order to reduce energy consumption and reduce their carbon footprint. The successful ESCO is required to provide a guaranteed business case for achieving a required level of energy and carbon savings depending on the level of investment needed.
- 4.4. The procurement process has already been completed which has resulted in the aforementioned panel of 13 ESCOs. Call-off from the framework must be carried out through a further mini competition exercise.
- 4.5. Utilising the Framework Agreement offers the following benefits:
- Provides a cost neutral ‘spend to save’ solution for public sector bodies
 - Reduces procurement process times and costs by using a pre-selected framework of suppliers
 - Minimises risk - energy savings are guaranteed by the ESCOs over the term
 - Removes the risk associated with borrowing due to the structure of the contract
 - Provides standardised contracts, toolkit and supporting documents
 - Allows access to the latest and most efficient energy saving products and processes from specialist suppliers
 - Provides Value for Money and economies of scale by creating opportunities for buyers to “bundle” work across a portfolio of buildings to maximise the benefits from retro-fitting ECMs
 - Reduces cost of purchasing Carbon Credits by reducing energy consumption and carbon emissions from buildings
 - Offers support from a dedicated Programme Delivery Unit at the GLA
- 4.6. The business case will be secured contractually with the ESCO, which will predicate the investment made and the minimum savings to be achieved by confirming a defined period of investment payback. The payback period will be based on the level of energy cost savings that will accrue from the new installations. Any cash savings overage caused by better than predicted performance of the new efficiency installations or higher than expected inflationary pressure on energy market prices will fall to the benefit of H&F
- 4.7. Retrofitting buildings can result in lower maintenance and operational costs including frequency of replacing equipment and inefficient systems.
- 4.8. Access to this support is at no cost, with the GLA securing Turner & Townsend’s services through funding from the European Commission under the European Local Energy Assistance (ELENA) programme to

support the programme, as the dedicated programme delivery unit (PDU). This support will be crucial to deliver the WLA project, from familiarisation and initial scoping through to specification and procurement close and covers a broad range of measures to reduce CO₂ emissions, including insulation and building fabric improvements, replacement or upgrading of mechanical and electrical services equipment.

- 4.9. It is worth noting that the Council does not currently have a major works programme for energy efficiency across the hostels estate. As hostels are now managed by HRD they are not part of the current contract with Amey Community Ltd for Total Facilities Management energy works which other council offices may qualify for.

5. THE WEST LONDON ALLIANCE (WLA) RE:FIT PROGRAMME

- 5.1 The WLA collaborative approach will be adopting a portfolio approach across multiple boroughs (the participating boroughs) on a year on year basis using a single procurement competition for each phase of the programme.
- 5.1. A carbon reduction scoping study has already been undertaken on behalf of WLA for Barnet, Brent, Ealing, Hammersmith and Fulham, Harrow and Hounslow boroughs. This study identified current activities and opportunities within each borough, one of which is the collaborative approach to energy efficiency and carbon reduction in buildings that the boroughs hold responsibility for. It highlighted the GLA's RE: FIT programme as the most appropriate delivery vehicle for such an approach.
- 5.2. The lead procurement borough (in the first instance Hounslow) will run the RE:FIT mini competition against the established GLA RE:FIT Framework contract for each successive phase. The Legal Protocol and Guidance on Collaborative Protocol will be adopted for this project when required.
- 5.3. An invitation to express an interest will be sent to all 13 ESCOs who are on the Mayor of London's framework agreement. Those ESCOs who express an interest will then have the opportunity to bid for the services and work. The procurement process will involve a mini-competition and those invited will be able carry out site visits to the initial buildings selected by the boroughs prior to them submitting their tender. These will be reviewed and evaluated by a cross borough evaluation team. The selection of one ESCO for all the boroughs will be based on their technical solutions, guaranteed savings, supplier capability and approach, pricing and costs.
- 5.4. Once the preferred ESCO has been selected by the evaluation team, a services contract will be entered into by each borough and this will require the ESCO to carry out an Investment Grade Proposal (IGP) for each building.

- 5.5. Each borough will make their own contracting arrangements with the chosen ESCO. Therefore there is limited legal input required and the boroughs have not been required to sign a legal collaboration letter for this procurement.
- 5.6. The Service Contract will contain a written Guarantee the effect of which will be that if savings are not realised through the solution they offer, then the ESCO will either provide compensation to the borough to make up the difference between the guaranteed savings figure and the actual figure or they will install additional energy conservation measures so that the guaranteed savings are achieved.
- 5.7. Once this IGP is accepted, a standard JCT Design and Build Contract will be entered into by individual boroughs and the ESCO to cover the delivery of the works.
- 5.8. There are a number of options available for funding the REFIT work, namely
- Self-funding - from reserves
 - Using capital projects funding
 - Commercial loans - banks or via the ESCOs
 - SALIX interest free funding -
 - London Green Fund - Amber Investments

To date most authorities have funded their investment from either their own reserves. All boroughs in the WLA collaborative projects are currently exploring options for funding. Following the IGP for buildings in Phase1, a cabinet report will be prepared which will include the actual capital cost required, the guaranteed savings and the preferred option for funding.

- 5.9. A preliminary project plan to this programme is included below:

Key Milestone	Provisional Dates
Procurement programme	
ITT available on portal	27 November 2013 COMPLETED
Initial site visits period	9-13 December 2013 COMPLETED
Site visit period for further site visits	6-10 January 2014 COMPLETED
Tenderer clarification deadline	21 January 2014 COMPLETED
Deadline for tender submission	3 February 2014 COMPLETED
Evaluation of tenders including clarification period completed	21 February 2014 COMPLETED
Interviews with Tenderers	25 February 2014 COMPLETED
Service Contract awarded	March 2014 COMPLETED

Key Milestone	Provisional Dates
Phase 1 Buildings	
Investment Grade Proposals completed	Between March and May 2014 IN PROGRESS
Investment Grade Proposals approved by Authorities	To be confirmed

6. PROPOSAL AND ISSUES

- 6.1. A range of corporate buildings and premises have been considered for this initiative and the selection of the most appropriate mix for those retained building to be put into the programme, and the phasing of that, will be critical to ensure that the maximum cash and carbon benefit can be derived as quickly as possible, whilst ensuring that the whole portfolio of retained properties is still attractive to ESCO to bid for and they can be refurbished at affordable prices.
- 6.2. The following H&F buildings have been identified and proposed to be included for the collaborative WLA programme which will be phased out over at least 3 years:
- Hammersmith Town Hall
 - Bagley's lane (Depot Offices)
- Council owned hostels(all Housing Revenue Account):
- Seagrave
 - 456 Uxbridge Road
 - Castletown Hostel
 - Spring cottage
- 6.3. Buildings have been chosen through discussions between the Carbon Reduction Team, Hostel Management (HRA) and WLA and Programme Delivery Unit, based on their energy consumption, absence of existing works programme and suitability. The list is not exhaustive and it is subject to change as buildings can be taken out or added to it. The actual capital investment required for each phase will be identified at each phase following an Investment Grade Proposal (IGP) for the properties in that phase. The carbon reduction manager leading this project will need to be informed for any plans of asset changes on an ongoing basis.
- 6.4. A desktop study carried out by the PDU, which was based on actual energy consumption figures for all the sites shown above has produced preliminary findings which suggest the associated cost and carbon savings for the WLA programme as well as H&F (for the properties preliminary identified as options):

	Total Energy Savings p.a. (kWh)	Total Savings p.a. (%)	Est. Capital Investment (£)	Max. Payback (yrs)	Est. Cost Saving p.a. (£)	Est. CO ₂ Saving p.a. (tCO ₂)
TOTALS FOR ALL WLA	4,407,000	18%	£2.297M	8.3	£276,800	1625
H&F	844,054	18%	£519,755	9.54	£54,506	374.55

- 6.5. More detailed figures and suggestions of the exact energy interventions for the H&F buildings will arise from the IGP which is estimated at £2-3 k per site.
- 6.6. Savings will be achieved in terms of cash, energy and carbon and are determined by a building's energy usage, building size, type and usage. The estimates are conservative at this stage as evidence from previous tendering exercises indicates that cash savings can be increased by a range of between 4% and 10%.

7. OPTIONS AND ANALYSIS OF OPTIONS

- 7.1. The options for financing the programme are currently being considered by the Carbon Reduction Manager in consultation with the Director of Finance and Resources (HRD), Hostel Improvements Team, Director of Building and Property and WLA. The preferred option is the use of capital project fund.
- 7.2. A more precise financial analysis and the associated costs and carbon savings for Phase 1 following the IGP will form a subsequent report with recommendations for funding and projects.

8. CONSULTATION

- 8.1. A communication programme between TTS and HRD has commenced. A meeting was attended by the Director of Finance and Resources for HRD and Carbon Reduction Manager to discuss the project. A further meeting is planned between Director of Building and Property Services and Executive Director for Housing and Regeneration to discuss this report and the proposed programme.
- 8.2. The project will be presented to HRD DMT where the long term plans of the proposed buildings will be discussed in more details.
- 8.3. HRD have outsourced their maintenance and facilities management obligations to MITIE since November 2013. MITIE have been informed about the programme and will be kept informed as they will also be

looking at improving the energy efficiency of buildings. A programme of work has not yet been decided and there is no specific budget for a carbon/ energy reduction programme.

- 8.4. The Carbon Reduction Manager has also attended Hostel improvement meetings to understand possible barriers and issues with the recent outsourced FM contract for Housing to MITIE and is in communication with hostel management.

9. EQUALITY IMPLICATIONS

- 9.1. A completed Equality Impact Assessment must accompany the report where required. This will be published alongside the report. Any key/relevant equalities issues must be included here, in the body of the report.

10. LEGAL IMPLICATIONS

- 10.1. It is noted that it is proposed to access a framework agreement set up by the Mayor of London. The client should verify that the OJEU notice for the framework agreement permits the Council to access the agreement.
- 10.2. The call-off procedure under the framework agreement is being run by the WLA, led by LB Hounslow, but under the proposed arrangement the Council will enter into direct contractual arrangements with the successful provider.
- 10.3. Implications completed by: Cath Irvine, Senior Solicitor (Contracts) ext. 2774.

11. FINANCIAL AND RESOURCES IMPLICATIONS

- 11.1. The initial survey costs to scope out the REFIT work for phase one of the project requires a revenue cost of up to £5K. This will be funded by Housing and Regeneration for HRD properties.
- 11.2. Hostel related assets listed below will be surveyed and a report drawn up with the recommendations on the energy efficient works required by the REFIT programme. There is no obligation at this point for the Council to award any contract for REFIT works as a consequence of the initial investment in the survey / feasibility. Further analysis of any further investment into the Phase 1 project will take place if that is deemed to be the best course of action. A savings and investment review will be undertaken if necessary on production of the report.
- 11.3. Implications verified/completed by: Jade Cheung, Finance Manager - Capital and telephone number 0208 753 3374).

12. RISK MANAGEMENT

- 12.1. Energy cost increases: By reducing energy consumption, this project will protect Hammersmith & Fulham Council to some extent from increased energy prices.
- 12.2. Timing of works: Installing energy efficiency measures before winter is a key driver, so that the benefit of the measures can be experienced immediately.
- 12.3. Default by selected supplier: The Framework Agreement requires a performance bond of 20% of the cumulative cash value of future savings guaranteed under the agreement, which provides one protection. The suppliers who have been awarded a place on the Framework Agreement have all been scrutinised for financial stability. If the supplier's engagement is terminated due to its own default, the supplier will be liable to pay to the Council the remainder of the total savings guarantee (during the payback period) less the total of any actual savings which the Council has received and less the amount of all costs which the Council would have had to incur in order to receive the benefit of the total savings guarantee had the supplier not committed a breach of the agreement.
- 12.4. Underperforming installations: If at any time any of the energy efficiency measures achieve less than 90% of their stated savings, the Council shall provide a "Warning Notice" to the supplier. If any energy efficiency measures achieve 80% of its stated savings, the Council may instruct the supplier to replace the asset with an equivalent asset which has a utilities consumption in line with the Investment Grade Proposals at the cost of the supplier.
- 12.5. Savings Guarantee: The supplier shall guarantee the anticipated savings as set out in the payback calculation provided that the Council follows the maintenance regime outlined by the contractor in the operation and maintenance manuals.
- 12.7 Implications verified/completed by: Dr. Vassia Paloumbi
Carbon Reduction Manager TTS - Building and Property Management
020 8753 3912

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 13.1. The Council's Carbon Reduction Manager is working with the Corporate Procurement team in relating to this project.
- 13.2. The proposal is to use a framework agreement that has been let by the Mayor of London on behalf of all the London boroughs. There will be a "mini-competition" arising out of this framework and this is being led by the LB Hounslow.

- 13.3. The WLA is proposing to working in partnership across seven boroughs in phase 1 (eight in subsequent phases) in order to drive down prices and obtain better rates from the Energy Service Companies who express an interest in this work.
- 13.4. Implications verified/completed by: Alan Parry, Procurement Consultant (TTS) telephone 020 8753 2581

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

LIST OF APPENDICES:

Appendix 1: Signed Memorandum of Understanding

RE:FIT Memorandum of Understanding

Commitment for participating in RE:FIT

We commit to playing our part in helping London to achieve its target of cutting carbon emissions by 60% by 2025. We will participate in the RE:FIT programme to realise a reduction in energy and carbon consumption in our building portfolio.

In delivering this commitment we will:

- Gain Executive support for RE:FIT participation
- Designate roles and responsibilities
- Begin procurement and legal compliance review
- Consider financing and finance approval
- Identify and notify key stakeholders
- Create statement of programme goals
- Look at potential properties for inclusion in RE:FIT
- Compile Project Brief
- Run mini-competition and select supplier
- Report programme information to the RE:FIT Programme Delivery Unit

Signature of this MoU indicates that the participating organisation intends to use the RE:FIT Framework and Supplier base to contribute to achieving emission reduction targets but can withdraw from the RE:FIT process at any stage from signing this Memorandum of Understanding up to and prior to signing the call off contract with no legal commitment/ contractual agreement or financial liability / costs

Signature *S J Kelly **
Printed Name *STEPHEN KELLY*
Date *6/8/13*
Position *DIRECTOR OF PLANNING L.B. HARBON * FOR WLA*
Contact Number(s)*
Organisation *WLA*


*Direct line and / or mobile

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 <p>h&f the low tax borough</p>	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">28 APRIL 2014</p>
<p>PROCUREMENT OF A HOME CARE SERVICE FOR THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM (H&F); ROYAL BOROUGH OF KENSINGTON AND CHELSEA (RBKC) AND WESTMINSTER CITY COUNCIL (WCC)</p>	
<p>Report of the Cabinet Member for Community Care – Councillor Marcus Ginn</p>	
<p>Open Report</p>	
<p>Classification: For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Liz Bruce Executive Director Tri-borough Adult Social Care</p>	
<p>Report Author: Martin Waddington, Tri Borough Director ASC Procurement, Commissioning, Business Intelligence and Workforce</p>	<p>Contact Details: Tel: 020 8753 6235 E-mail: Martin.Waddington@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the proposal for new home care services for people who meet Adult Social Care (ASC) eligibility criteria in Hammersmith and Fulham (H&F), Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC). It outlines the work with the Clinical Commissioning Groups to develop and deliver joined up services and requests permission to tender for the home care service. A further report will be presented to award contracts after the procurement process is completed.
- 1.2. The proposal represents a significant investment of £1.8m in a vital front-line service but this can be achieved with no net increase in local authority funding. There has been a reduction in the number of people in residential care of 8.9% since April 2011. The budget pressures caused by the increased activity in home care that have supported this reduction will be met through an ongoing virement of between £403,000 and £688,000 per annum from the budget for residential care. The remaining budget

pressures of £1.4m caused by providing a better quality service will be mitigated by new ways of working in the planning, delivery and reviewing of home care and through the receipt of a contribution from the CCG towards the cost of the service.

- 1.3. The new service will be one that promotes and delivers more of a reablement approach, and actively reduces the number of people admitted to hospital or to residential care, thus supporting the Council and CCG strategies of increasing the number of people supported in their own homes and reducing hospital admissions.
- 1.4. All three boroughs have contract arrangements in place that can be terminated with three months notice and this allows the opportunity to procure an improved and more streamlined service across the Tri-borough. Hammersmith and Fulham (H&F) will be the lead procurement authority for the proposed tendering arrangements by Adult Social Care.
- 1.5. A financial model has been developed that allows for comparison of the budgets associated with various service delivery options with the existing budgets for home care. This enabled the Cabinet Members for each borough to consider various levels of quality and costs and based on these discussions, the jointly preferred option is one that combines:
 - A mixed skills workforce
 - Inclusion of an element of travel time in the unit price
 - A reablement approach to delivering home care
 - The use of electronic monitoring to record care delivery
- 1.6. Current activity and future projections show that home care services need to be able to support more people who have increasingly complex care needs. This requires greater integration with local health services, more of a focus on supporting the whole person and the making of links with the wider community, and in some cases workers who can undertake a mix of health and social care tasks.
- 1.7. There are risks associated with the move to this new model, but there are greater risks associated with continuing with the existing model. The model is based on a whole system change. It puts more emphasis on the person using the service as a customer and requires provider, Council and NHS staff, to adjust their practice and systems in such a way that people receive the right type and amount of support at the right time, rather than being required to fit in with services.
- 1.8. For example, the new system will be based on more regular reviews of whether agreed outcomes are being met. The reviews will be based on the views of the person using the service and conducted jointly by health and social care staff and involving the home care organisation
- 1.9. There is clear evidence from research into a number of schemes across the country, that people who receive reablement services require less

home care after the reablement period and continue to be more independent for longer. Exact figures vary but research examples are:

- 38% of people having ongoing use of home care at three months after the reablement period, compared to 95% of people when no reablement was provided
- More than 80% of people requiring no home care up to two years after the reablement period.

1.10 The proposed Tri-Borough model of home care has taken elements from the reablement service and the wider notions of self-reliance and community connection to ensure that any future system helps people do as much as possible for themselves. This would be through the combined effects of maintaining or improving mental or physical well-being, supporting people to make more use of community facilities and linking people to other sources of community support, for example those services provided by local community and voluntary sector services.

1.12 H&F have already embarked on a system wide change which has been strengthened as a result of joint working with the CCG. This has had positive impacts for people who use services as there are now fewer people using residential care and more people with more complex needs leaving hospital earlier. As a result there is increasing pressure on the home care budget and on the skills of the home care workforce. If the Council continues to provide home care in the traditional manner the CCG would be unlikely to invest in the services and the positive impacts of the reablement period will be undone by a system that creates dependency.

1.13 Alongside the procurement there will be a comprehensive workforce development plan that is being coordinated through the arrangements for implementation of the Better Care Fund projects. This includes a number of key enablers, for example the integration of both commissioning and the operational service pathways.

2. RECOMMENDATIONS

H&F

2.1. That approval be given to the proposal to begin the procurement for this service, in line with the procurement process outlined in Section 12.

RBKC

2.2. That Gate 1 (Adult Social Care Contracts and Commissioning Board) agrees the strategic direction of travel for this proposed service provision, including the financial model and risk areas involved, and notes the proposals in 4.5 for delivering home care services until such time as new contracts are awarded.

- 2.4 That the Cabinet Member agrees the proposal to begin the procurement for this service, in line with the procurement process outlined in Section 12.

WCC

- 2.5 That Gate 1 (Adult Social Care Contracts and Commissioning Board) recommends that the Tri-Borough Director agrees the strategic direction of travel for this proposed service provision, including the financial model and risk areas involved and notes the proposals in 4.5 for delivering home care services until such time as new contracts are awarded.

3. REASONS FOR DECISION

- 3.1. The current arrangements for the delivery of home care services will not support the Council's strategies for the delivery of efficient and effective services in the future. The Tri-borough arrangement for ASC provides an opportunity to procure a better quality home care service, based on consultation, good practice and financial modelling.
- 3.2. The proposed single procurement process will enable new standard specifications and contracts to be issued across the three boroughs, streamlining procurement, contract monitoring, electronic monitoring, and financial processes.
- 3.3. The new service will enable us to meet the strategic objective of supporting more people to live as independently as possible at home and the CCG Out of Hospital Strategy. Because of the greater focus on a skilled workforce and a reablement approach and by showing how the home care service can support the CCG Out of Hospital Strategy, the CCG have agreed to contribute financially to the budget and discussions continue about the model of future investment.

4. INTRODUCTION AND BACKGROUND

Current situation

- 4.1 Care at home is a key service to enable people who need care and support to remain living as independently as possible in their own homes. The current services are commissioned differently across the Tri-borough, but all services report common complaints and concerns. It is a priority at both local and national levels to improve service delivery.
- 4.2 The table below sets out a picture of the approximate numbers of people using home care across the Tri-borough.

	H&F	RBKC	WCC
Current approximate annual budget	£6,471,000	£4,501,000	£10,079,590
Home care users (average numbers)	1046	871	1149
Number of hours per year	549,448 p.a	416,000 p.a	877,000 p.a
FACS criteria	Moderate+ above	Moderate + above	Substantial + above
Number of providers used	25 on Framework – 5 Providers are mainly used 17 additional providers are used on a spot purchase basis.	2 contracted Providers 17 additional providers are used on a spot purchase basis.	5 Framework providers, 15 additional providers are used on a spot purchase basis (3 of whom are subject to formal contract monitoring).
Estimated percentage increase in people over 65 with a limiting life long illness in 2020	8%	20%	14.8%
Percentage increase in people with dementia in 2020	7%	20%	14%

- 4.3 Each borough has different contract arrangements for the delivery of home care. The contracts in RBKC have been extended to October 2015 but interim arrangements are being developed in H&F and WCC due to the expiry of the framework agreements they were using. The contract provision in each borough represents part of the total spend on home care. In the Tri-Borough area there are over 1200 people receiving a Direct Payment, many of whom then commission care directly from the home care provider of their choice or directly employ a Personal Assistant.
- 4.4 The upcoming Care Bill will require Councils to provide Personal Budgets to everyone who uses adult social care services and will emphasise the importance of supporting more people to use Direct Payments. Over the life of the new contracts there will be a range of initiatives to develop a better system for Direct Payments. The increasing popularity of Direct Payments will ensure there is a healthy market of home care providers for people to choose from and enable smaller organisations to continue providing services. This will allow people a choice of providers to use should they not wish the Council to commission a service on their behalf.
- 4.5 In H&F, home care provision is delivered as part of the West London Alliance (WLA) contract which ends on 30 September 2014. When the Tri-Borough arrangement was agreed H&F decided not to continue as a paying member of the WLA and discussions are continuing on the preferred model of contract to use until the new contracts can be awarded. If there is to be an extension to the Framework or if a spot

purchase arrangement is made at the time, any necessary reports will be done separately.

- 4.6 In WCC, there are five providers on a home care Framework awarded in January 2010 and further extended in May 2012. The Framework agreement ended in February 2014. In an effort to reduce costs and rationalise care provision due to capacity issues on the Framework, services are also spot purchased and work is currently ongoing to streamline this provision. A proposal has been developed for Cabinet Member approval to extend existing contracts in WCC until February 2016 to enable a managed transition to the new contracts.
- 4.7 In RBKC, contracts were awarded to two home care providers on 27th October 2008 and these have been extended until October 2015 with break clauses.
- 4.8 RBKC has an electronic monitoring system that tracks care worker visits and that can be viewed by ASC staff. This allows payment to be made based on the actual level of service delivered rather than the level of service ordered, thus enabling savings to be achieved by only paying for care that has been delivered. Although it cannot measure the quality of the service being delivered, it does provide information on who has delivered the care. It also acts as a backup to confirm whether visits have been undertaken on time or at all, so safeguarding users. H&F and WCC wish to work with RBKC to procure a new electronic monitoring system for the new service to enable similar efficiencies to be achieved in these boroughs. This will be subject to a separate procurement.

Why the system of home care needs to change

- 4.9 There is a national and local consensus that the current system of home care is not fit for purpose and cannot meet the increasing levels and complexity of need. The population of people that are being supported to live at home now have a range of complex needs and this population is increasing, for example those living with a diagnosis of dementia, people with long term conditions including increasing health needs and people with challenging behaviour.
- 4.10 The CCG investment in the H&F Community Independence Service has seen activity levels rise, with just under 1000 referrals in 2013. This has helped increase the discharge of people from hospital and is considered a best practice model. As a result of the increasing complexity of need, nearly 18% of people require more than the standard six week period of reablement, with the associated pressure on home care budgets. The current system fails to capitalise on the health and well-being gains during the reablement period by providing a service that supports people by doing tasks for them.
- 4.11 There are also more people being supported to continue living at home because of the success of Rapid Response Nursing to prevent hospital admissions and in reach into hospitals to speed up discharge.

- 4.12 While the current provision of home care differs, levels of dissatisfaction are perceived as similar across the Tri-borough according to reports undertaken by user focused groups.
- 4.13 As part of a co-production approach, people who use services gave clear messages on what they expect from a home care service and these have formed the basis for the development of the new model. People said they wanted:
- :
- To direct their own care
 - To have a consistent care worker
 - To be treated with dignity and respect
 - To have a streamlined approach to their care
 - Improved conditions for care workers
 - To be connected with the wider community.
- 4.14 This information was used to conduct further consultation and discussions with providers. There was also a review of best practice examples, legal advice on options and discussions with assessment and care management staff.
- 4.15 Healthwatch have managed a Tri-borough home care subgroup throughout this work and they made sure people who use services and family carers attended the consultation and were heard. Healthwatch continue to support people to be involved in commenting on the specification for the service and in helping develop questions that will be used as part of the tender award process.
- 4.16 In conjunction with this work, a financial model was developed which looked at options for providing different levels of care provision and different levels of care worker remuneration. This allowed the development of a number of scenarios and ensured that Cabinet Members could make informed decisions about issues of cost and quality.
- 4.17 The three borough ASC Cabinet Members have already agreed that this will be managed as a Tri-borough project and have approved the main elements of the service proposal in principle.

5. PROPOSAL AND ISSUES

Service proposal

- 5.1 The service to be procured is one which is based on:
- Achieving outcomes for people using services, moving away from ‘time and task’ focused provision
 - Providers working more directly with people using services to agree the details of their care and how the outcomes will be achieved
 - Ensuring dignity and compassion are core values in the service
 - A more consistent service provision

- A reablement approach as part of care provision with people being enabled to do as much for themselves as possible.
- A measured integration of health and social care tasks over the life of the contract
- People being helped to feel a part of their local community.

5.2 Care Managers and people who need a service will agree a support plan which will be based on the outcomes that need to be met and the four weekly budget needed to achieve this. There will be a workforce development plan for health care assistants and District Nurses to support their involvement in this system. Referral information will be sent to Providers through a Brokerage Team, as detailed at 5.18.

5.3 Providers will agree with the person using the service how their outcomes will be achieved, i.e. what they will do and when they will visit, it will not be specified by the Council. If the person doesn't have mental capacity, this will be agreed with their carer or advocate on their behalf.

5.4 The boroughs will be divided into nine 'patches' (geographical areas) based on an approximate number of care hours delivered in that patch. H&F will have three patches, RBKC two patches and WCC four patches, a total of nine patches in all. Each patch will equate to a contract and thus all nine contracts will each be of approximate equal financial value. The concept of organising home care into patches is based on best practice models. The benefits are:

- Providers can schedule their work in a defined area and ensure home care workers do not have unreasonable travel time between visits.
- There can be more emphasis on people being recruited from the local community.
- Providers get to know the local community and voluntary sector services in their patch so that they can assist people to make the most of what is available in their area.
- Referral agencies across health and social care will be clear who the provider is for each area.
- There will be stronger relationships to help improve services as there will be fewer contracted providers.
- More consistent application of the safeguarding policy.

5.5 Providers can bid for and be awarded a maximum of two patches across the Tri-borough, but these must not be in the same borough. There will be one Provider per patch who will be awarded all the home care work commissioned by ASC in their patch. Providers will have to accept 100% of referrals in their patch.

Moving to an integrated model

Purpose

5.6 The effect of the CCG Out Of Hospital Strategies and the Council's reduced use of residential care, is that homecare providers will be caring

for more people with complex health and social care needs. People are also likely to be receiving multiple health services, for example from district nursing, GPs and other health professionals. There will be a much more joined up approach, where a team of health and social care professionals care for an individual holistically, rather than many separate professionals attending to the different needs of one individual.

5.7 The potential benefits of this are:

- A better patient experience where people only tell their story once.
- Better outcomes for the individual through a collaborative approach between professionals who share knowledge and problem solve together.
- A more responsive service where the whole team of professionals are aware of the changing needs of the individual, and can respond with the most appropriate care.
- Efficiencies through reducing the total number of visits and ensuring tasks are allocated to the most appropriately skilled staff.

5.8 Homecare will be an integral part of delivering this vision for people who receive both health and social care. It is therefore important that we consider what opportunities there are in this procurement to move towards this vision.

5.9 In order to fully maximise the potential of the new service, Public Health have been involved in looking at the health and well-being opportunities and will continue to be involved in shaping the specification, the tender evaluation process and performance monitoring.

Process

5.10 ASC Cabinet Members and the CCG Chairs decided that Tri-borough and the CCGs should work together to explore opportunities for the wider system changes needed to support an improved system and the specific requirement of adding a hybrid component to the homecare tender. In practice this would mean that homecare workers would be trained to deliver basic health tasks. Potentially including:

Oral Medication Prompting	Catheter Care
Ear Drops Administration	Stoma Care
Eye drops Administration	Compression hosiery
Applying Creams	Mouth Care
Simple Dressings	Equipment support
Dementia Support	Inhaler Technique Support
Pressure Relief/Care	Nutritional Support

5.11 These are tasks that are predominantly carried out by the district nursing services at the moment. The CCGs are working to gather data on the volume of the tasks that are carried out and could be delegated to non-qualified staff.

5.12 This could also mean that homecare workers have a much greater role in liaising with other health professionals around an individual's care and

changing needs. The CCGs aim to have a clearer specification and activity data by the end of March 2014. There are a number of other issues that would need resolving, for example, clinical governance arrangements, managing and altering care plans, charging and invoicing.

Options

5.13 In terms of the involvement of the CCG in the procurement, the options are:

- A fully specified service, including the hybrid aspect, with an estimate of service volume and clear governance arrangements.
- A basic specified service, with the stated intention to negotiate with the successful provider for the provision of health tasks to be specified at a later date.

5.14 More detail on these options is presented in Appendix B and a report will be prepared for the joint leadership at the end of March for a decision on the way forward.

Electronic monitoring

5.15 An electronic monitoring system based around the one currently provided by RBKC will be used for the new contract. The contract variations and new procurement that will be needed to include H&F and WCC are currently being confirmed. This system will be the subject of a separate procurement process.

5.16 The system will ensure people who use services and their families, and Tri-borough contract monitoring and finance staff, have information on when care workers have visited, overall monthly hours and consistency of care worker.

5.17 The electronic monitoring system will allow electronic invoicing to be giving accurate billing and automated payments, a key efficiency saving for the service.

5.18 A central Brokerage team across the Tri-borough will be developed from within existing resources to manage referrals, maintenance of services, monitoring of quality and payment of invoices. This will be based on learning from the RBKC e-monitoring team and a business case and separate proposal are being developed.

Assessing and monitoring for outcomes

5.19 The main difference with the current arrangements for home care delivery will be the move to a system-wide focus on the outcomes that have been achieved as a result of the support delivered, rather than the current focus simply on activity levels.

- 5.20 Assessment staff will agree the identified needs and the agreed outcomes in such a way that the future monitoring arrangements can demonstrate whether the outcomes have been achieved.
- 5.21 There will be more regular reviews of individuals, jointly undertaken with health where needed, and these will be targeted to ensure that every opportunity is taken to control cost pressures, avoid crisis trigger points and to look for evidence of improvements. As people become more confident and more connected to community and voluntary sector services the level of care needed will decrease, or increase more slowly.
- 5.22 Contract monitoring will be tailored to the new model with key performance indicators reflecting the main priorities, for example continuity of care worker, people report being treated with dignity and compassion.

Social Value

- 5.23 The new model will require home care providers to develop greater links with the local community and voluntary sector organisations in order to help connect customers to those organisations that will assist in decreasing isolation and improving health and wellbeing.
- 5.24 There will also be an emphasis on encouraging local employment wherever possible, both to improve chances for local people and also to improve local knowledge. It will also assist with reducing travel time, a key challenge for home care providers.
- 5.25 Best practice is not to specify exactly what social value is required but to make it clear that the evaluation of quality aspects of the bid will include reference to this area.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 There is an option to continue with a time and task approach and to procure new services based solely on the lowest unit price per hour. With this model there would be no incentive for home care providers to encourage independence and the Council's would face increasing budget pressures as more people with more complex needs are supported to continue living in their own homes. This model also offers limited opportunities for integration with health services or for the delivery of health tasks. For reasons of quality of service, whole system integration, customer satisfaction and budgetary control this option is not recommended.
- 6.2 To take account of the feedback from customers, organisations that deliver home care and the NHS, various models have been assessed in the development of this new service. These have both cost and service implications and have been presented to Cabinet members, jointly and separately to enable decisions to be made.

- 6.3 These options have included consideration of various rates of pay, allowance for travel time and the use of a mixed-skills workforce to provide more complex support.
- 6.4 The recommended option informally agreed by all ASC Cabinet Members was to offer the new service using a mixed skills workforce and including an element of travel time. This would be supported by scoring of elements of the unit price in the tender submissions, including the rates of pay of staff.

7. CONSULTATION

- 7.1 At the start of the proposal to retender services for home care, a series of consultation events to find out people's views on how a good and compassionate home care service can be achieved. Four events were held in the summer of 2012, attended by 184 people, 17% of whom were people using services and carers of those using services.
- 7.2 A consultation report was produced by Frameworks 4 Change, an independent provider who facilitated the consultation events on behalf of the Tri-borough. Please see Report Appendix C.
- 7.3 People felt that the key features of any new service would be:
- Consistency of care worker.
 - A service which looks more widely at people's lives including outcomes for them.
 - A more streamlined assessment process.
 - Integrated care provision.
 - Support for people to lead good lives.
- 7.4 Discussions with existing providers and a soft market testing exercise broadly supported the direction of travel and the key elements of the new service model.
- 7.5 There has been feedback from care management staff throughout this process and they will continue to be involved in the development of the whole systems changes and in the procurement process.
- 7.6 There have been ongoing meetings with the Tri-borough Healthwatch home care group to ensure the voice of people using services and their carers is heard and incorporated in developing the model.
- 7.7 The main issues raised by Healthwatch include:
- People being treated with dignity
 - Consistency of care worker
 - Pay for workers
 - Timekeeping/travel
 - A more streamlined assessment process
 - Helping people link with their local community

- 7.8 Each Council Scrutiny Committee has also heard details of the problems associated with the current arrangements and there is broad support for plans to improve the quality of care at home.
- 7.9 In addition to the soft market testing, a provider information event was held on 17 February 2014. Representatives of over 100 provider organisations attended to hear details of the proposed model and procurement process. Although the contracts for each patch are over 3000 hours per week, it was made clear that consortium or sub-contract arrangements would be welcomed. As each contract includes a range of services previously considered as specialist, there should be opportunities for small and medium sized organisations to be involved in delivering services.
- 7.10 ASC Cabinet Members of each Council are also keen to ensure that the procurement process is sufficiently detailed to ensure scoring of submitted tenders takes account of the pay and other terms and conditions of the work force delivering these services and this has been reflected in the financial modelling presented to them.

8. EQUALITY IMPLICATIONS

- 8.1 Please see attached Equalities Impact Assessment Appendix E
- 8.2 There are no negative equality impacts as a result of this proposal. The Equality Impact Assessment will be updated with detail from the successful organisations and included in the report to award contracts.

9. LEGAL IMPLICATIONS

- 9.1. Bi-borough legal services has been advising the client department to date and will continue to do so throughout the procurement process.
- 9.2. Implications verified/completed by: Catherine Irvine, Senior Solicitor (Contracts) 020 8753 2774.
- 9.3. Westminster City Council - There are no particular legal implications arising from this report.
Rhian Davies, Corporate Lawyer, Westminster City Council
020 7641 2729

10. FINANCIAL AND RESOURCES IMPLICATIONS

Comments of Executive Director of Finance and Corporate Governance

- 10.1 This report seeks approval to commence the procurement of a Tri borough home care service.

- 10.2 The financial model has been developed to demonstrate the approximate anticipated spend within different scenarios. Cabinet Members have agreed to follow the model which proposes a mixed skills workforce with an element included for travel time.
- 10.3 In each borough the impact of the proposed model is different, based on differences in the current unit costs, different impacts of population change and different impacts of the new arrangement for electronic monitoring. The proposed financial impact for Hammersmith & Fulham ASC is outlined in detail in appendix A.
- 10.4 The Hammersmith & Fulham 2014/15 home care budget is £6,471,000. Based on this model, the net annual effect for H&F would be a projected budget pressure of £395,000. This has to be seen against the reduction in the use of residential care, the savings in this budget area and the virement of funds of £400,000 from residential placement budget to support the increased activity in home care. The remaining pressure will be managed within existing Adult Social Care budgets and through a contribution from the CCG, so will not adversely affect the existing MTFS plan.
- 10.5 The full financial modelling implications of the procurement of the new service will be detailed in the contract award report, when prices from prospective providers are known.
- 10.6 The current home care contracts are due to expire on 30 September 2014. Discussions are ongoing with the WLA regarding the implications of the contracts ending and the possibility of moving to spot purchasing for home care as detailed in sections 4.3 and 4.5 of this report. A separate Cabinet report will detail the financial implications of the interim arrangements.

11. RISK MANAGEMENT

- 11.1. Risks can be broadly categorised as those associated with
- The interim operational arrangements.
 - The procurement process
 - The viability of the proposed service model.
 - Budget.
 - The delivery of joint health and social care tasks.
- 11.2. The risks associated with negotiating extensions to the current framework contracts used by H&F and WCC are less than those associated with moving to spot purchase arrangements. There is a risk to commencing the procurement associated with agreeing the new model. However the procurement timetable itself is considered to be realistic and there will be a clear project plan and allocation of staff resources to ensure the timetable is adhered to.

- 11.3. The ASC department is responsible for ongoing risk identification and mitigation of risks (risk management), such as they may arise, that are associated with the procurement. Should any significant risks materialise they must be communicated across the three councils and inform an Adult Social Care Department level Risk Register. A project register has been completed and is kept under review that follows the Tri-borough risk management approach.
- 11.4. The PQQ will examine prospective tenderers in areas of organisational structure, financial standing, experience of delivering a quality service, insurance cover, health and safety and quality assurance procedures, contractual matters and technical and professional ability. PQQ's will be evaluated by the Tender Appraisal Panel (TAP). The Tender Appraisal Panel will therefore have a central role in ensuring that prospective service providers are sufficiently robust with their internal risk management arrangements.
- 11.5. The proposal to proceed with a Tri-borough procurement through the new E-procurement system contributes positively to the Strategic Bi-borough Risk Register entry number 1, Managing Budgets
- 11.6. The model represents a change from current practice and requires a number of different elements of a complex system to change, including Council staff and systems. A project plan has been established to manage these changes and their interactions along with a stakeholder engagement and communication plan.
- 11.7. The financial model has highlighted a potential budget pressure in H&F. Work will continue on the financial modelling of the new service and this will be developed in the context of the proposed application for the Better Care Fund. As the Out of Hospital strategy delivers more change, the demand for home care will change. More detailed financial modelling will be included in the report required to approve the award of contracts.
- 11.8. There could be a potential risk of a variation to price (hourly rate) if information is received later regarding any TUPE information that may affect terms and conditions. This may be the case if care workers previously employed internally have been outsourced on local authority terms and conditions which would still apply with a further TUPE transfer.
- 11.9. A further potential risk of variation to price will arise if there is a decision to include the delivery of health tasks within this specification. There may be TUPE implications in respect of the existing community health provider organisation. Any risk identified would be the responsibility of the appropriate CCG.
- 11.10. There is a risk that in aiming to achieve a fully integrated health and social care service, there is insufficient regard for the complexity involved and the project timetables are compromised. There is an initial agreement to allow a fixed period of time to evaluate a range of health data, after which

a decision will be made on future involvement of specific health tasks in the procurement.

Business Continuity

- 11.11 Resilience in providing Home Care Provision is essential as an interruption to the service could have far reaching consequences. Resilience is best achieved by looking at viable options to remove any risk associated with the provider, plus having robust and workable strategies that are able to continue the service offered.
- 11.12 While providers should have their own business continuity plans, council officers need to be aware that the total loss of the provider would make their response null and void.
- 11.13 The Care Bill will make reference to Council's having greater responsibility for predicting and managing any consequences of provider failure. For example this could include regular reviews of an organisations financial standing. The detailed guidance to support the Bill has not yet been issued. A Resilience strategy will be developed as part of the project group work. This will involve a range of stakeholders, including commissioning officers, contracts officers, care management as well as external providers such as CQC and other local providers.
- 11.14 The Resilience strategy will be referenced in the award report.
- 11.15 Comments provided by Ian Cairns, Bi-borough Business Continuity Manager MSc, Emergency Planning and Disaster Management MBCI and lead auditor BS25999 and ISO22301.

12. PROCUREMENT STRATEGY IMPLICATIONS

- 12.1. It is proposed to let nine roughly equivalent Home Care Contracts based on nine geographical patches, three in Hammersmith and Fulham, two in Kensington and Chelsea and in Westminster. Contracts of this size will generate a lot of interest from the market and enable successful providers to achieve economies of scale without being overly large and resulting in providers regularly experiencing difficulties in meeting service delivery requirements.
- 12.2. Guidance will be issued with the Pre Qualification Questionnaire to ensure organisations are aware that consortium and sub-contract arrangements are welcomed. This will offer opportunities for smaller organisations to be involved and ensure contracted organisations are able to accept all referrals.
- 12.3. The procurement will be led by H&F and will use the restricted tender process. It will be conducted in accordance with the Public Contracts Regulations 2006 (as amended) and H&F's Contract Standing Orders.

The procurement process will be conducted electronically using the Bravo Solution 'capitalSourcing' portal.

- 12.4. An advertisement will be placed on each of the Tri-borough's websites inviting Expressions of Interest. As Home Care is a Part B service there is no requirement to place a notice advertising the opportunity in the Official Journal of the European Union (OJEU). Prospective tenderers will be required to complete and submit a Pre Qualification Questionnaire (PQQ). The PQQ will examine prospective tenderers in areas of organisational structure, financial standing, experience of delivering a quality service, insurance cover, health and safety and quality assurance procedures, contractual matters and technical and professional ability. PQQ's will be evaluated by the Tender Appraisal Panel (TAP).
- 12.5. Prospective tenderers will be required to indicate which of the nine contracts their PQQ relates to and rank these in order of preference from one to nine. Prospective tenderers can submit a PQQ for any number of the nine contracts but will only be shortlisted to proceed to Invitation to Tender (ITT) stage for a maximum of two contracts, which will not be within the same borough. They will be asked to indicate whether they wish to apply for one or two contracts. It is anticipated that in order to maximise their tendering opportunities the majority of tenderers will express an interest in tendering for all nine contracts at PQQ stage.
- 12.6. Five tenderers will be shortlisted to proceed to ITT stage for each contract. This will result in a minimum of 23 and a maximum of 45 tenderers proceeding to ITT stage. All prospective tenderers who pass all parts of the PQQ will be ranked in order of their overall marks. The tenderer ranked highest will proceed to ITT for their first two choices, on the basis that these are not in the same borough. If they are in the same borough the tenderer will proceed to ITT for their first choice contract and for their subsequent first choice of contract in a different borough. This process will continue until five tenderers have been shortlisted to proceed to ITT for all nine contracts. This could result in a tenderer who expresses an interest in less than all nine contracts not proceeding to ITT for any contracts while a tenderer with a lower score but who expresses an interest in a different combination of the nine contracts could proceed to ITT for two contracts.
- 12.7. This procedure has been discussed and agreed in the project group and with legal representation and is considered to be the best way to achieve the procurement aims.
- 12.8. Returned tenders will be evaluated by the TAP on a Price: Quality ratio of 50:50. The evaluation of quality will be based on the written responses of tenderers to questions related to the delivery of the Service Specification, including those questions developed with Healthwatch.
- 12.9. The award of the contracts will be made by the boroughs which they relate to and will be undertaken in accordance with each borough's own

officer and member governance requirements. Each contract will have a term of seven years with a break clause after five years.

- 12.10. Following the award of contracts there will be a 3-6 month mobilisation phase during which time a Contract Implementation Group (CIG) will work with both the outgoing and incoming providers to ensure a smooth transition to the new service arrangements. This will include the transfer of both Service Users and those staff who have rights under the Transfer of Undertaking (Protection of Employment) (“TUPE”) Regulations 2006.
- 12.11. If people want to continue using their existing care provider rather than moving to the newly contracted care provider they can be supported to take a Direct Payment and to purchase their care directly.
- 12.12. The CIG will continue to work closely with the incoming providers for the first six months of each contract. The client side management of the contract will then be undertaken by the Tri Borough Adult Social Care Procurement and Contract Monitoring Team.

Staffing Implications and Consultation:

- 12.13 These services are currently provided by external provider organisations. The process will be subject to the Transfer of Undertakings (TUPE) of external to external Providers. Information on this will be collected as part of the procurement process in the normal way.
- 12.14 The issue of TUPE is complex, especially if each of the nine contracts has a phased implementation date or phased start date. The Council cannot control the date of the TUPE transfers. They occur when the transfer of undertaking is deemed to have taken place. The issue will be addressed at the time it is determined whether each contract has a phased start date.
- 12.15 There are implications for Council staff in establishing a central brokerage and electronic monitoring team and this will be the subject of a separate decision report after a full consultation with staff affected.
- 12.16 Bi-borough and WCC HR will be consulted as appropriate and as needed.
- 12.17 The proposed procurement timetable is expected to be as follows

Action	Timescale
Governance process starts	March 2014
Procurement process starts -Pre Qualification Questionnaire	April 2014
Return of Tenders	September 2014
Contract Award	November 2014
Implementation	December 2014 – April 2015

Supplier Relationship Management and Monitoring

- 12.18 The contracts will be monitored by the ASC Contracts monitoring team. Data will be requested on a monthly basis and the contract will be monitored on a quarterly basis.
- 12.19 As this is a new service model, there will be ongoing work with all providers, singly and as a group, to look at how the service model is developing; the involvement of people using the service in monitoring performance, potential service development pilots over the life of the contract and to ensure good practice is encouraged. The workforce required to deliver these contracts is different from current contracts and proposals are being developed for a joint approach to workforce development for the first 12 months of the contracts.
- 12.20 There will be more regular contact and feedback with customers at an early stage to evaluate the service and whether it is working. There will be input from Healthwatch who will continue their role of working with people using services to provide feedback into how the service is meeting their needs and outcomes.
- 12.21 Key performance indicators will be set and monitored quarterly to ensure that the service is developing as is expected. There will be supported by basic monthly data collection which will confirm overall service delivery activity.
- 12.22 The contracts will require joint meetings between all providers to share experiences, learning and good practise. This will support a more collaborative approach and provide another mechanism for addressing some of the larger system issues that affect both the quality and outcomes of a home care service.

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

Appendices:

- Appendix A – Finance projection for H&F
- Appendix B – Analysis of procurement options
- Appendix C - Risk Summary
- Appendix D - Frameworks4Change Consultation report
- Appendix E - Equality Impact Assessment (available electronically)

Appendix A – Finance projection for H&F

HAMMERSMITH AND FULHAM		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
		2015/16	2016/17	2017/18	2018/19	2018/20
Projected Commissioned Hours per annum		549,448	554,953	560,595	566,377	572,302
DO NOTHING OPTION WITH DEMOGRAPHICS		£000's	£000's	£000's	£000's	£000's
Current annual budget	£12.51	6,471	6,471	6,471	6,471	6,471
Projected annual spend including demographic impact		6,874	6,942	7,013	7,085	7,159
Difference between planned and actual	-2%	-137	-139	-140	-142	-143
Variance to budget		403	471	542	614	688
NEW HOMECARE MODEL WITH DEMOGRAPHICS		£000's	£000's	£000's	£000's	£000's
Projected annual spend including demographic impact	£15.06	8,275	8,358	8,443	8,530	8,619
Variance to Budget-pre virement		1,804	1,887	1,972	2,059	2,148
Virement from res care		403	471	542	614	688
Pressure due to new contract-post virement		1,401	1,415	1,430	1,444	1,459
Cost Mitigation						
Additional Impact of Non- delivery	-2%	-28	-28	-29	-29	-29
Impact of electronic monitoring	-4.50%	-372	-376	-380	-384	-388
Impact Reablement approach	-2%	-157	-159	-161	-162	-164
Health and Social Care Integration reviews	-3%	-248	-251	-253	-256	-259
Reduction in Residential and Nursing placements by supporting people at home	-2%	-200	-200	-200	-200	-200
Total	-14%	-	-	-	-	-
Net effect after impacts of cost mitigation activity		395	401	407	413	420
Projected income from CCG		395	401	407	413	420
Net effect		0	0	0	0	0

Appendix B – Analysis of procurement options

Option	Benefits	Risks
<p>We fully specify the hybrid aspect of the service when we go out to procurement in April, with estimations of the volumes of activity and clear governance arrangements</p>	<p>We can ask providers to submit tenders for the hybrid aspect of the service and take into account the quality and price of this when awarding contracts. We are therefore more likely to get value for money on the hybrid aspect.</p>	<p>If we specify the service without fully understanding the detail, we may end up specifying the service incorrectly/inaccurately and having to renegotiate with providers later on.</p> <p>If we aren't fully sure of the tasks/activity that can be transferred across, we may place too much emphasis, in the tender, on the hybrid aspect and later find that it is hardly used. This would mean we may not get the best value for money.</p>
<p>We specify that the service will be extended to include low level health tasks during the life of the contract, and that we will negotiate with providers to agree an appropriate price at that point.</p>	<p>We will have a better understanding of how a hybrid service will work by the time we specify and therefore will be able to give more detail to providers, enabling them to price more accurately.</p>	<p>If we negotiate partway through the contract, we will be asking existing providers to submit prices for a hybrid service. There will be no open market competition in the pricing which could mean that providers submit higher hourly rates. To mitigate this risk we can specify the mechanism for pricing to an extent. CCGs would still have the facility to use their district nursing contracts if the pricing was unreasonable. Tri-borough contracts lawyers felt that the financial risk was relatively low.</p> <p>The second risk is that if we are not scoring for healthcare in the tender, we will not be assessing providers on their ability to deliver this service so we may not be appointing the most appropriate providers for the job. Having said this, Tri-borough would be one of the first places to roll out a hybrid service, so very few providers are likely to have experience of delivering this already.</p>

Appendix C - Risk Summary

Risk area	Detail	Action/mitigation
Interim operational risks	<p>In the original timetable we expected to have new contracts in place by April 2014. Due to unforeseen delays this has been revised to January 2015. This means:</p> <ul style="list-style-type: none"> - Interim solution will need to be developed following LBHF framework end in October 2014. Providers are unlikely to maintain current prices as there has been no uplift during the life of the contract so there is a high likelihood of increased cost pressures. - Westminster has been running an interim solution using a combination of spot purchase arrangements and a framework agreement. This was agreed on the basis that we would be going out to procurement in 2013. There is a risk of legal challenge if there are further delays to the procurement. There are also risks to the quality and cost of current provision as the interim solution does not allow much control/monitoring of the provision. - The RBKC contract with 2 providers has been extended to October 2015. There is no immediate risk to provision here. 	<ol style="list-style-type: none"> 1) Interim arrangements will need to be developed in LBHF. Advice from legal representatives is that we could extend the current WLA framework. However, these are unlikely to be at the same cost as at present. 2) We will need to model the impact of this likely cost increase on LBHF budgets 3) We will need to develop new interim spot purchase arrangements in Westminster which give improved financial control and quality assurance.
Risk to the future model	<p>The model in itself represents a whole system change in the way care is commissioned and delivered, and shifts more responsibility onto the provider.</p> <ul style="list-style-type: none"> - there is a risk that providers are not geared up to deliver this kind of service at present. - There is a significant internal change in both process and culture required to deliver this. This is dependent on other projects such as the customer journey work. If the internal change isn't delivered, the benefits of the homecare model may not be realised. - A continued reablement approach is well supported nationally, but the impact is not well evidenced. There is a risk that we may have overstated the impact this will have on the number of homecare hours. - The success of the model is dependent on having sufficient capacity within contract monitoring to support the development of providers/the service once implemented. It is also dependent on 	<ol style="list-style-type: none"> 1) Soft market testing showed that some providers were already delivering some parts of the model, and that there was a willingness to move in this direction. Other local authorities such as Wiltshire have already developed similar models. 2) The project team are working with business analysis to develop a robust evaluation method that will measure the new model on service use, customer satisfaction and finances. 3) The project team will look at the required resource for contract monitoring in the future and feedback to

	<p>having sufficient capacity in operations to review regularly. If there isn't capacity the benefits of the model may not be realised.</p> <ul style="list-style-type: none"> - - Conversely, there are also risks associated with <i>not</i> adopting the model, and continuing with a traditional model of homecare. These are - - loss of credibility (with both the market and the public) - - the service would become increasingly unfit for purpose in the context of whole systems care and the out of hospital strategies - - The service would struggle to cope with people with complex health and social care needs, which would probably result in an increase in purchasing specialist care which is more costly. 	ALTT/the commissioning review.
Financial risk	<p>IT should be noted that the financial model is an attempt to estimate how much a provider might charge to deliver the service. The accuracy depends on how close this is to the actual bids that are submitted. It also takes into account demographic changes, and the impact that the new model might have on total number of hours commissioned. Again these are estimates and it is important that this is recognised when making decisions based on these predictions.</p> <ul style="list-style-type: none"> - - there is a risk to the finances because it is difficult to predict the combined impact that the model, as well as other changes in the system (e.g OOH strategies) and changing demographics, will have on service use. - - Some of the benefits of this service model are likely to be seen elsewhere in the system, for example in use of health care services. This is difficult to monitor and may require some significant resource to evaluate properly as well as buy in and co-operation from our health colleagues to support data collection. 	<ol style="list-style-type: none"> 1) Finance officers should look at ASC budgets as a whole, rather than the homecare budget in isolation and develop contingencies for increase in spend and how this would be managed. 2) A robust evaluation should be planned for partway through the contract, at which point there should be a benefit realisation report and a decision as to whether the service should be continued. 3) Even if the new model was not adopted, there would still be significant impact on the budgets as there would be an inevitable uplift in hourly rate for LBHF, and increased hours due to demographic change in all three boroughs. 4) The overall financial risk should be considered in the context of the proposed application for Better Care Fund.
Risk associated with a	There are a number of risks relating to the addition of a hybrid (health and social care) component to the model	<ol style="list-style-type: none"> 1) We have been given clear deadlines for work with health

<p>hybrid model</p>	<ul style="list-style-type: none"> - - Increased delays to the tender. The impact of this will be an extension to the interim arrangements which may impact quality and budgets as outlined above. Delays also impact the Tri-borough's credibility with the provider market, and with the public. - - risk to the tender because the pricing and scoring mechanism will become a lot more complicated, thereby reducing the chances of successfully awarding the contracts to the best providers, at a price which is both sustainable and represents value for money. - - Risk to the success of the model because in addition to asking providers to deliver a completely new homecare service, we are asking them to develop a new integrated component as well. 	<p>colleagues to develop an integrated model, which should reduce delays to the tender.</p> <p>2) We will need to develop an agreement with health to fund some ongoing resource to support providers in their development of this service as it will involve significant change for local authorities, health organisations and homecare providers.</p>
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Project Title	Ref#	Category	Risk Type	Raised By	Date Raised	Risk Description <i>There is a risk that:</i>	Impact <i>If this risk materialises then:</i>	Mitigation <i>We can reduce the probability (or the impact) by:</i>	Mitigating Action Status <i>record status each time the risk and mitigation plan is tracked</i>	Assigned Owner	Review Date	Initial Risk Rating			RAG (auto)	Risk Status	Date Closed	Escalate?
												Probability (1-5)	Impact (1-5)	Score (auto)				
Homecare	1	Programme	Political			The current model of electronic monitoring has successfully delivered savings in RBKC. The new model proposes changing the role of e-monitoring. There may not be political support for these changes unless there is strong evidence of the service benefits		To prepare paper on the proposed changes and the rationale.						0		Closed	08/02/2013	No
Homecare	2	Programme	Financial			The financial model projects increased spend in all three boroughs, but particularly in Westminster, so there is a risk to current budgets if additional resources cannot be found.		financial model to be approved by finance managers, TMT and cabinet members. Explore options for budget realignment. Plan B to go out to tender on price.		MW		4	5	20	RED	Closed		Yes
Homecare	3	Programme	Financial			The financial data for homecare in Westminster is inaccurate. There is a risk that the financial model is therefore inaccurate which may mean overspend on the budget.		highlight at TMT. Rchel is working to clean up the data. To re run financial model in one month once data is updated. The change is most likely to lead to a reduction in overspend rather than increase		RB		4	3	12	AMBER	Closed		Yes
Homecare	4	Operational	Operational			The new homecare model is dependent on care packages being commissioned based on outcomes. Outcomes based assessments require a significant amount of change in current practice. If this is not adopted the model will not work.		To inform Rohan- programme manager and ensure that this is included as a deliverable on the ops workstream, and that the dependency is noted.		SW		4	3	12	AMBER	Open		Yes
Homecare	?	Programme	Financial			There are significantly different financial pressures for each of the three boroughs. If it is not possible to agree on a single model, we will have to run separate tenders which will require increased resource internally, and also may result in loss of opportunity for cost/volume efficiencies.		Raise risks with decision makers (programme board and cabinet members) for consideration when agreeing the way forwards.		MW		3	3	9	AMBER	Closed		Yes
Homecare	5	Programme	Financial			Westminster is currently paying a lot for homecare through spot purchase arrangements. If the contract implementation is delayed, opportunities to deliver significant savings will be missed.		Ensure programme board is aware of the impact of further delays. Consider splitting the procurement for the 3 boroughs as last resort if necessary		MW		4	3	12	AMBER	Open		Yes
Homecare	6	Programme	Strategic			If the process and pathways around integrated working with CLCH isn't confirmed before PQQ, it will be very difficult to specify what level of integrated provision is required		Have discussed with health, to include medication only.		SN				0		Closed	08/02/2013	No
Homecare	7	Programme	Legislative			If we can't make significant changes to the RBKC Panzetel contract (to extend to cover the other two boroughs, and work differently) then we will compromise the ability to monitor the service effectively. We would have to tender for a new tri-borough service earlier than anticipated.		discuss with legal and procurement services working group agreed we would work towards procurement for new Tri-B system		SW				0		Closed	18/06/2013	
Homecare	8	Operational	Operational			If a provider withdraws service, we will have to find new provision to cover a geographical area. Higher risk with fewer providers		To build in internal contingency plans as part of the implementation process.		SN/MW		1	5	5	GREEN	Open		No
Homecare	9	Programme				If a homecare provider becomes financially unsustainable and has to shut down, we will need to find provision rapidly to cover that area.		Ensure that we assess financial viability at PQQ stage. Include Tony Andrews (emergency planning officer) in development of PQQ and evaluation		SN/MW		1	4	4	GREEN	Open		No

Project Title	Ref#	Category	Risk Type	Raised By	Date Raised	Risk Description <i>There is a risk that:</i>	Impact <i>If this risk materialises then:</i>	Mitigation <i>We can reduce the probability (or the impact) by:</i>	Mitigating Action Status <i>record status each time the risk and mitigation plan is tracked</i>	Assigned Owner	Review Date	Initial Risk Rating			RAG (auto)	Risk Status	Date Closed	Escalate?
												Probability (1-5)	Impact (1-5)	Score (auto)				
Homecare	10	Programme	Strategic			Operations feel they have not been properly consulted on the specification. If they are not convinced of the strength of the model, it will not be implemented successfully.				SW		2	3	6	GREEN	Open		No
Homecare	11	Operational	Operational			We do not have the required capacity within procurement to work on the tender. If it is not properly resourced there is significant risk of political fall out and legal challenge as well as unforeseen delays.		Procurement team working on this tender to be expanded to provide extra capacity. All those involved in evaluation to negotiate with managers and ensure they have capacity during those periods.		SS		2	2	4	GREEN	Closed		Yes
Homecare	12	Programme	Technological			We are unlikely to be able to implement a tri-borough e-monitoring solution in time for the new homecare contract. There is risk that significant interim resource may be required to pay providers. This may also threaten the accuracy of the payments.		Group propose extending RBKC solution to cover the other two boroughs as an interim while we procure and implement Tr-B solution.		MW		5	4	20	RED	Open		Yes
Homecare	13	Programme	Legislative			If we extend the RBKC contract to cover the other two borough, there is a risk of legal challenge due to the increase in value.		Ensure we plan and timetable the procurement of the Tri-borough e-monitoring solution as soon as possible.		SS		3	4	12	AMBER	Open		
Homecare	14	Programme	Strategic			This is the first ASC contract of its size to go through tri-borough procurement processes and governance. The governance process for a contract of this size is unclear. If we do not get the forward planning correct there will be delays to the tender.		MW to check comms and governance plan with cabinet members. We will ensure briefings are taken to all all the correct boards/people. However, this may casue delays.		MW		2	2	4	GREEN	Open		Yes
Homecare	15	Operational	Operational			We may need additional resource during contract implementation phase, particularly around provider development, systems development and data collection.		considering investing in extra resource for a year to help to set up systems and processes to facilitate the management of the contract		SS		4	4	16	RED	Open		No
Homecare	16	Programme	Political			There is a risk that the disruption of having to change providers will be very unpopular with service users and will be extremely resource intensive for staff.		We will need to have a transition plan in place- and we will need to consult operations as to how this can be best done. In addition, service users have the option of taking a DP and staying with their provider.		operations?		2	3	6	GREEN	Open		No
Homecare	17	Programme	HR /Culture			If staff are not engaged in the cultural and operational shift that accompanies the new model, its success will be undermined.		Need to have a robust communication plan in place		CM		2	3	6	GREEN	Open		No
Homecare	18	Operational	Operational			There a risk in Westminster and Hammersmith and Fulham that service users will not accept e-monitoring processes. If this happens it could undermine monitoring procedures and cost extra money and resource to find alternatives (e.g code boxes).		Raise with e-monitoring project group as a risk when this starts Consider implementing mandatory e-monitoring for all Sus who use the contract.		Mike Wood		2	3	6	GREEN	Open		No
Homecare	19	Programme	Strategic			The WLA tender recently collapsed because not enough providers passed the PQQ stage. If this happened to the tri-borough tender it would delay the new contract by 6 months		SW following up to find out why the tender was unsuccessful. Consider option to allow through a certain number of providers rather than setting a benchmark. Consider quality implications of this.		TL		2	3	6	GREEN	Open		No
Homecare	20	Operational	Operational			By taking a phased approach to implementation we are completely reliant on the good will of the current providers. If they are not in good will then it may seriously affect the quality of the care and handover		Ask Sharon for detail on how it was transferred in RBKC. We should explore over night transfer as well as phased approach. Talk to service managers about the best approach. Consider inviting operations person.		SW		2	4	8	AMBER	Open		No

Risk Likelihood

1	less than 10%	improbable
2	10<20%	low probability
3	20<30%	medium probability
4	30<50%	fairly high probability
5	over 50%	highly probable

Risk Impact

Score	Risk elements				
	Financial (cost or loss of savings, £'000)	Impact on Project Objectives	Impact on agreed delivery timeline	Reputational damage	Service Delivery
1	0-25	Minor impact on one objective	None	None/minimal reputational damage	failure to meet a target but no significant effect
2	25-100	Minor impact on more than one objective	under two weeks	Minor/limited reputational damage or internal adverse publicity	failure to meet a series of important targets
3	100-250	Significant impact on achieving programme objectives	two to four weeks	Significant reputational damage, or local adverse publicity	Failure to meet a critical target
4	250-500	Serious impact on achieving programme objectives	one to three months	Serious/widespread reputational damage or national adverse publicity	failure to meet target(s) that impacts on dependencies
5	Over 500	Major impact on achieving programme objectives	Over three months	Major/severe reputational damage or national adverse publicity with raised Central Government interest.	significant failure to achieve key output or outcome of programme.

Pages

Select the highest impact element to assign the score

Financial cost loss values are a guideline - adjust for project scale



How Do We Achieve Dignified and Compassionate Home Care?

Report on Community Consultation and Visioning Events

Report written by Andy Bradley, Frameworks 4 Change

Context

Commissioners in the new tri borough are developing new specifications and re tendering the care at home service with a view to new service arrangements commencing in October 2013.

The purpose of the consultation and visioning events was to gather the views of stakeholders who are directly affected by the care at home services and the way they are commissioned and provided. The events were attended by:-

- People who use the service
- Advocacy organisations
- Local Involvement network representatives
- Unpaid carers
- Paid carers
- Service Providers
- Commissioners
- Contract managers
- Health and Social Care professionals

The question at the heart of the events concerned the achievement of consistent dignity and compassion in home care. Both national (*Equalities and Human Rights Commission – Close to Home*) and local (*Local Involvement Networks and Advocacy Plus*) reports had raised significant concerns around the way in which care at home was being provided with a core theme being a lack of consistent dignity and compassion.

The consultation events followed a compassion based training programme in Westminster ('Everyone Matters') which has been well received with high levels of engagement from some of the local service providers and the LINK and some evidence of positive changes in attitude and approach from paid carers.

The 'Everyone Matters' programme is being offered in Hammersmith and Fulham and Kensington and Chelsea this autumn.

The Events

Four events were offered in June and July 2012

- June 29th Kensington Town Hall
- July 2nd Westminster City Hall
- July 5th Hammersmith Town Hall
- July 10th The Lighthouse

A total of 184 people attended the events:-

57 from provider organisations (31%)

69 professionals from health and social care (37.5%)

32 service users and family carers (17%)

26 from LINK and Advocacy (14%)

Purpose of this report

The purpose of the report is to analyse the data produced at the events and to draw conclusions and make recommendations based on the voices of people at the events in relation to the specification of future care at home services.

Purpose of the events:-

- **Consider compassion and dignity as a core requirement of service provision**
- **Develop a vision for good lives which include the care that people need**
- **Scope how services will be designed and delivered to support these good lives**
- **Develop a range of positive relationships with stakeholders**

Data gathering

Four questions were asked of all the people who attended the events:-

1. *When you need care, now or in the future, what quality do you most want in your carer?*
2. *What will always be important in your life, regardless of whether you receive care?*
3. *What is the most pressing challenge for care at home?*
4. *What can be done to achieve dignified and compassionate Care at Home so that people both receive the care they need and lead good lives?*

(In the final event question four was adapted as the group were asked to consider a point in the future in which they felt proud of the care at home in the tri borough and to imagine what had been done to achieve success: - *How do we achieve dignified and compassionate Care at Home so that people both receive the care they need and lead good lives?*)

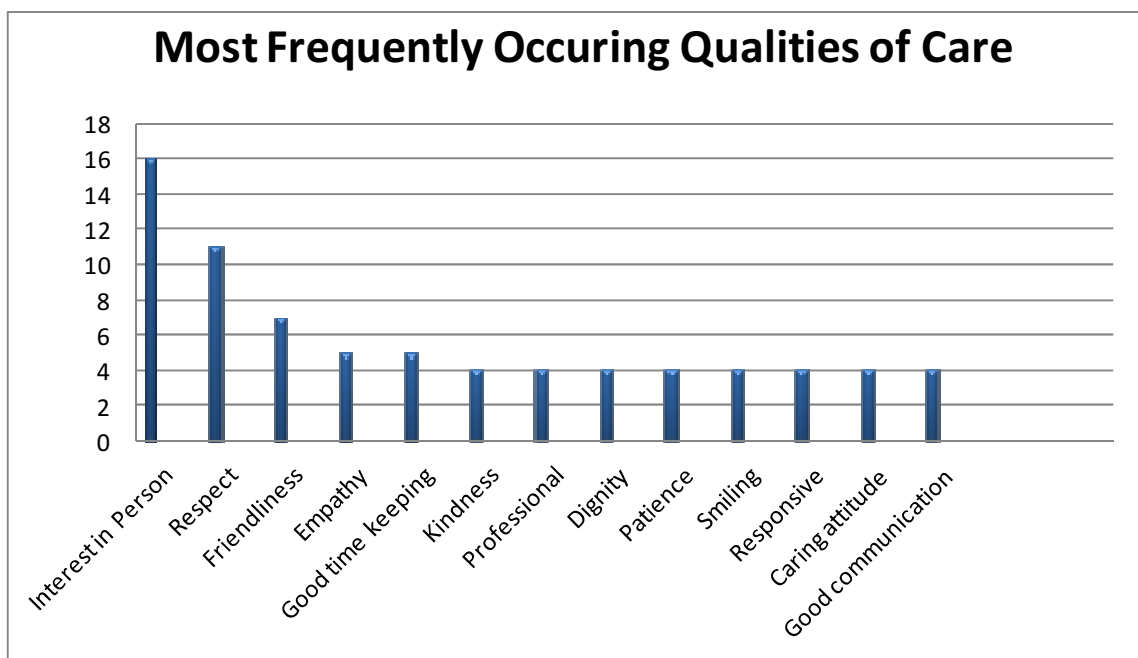
The Data

Question 1

When you need care, now or in the future, what quality do you most want in your carer?

43 Unique Qualities were identified in total.

The most frequently occurring are described in the table below:-



It is striking that the quality identified by the most people is about curiosity – the wish to be known; in policy terms this relates directly to the call for services to be personalised and directed by the person receiving the care. The curiosity of the care giver demonstrates respect and deep care.

Respect indicates a feeling of wishing to be seen and known as a person and not diminished by the experience of needing care.

Carers being on time matters to people as does a series of attributes and qualities that could be seen as features of a compassionate approach – put simply the people in the consultation wanted to feel that their carer wanted to be with them meaning that they would be smiling and friendly in manner, giving time, communicating well and being responsive to the needs and wishes of the person they were caring for – the development and monitoring of these qualities should be at the heart of recruitment and workforce development.

What this means for commissioners?

The report will go on to say more about the data and what it means but retaining a sharp sense of what matters to people who receive care is a core element of commissioning for dignified and compassionate home care. Compassion training locally has been shown to make an impact on qualities of care offered and the national and local work on dignity has been significant in placing value on the 'way of caring'. The qualities listed above suggest that commissioners should expect providers to ensure training is integral to care worker development in some of the most basic of human transactional skills including listening skills, empathy, communicating effectively and problem solving.

In addition to the values that were important to people, some also highlighted the fundamental importance of care workers possessing basic skills in order to be able to offer 'tea and toast' (and other more complex everyday tasks) to people needing care.

Commissioners should also consider the issues for receivers of care around professional boundaries as many people at the consultations were asking for smiles and friendliness; how do commissioners create the conditions for care workers to reveal their humanity and individuality? – being explicit in the commissioning and contracting that these qualities are essential in service provision may go some way to changing the culture from one which runs the risk of being dehumanising and mechanistic to one in which compassion and dignity for all concerned is at the heart of the way care at home is provided.

Question 2:-

What will always be important in your life, regardless of whether you receive care?

Item	Frequency	Quotes
Family and friends	89	<i>To keep my relationships with my loved ones, family and friends To have the love and proximity of friends and family Maintaining relationships with family without them taking on a caring role for me Feel part of the family rather than isolated Ability to connect to the people who mean most to me</i>
Independence	37	<i>I do not want to end up in a care home I would like to be as independent as much as I can Being able to lead the life I want with or without help</i>
To be listened to and to be known and valued	35	<i>...be able to be an individual To be treated as an individual Valued for the person I am I am a person with a history</i>
Being in control of choices	35	<i>Feeling myself and to be in control of my life</i>
Respect and dignity	34	<i>I like to give respect and therefore like to receive the same</i>
Health	29	<i>To feel comfortable, healthy and not in pain</i>
Pursue interests, learning and hobbies	28	<i>To be busy – not to have to think how to fill my waking hours Maintaining my lifelong personal interests</i>
Being part of the community	19	<i>To keep in touch with the world... Help others</i>

This question invited the delegates at the events to think beyond the need for care to consider what continues to matter to them regardless of their need for care now or in the future. The dynamics created when care giving in people's homes can lead to a loss of focus on the individuality and wholeness of people requiring care and people can be diminished in the minds of others as a result – the challenge in giving care is to remain aware not only of the care needs of the person being cared for but also as the person as a whole human being.

The data for this question is dominated by the first value with just under a quarter of all respondents saying that **family and friends** will always matter regardless of the need for care – this suggests a clear imperative on services to work alongside people receiving care and their families wherever possible. Commissioners should be mindful of the crucial role the families and friendship networks play in the lives of many people requiring paid care at home and should ask providers to demonstrate the ways in which they will work with these networks as full partners in the development of care and support that is right for each person. In many cases the provider will be working alongside unpaid carers (in nearly all cases a loved one) – commissioners should ask providers to develop approaches which demonstrate respect for detailed joint working with unpaid carers. Some comments were made at the events re how difficult it can be for unpaid carers to trust

paid carers – skills in empathy, listening and communication are again key to developing the care at home that people want.

Independence was important to a significant number of the group with a feeling that remaining at home with the right care and support and avoiding a move to a care home and or hospital admissions was of great importance.

Being listened to and known mirrors the quality of care highlighted in the first question – curiosity. People who are at a point in their lives where they require paid care should not be defined by their need for care but instead are a sum of all of the elements of their lives; their values, cultural identity, history, relationships, sense of place and plans for the future.

Being in control and making choices is in alignment with the national direction of travel on policy which says that services should be personalised and led by people receiving services so that care is part of a good life and people requiring care remain in control of their lives.

Respect and Dignity lie at the heart of the consultation on care at home and are centrally important to people requiring care – a sense for the person that they matter and that the person caring is respectful in their approach are fundamental elements for commissioners and should be at the front of their minds in developing specifications and working with contract teams and providers to set the highest standards for respect and dignity in care at home.

Health – *is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity**– people who require care at home continue to have the potential to flourish and should expect the best that an integrated health and social care system has to offer.

(* from preamble to the constitution of the World Health Organisation – 1946)

Pursue interests and hobbies and being part of the community– remaining motivated and interested in life is key to continuing social connections and valued relationships. Having a need for care does not, by definition reduce the sense in which people need to belong and contribute, if anything this need may be heightened as the belonging that comes through employment or other associations may become more difficult to sustain.

Conclusion

Combining the qualities of care that people at the events said matter most (curiosity came first) with the ‘what will always be important in your life’ question (families and friends is leading answer) leads to the conclusion that participation, contribution, connection and well-being should lie at the heart of commissioners thinking about the kinds of services that people want when they require care in their homes. A compassionate approach calls for us to consider both the ways that people suffer and what enables them to flourish.

Having analysed and drawn conclusions on what matters most to people in the commissioning and design of care at home, the report now turns its attention towards the current challenges and solutions required to achieve the kind of care at home that people are asking for.

Questions three and four invited the participants at the events to first reflect on the key challenges in providing care at home and then to think about what can be done to create consistently compassionate and dignified care at home.

The questions:-

3. *What is the most pressing challenge for care at home?*
4. *What can be done to achieve dignified and compassionate Care at Home so that people both receive the care they need and lead good lives?*

Five consistent themes emerged:-

1. Service User Leadership and Control (self-directed support)
2. Workforce Development (values, quality and consistency)
3. Culture Change (humanity and compassion)
4. Service Design (flexibility, simplicity and integration)
5. Radical thinking (asset based and community connecting)

The data is presented below in relation to these themes with each highlighting:-

- Challenges
- Solutions
- What this means for commissioners

Please note* - Words in italics are quotes from people who attended the events

THEME 1: SERVICE USER LEADERSHIP AND CONTROL

CHALLENGES

- Lack of Individuality of the Service
- Personalisation and direct payments not implemented fully
- Relationship with family members often not at the heart of the care
- Poor communication between service users, professionals and support providers
- Assessment – conflicting information, duplication and ignorance of service user needs....practice seems to be poor and inconsistent
- Lack of person centred thinking – whole purpose of the service should be to understand and be led by each individual

*'The individual, working out what they want, working it out for themselves, freedom to choose'
'Flexibility, choice and control has been taken away; not providing care will cost money in the long run and have effect on health. Someone to talk to about direct payments when I have a problem'
'Recipients of care are employers, effectively carers work for them – they shouldn't be dictated to'*

SOLUTIONS

*'That when I have problems with my direct payments someone is here to support and help me'
'Empowering people to do own assessment, own support plans and to ensure people to access independent support if unable to do so themselves.'
'Very important for SU to meet carers and develop relationships'
'Person is expert in their own life'
'Fully implement the self-directed support agenda'
'To get holistic approach - community, families'
'To decide what will matter at the end of life - must know next of kin'
'Service users to choice own carers'
'Complaints about carers should be taken seriously'
'Paid carer to work with family'
'Listen, support, and take on-board complaints'
'Assessment – should be independent of those who provide the service'
'Family as equal members of team and working to achieve same outcome'
'Awareness of life styles'
'Choices and voices to be heard. Individualised to need'*

WHAT THIS MEANS FOR COMMISSIONERS

1. The full implementation of self-directed support should lie at the heart of commissioning for care at home
2. Effective co-production partnerships with user led groups (including advocacy organisations) are integral in creating the conditions for effective self-directed support
3. Commissioners should be vigilant about respect for unpaid carers and involvement of family and friendship networks in creating the conditions for people to both receive the care that need and lead good lives
4. A citizen led model which incorporates rights, equality, inclusion and independence should inform the way care at home is commissioned

THEME 2: WORKFORCE DEVELOPMENT (VALUES, QUALITY AND CONSISTENCY)

CHALLENGES

- Inadequate Training for Staff
- Poor Pay
- Lack of continuity and consistency (examples of many different carers for each individual)
- Lack of autonomy for the carers – lacking empowerment to make flexible decisions
- Lack of accountability of agencies for quality of service – putting things right when they go wrong, consistency in quality of caring
- Lack of knowledge and education re cultural diversity of people being cared for – customs, food, beliefs and values not sufficiently well understood
- Recruitment – developing a robust recruitment and selection
- Lack of routine support and supervision for paid carer

‘Carers needs not understood, carers told what to do’

‘Agencies in it for the money - £7 for carer, £7 for agency – needs a different way of organising’

‘Partnership, in hard times it is easy to blame others – work together to achieve aims’

‘Carers need to understand the individual – it is not about the care plan’

SOLUTIONS

‘Training and supervision for carers and recognition’

‘Diversity very important - respect other cultures’

‘Teach carers to have the right attitude’

‘Carers being praised and thanked when they are doing well’

‘Dignity and compassion at heart’

‘Carers need supervision - they are working under pressure and task orientated’

WHAT THIS MEANS FOR COMMISSIONERS

1. Commissioners should expect consistently compassionate and dignified care and support
2. Commissioners should work with providers to develop high quality and innovative approaches to workforce development (including recruitment and selection, training, mentoring and supervision)
3. Commissioners should see high quality and inspiring leadership as integral to offering consistently compassionate and dignified care at home
4. Commissioners should reflect on the terms and working conditions of frontline care workers and should be attentive about ensuring terms and conditions are valuing and respectful
5. Commissioners should expect providers to develop and implement specific and on-going strategies for workforce well-being in recognition of the challenges to workers who are often isolated and working in complex and demanding situations.
6. Commissioners should specify that rights and equalities are core to providing the best care at home – people who receive care should be confident that their individuality will be respected by care workers who are educated and knowledgeable regarding cultural and personal identity
7. Commissioners should expect that service providers ensure all care workers possess basic skills, which are integral to everyday living.

THEME 3: CULTURE CHANGE (HUMANITY AND COMPASSION)

CHALLENGES

- Recruiting people who value the job
- Care Work not a profession – low status and it is devalued
- Dehumanising care makes people feel like giving up – need compassion and dignity
- Care Work not a profession – low status and it is devalued
- Negative Perceptions of the Agencies – in it just for the money
- Societal views of care work are generally negative

'Agency owning the agenda – working out whatever the issue is – how do we deliver compassion and dignity'

'Not feeling valued'

'Move away from blame culture'

'Pay not relevant to compassion – look at certain qualities at interview stage'

'We have lost the art of compassion'

SOLUTIONS

'Being human - cultural change'

'Everyone has the same goal and ambition. Good communication. Rewarding good care, remove blame culture'

'Listen to staff complaints and concerns. Better benefits, realistic work load that is manageable'

'Work together as you would for a friend/family member'

'Carers can be friends; there can be appreciation on both sides'

'Courage to think outside the box'

'Put yourself in their shoes. Support the staff – agency'

'We can show appreciation to people'

'It is everybody's responsibility- a community response'

'Dignity and compassion embedded'

'Treating people as equals'

'Centre of excellence. Analysing good practice'

'Get rid of infrastructure and manage and give funding to service users, need good advocacy.

Recognition of the experts. Would like to see money given to family, put family in control of their lives. Live lives according to own determination. Get away from the nanny state'

'Informal carers - formal carers and the cared for to be insured in care planning process as and when needed'

'Set bar high got people to lead good lives'

'More flexible, less rigid view of what care means - to help someone have good well-being. That my care is reviewed - when people see my mother (with dementia) let me know how she has been the last few months and have her needs changed?'

WHAT THIS MEANS FOR COMMISSIONERS

1. Commissioners should make sure dignity and compassion are at the core of care at home.
2. Commissioners should include all involved in care at home in a consistently compassionate approach (including themselves)

How Do We Achieve Dignified and Compassionate Home Care:

August 21, 2012

3. Commissioners should develop approaches to monitoring quality which enable users and care workers to describe their experience in the context of dignity and compassion
4. Commissioners should ensure a fully integrated approach is taken across health and social care
5. Commissioners should create the conditions in which providers are effectively 'competing on compassion' (for example through contracting and monitoring)

THEME 4: SERVICE DESIGN (FLEXIBILITY, SIMPLICITY AND INTEGRATION)

CHALLENGES

- Lack of Time when people are giving the care
- No way of rating agencies on best practice – no system for finding the best one in your area
- Patching – time constraints on carers for travel
- Travel – time and not paid travel expenses
- Lack of Punctuality of carers
- Re-ablement is time limited when it may need to be on-going
- Matching of carers to recipients
- Lack of flexibility of care plans – even though needs change regularly
- Complaints procedures – service users seem shy of complaining for fear of reprisals

'Needs to be time for what is important to 'me' – at a particular time'

'Two sides to prevention – enablement and cost'

'Concerns that care managers do not have enough time to assess for care at home'

'Point of prevention is to prevent unhelpful care'

SOLUTIONS

'Create market for people to use personal budgets well'

'Prevention – asses well what person needs – if system is good, outcome will be positive'

'Extend enablement (shouldn't all care at home be enabling?)'

'More flexibility in approaches throughout care planning. Increasing agency capacity - match carers to person. '

'Every service user has an allocated worker who will have links with all relevant people and meet frequently'

'Further integration between health and social care'

'Motivate properly - if not be dismissed'

'Simplify bureaucracy and put resource into front line services'

'Carers on time'

'I like Martins idea of Trip Advisor way of choosing agency/carer'

'Worker expenses must be paid'

'Travel time should be paid'

'Outcomes, not time and task'

'Social inclusion/prevention'

'People who train carers - managers/admin don't know what's going on. They should shadow carers and see what's involved'

'Publicising success stories'

'Knowing what's on in the local community'

'Patching, being part of a local community'

'Carers set the schedule. Carers making more decisions about the care service. More input on continuous planning authorise more hours'

'Flexible to support people not written in stone – flexibility'

'What outcomes people want to achieve'

'Change name of home care'

'Monitoring of personal budgets and direct payments to be more frequent and social services to remain involved'

'Focus of care linked to strength and desires'

'Maintain continuity of carers. Constancy. Create friendships. 3 visits from same carer per day! Ideal, lovely'

'Joining up budgets - make money available. Discharge should start at hospital as soon as person comes into hospital and community charge'

'Need for flexibility example of SU in wheelchair who wants to go out for a walk with carer instead of them doing housework. At start of service sus should be asked what flexibility they would like'

'People meet to design service together, look at where it is working & replicate'

'Help with transport - bus passes. Using technology to enable carers and SU's to be closely connected'

'Provide more money for the individual - will save in the long run'

WHAT THIS MEANS FOR COMMISSIONERS

1. Commissioners should ensure providers are working within a locality neighbourhood model to increase consistency and knowledge of local communities – where possible care workers should work as teams with supervisory and mentoring support to support service users and each other
2. Commissioners across health and social care should work with care managers and contract managers to simplify assessment processes so that duplication is avoided and flexibility for the service user is maximised
3. Commissioners should create the conditions where resources can be used with a degree of flexibility to meet service user needs
4. Commissioners should consider a strengths based approach which assesses and mobilises assets and builds resilience so that service users do not become overly dependent on service provision
5. Commissioners should be aware of the implications of Health and Well Being boards in the context of commissioning for dignified and compassionate care at home
6. Commissioners should work closely with safeguarding leaders to ensure robust mechanisms are in place
7. Commissioners should expect providers to develop effective mechanisms for on-going feedback from service users (including both complaints and positive recognition) which leads to plans for continuous improvements to be made and acted on

THEME 5: RADICAL THINKING (ASSET BASED AND COMMUNITY CONNECTING)

CHALLENGES

There is a general challenge inherent in the consultation which acknowledges that the current arrangements for commissioning and provision of care at home make ensuring consistent dignity and compassion impossible.

SOLUTIONS

'Employers including councils pay into pensions/life insurance to provide home care to help out social services. Businesses and LTD companies should put money aside for this'

'The transport for all idea of issuing freedom passes to carers would make a massive difference'

'Role within voluntary sector red cross - take to shops - give time'

'Little money in LA's think community solutions'

'Care in return for care (exchange programme)'

'Look at other countries and cultures and how they deliver care. Learn from others especially Japan'"KOREIKYO"'

WHAT THIS MEANS FOR COMMISSIONERS

1. Commissioners should recognise the deep challenges and complexities in developing consistently compassionate and dignified care at home and should invest in a period of further research and reflection to inform their thinking.
2. Commissioners should recognise the need for radical thinking in relation to both the data from the consultation and the major changes being called for in the way health and social care is provided.
3. Commissioners should consider the value of innovation and consider setting aside resources to incentivise small scale pilots of alternative asset based approaches to care at home.
4. Commissioners have demonstrated a willingness to invest in asking deep questions about dignity and compassion and to offer compassion based programmes of learning – this commitment now needs to continue to develop services which are in line with these values.

Discussion and National Development Work

The New Economics Foundation identify five ways to Well Being (see links below) and highlight 'keep learning' as key to continuing flourishing and well-being. People who require care at home run the risk of becoming socially isolated and lonely which may lead to further health challenges around mental health and well-being. Commissioners should consider how they can create the conditions for 'outward facing, asset based' care at home which, as well as offering the care that people need are also connected to the community through a range of formal and informal partnerships.

<http://www.neweconomics.org/projects/five-ways-well-being>

Asset Based Community Development is concerned with identifying and building on the strengths that often lie dormant within communities –this thinking asks commissioners to create the kinds of services that release social capital within individuals, families and neighbourhoods so that services offered sit alongside the informal networks and associations that are pre-existing in all communities.

Shared Lives and partners produced a report on the kinds of values and behaviours within councils that create the conditions for personalised asset based solutions to thrive and have identified 'seven principles for inclusion and empowerment in an age of austerity':-

The report sets out seven principles for empowerment and inclusion in an age of austerity:

1. Community development needs to start from how people themselves define their situation and aspirations.
2. Communities are stronger where people who use services are helped to find good ways of making a valued local contribution, not just seen as in need.
3. Most support is delivered by families and social networks: services must work in partnership with those whose contribution is unpaid.
4. The personalisation of public services marks a genuine change when it represents a change in culture, aspirations and choice of providers.
5. To live fully, we all need to be able to make informed choices and to take risks.
6. Public sector contributions are more cost-effective when they look across all local assets and needs, not just at those assessed as 'most needy'.
7. Micro-scale enterprises and interventions can be a powerful vehicle for mobilising new contributions.

See their report here – <http://sharedlivesplus.invisionzone.com/index.php?/files/file/39-creating-stronger-and-more-inclusive-communities-which-value-everyone%E2%80%99s-right-to-contribute/>

Helen Sanderson Associates and the Think Local, Act Personal (TLAP) partnership have joined forces to consider the integration of personalisation, person centred thinking and a focus on outcomes in the development of the kinds of support people want as part of a good life. The 'Progress for

Providers' framework developed for a care home in Stockport has been very well received nationally and may offer a schema for commissioners of care at home to consider what 'getting it right' looks like from perspectives of all involved in care at home. Work is now underway by Helen Sanderson and TLAP to develop this thinking in the context of care at home in the North West.

See 'Progress for Providers' here -

<http://www.helensandersonassociates.co.uk/media/75875/progressforprovidersdementia.pdf>

The factors identified above by stakeholders at the consultation events call on commissioners to make a fundamental shift in thinking and practice in commissioning care at home services. Changing the culture in health and social care is complex and daunting but it may be that the current context with a renewed emphasis on health and social care integration and the deeply challenging financial context creates the conditions for radical new thinking which is focused on sustaining the well-being of people who require care (and critically those who provide it). A continuous emphasis on well-being and compassion may create the conditions where people both receive the care they need and continue to lead good lives.

Learning directly from the experiences of pioneers in the fields of self-directed support, micro enterprise, inclusion, person centred thinking and asset based development may give commissioners the insight and intelligence needed to successfully make this paradigm shift.

Organisations with relevant experience and expertise:-

Centre for Welfare Reform

Shared Lives

Community Catalysts

Centre for Inclusive Futures

Nurture Development

New Economics Foundation

Think Local, Act Personal

Helen Sanderson Associates

What next?

To build on the success of the consultation process and the work already underway to place compassion at the heart of care at home commissioners may wish to consider a next 'co-design' phase which brings together local stakeholders with the national relevant experience of asset based thinking to develop and pilot the radical solutions needed to provide care at home which rises to the challenges posed by both senior tri borough leaders and advocacy and LINK representatives.

This report will be shared with all who attended the consultation events.

Commissioners will reflect on this report and the data captured of what was said by all of the people who attended the events.

- June/July 2012 Initial consultation events
- August-September - collate all findings; look at best practice examples; draft specification; scope
- October –November 2012 - finalize specification/service modeling; agree governance authority for each borough
- December 2012 - tender process starts
- End September/beg October 2013 - award framework/contract
- October 2013 - implementation begins

Commissioners will consider how best to respond to the data and recommendations and will consider a co-design stage with a smaller group of stakeholders to develop the detail of how care at home services will be commissioned.

Comments on this report and on any other aspect of the development of care at home services should in the first instance be emailed to:-

Christian.Markandu@lbhf.gov.uk

 the low tax borough	London Borough of Hammersmith & Fulham CABINET 28 APRIL 2014
HOUSING DEVELOPMENT PROGRAMME: RATIONAL HOUSE PROGRESS UPDATE AND CONTRACTOR APPOINTMENT	
Report of the Cabinet Member for Housing - Councillor Andrew Johnson	
Open Report A separate report on the exempt Cabinet agenda provides commercially-sensitive information relating to the withdrawn contractor for the Rational House development sites.	
Classification: For Decision Key Decision: Yes	
Wards Affected: All Wards	
Accountable Executive Director: Melbourne Barrett, Executive Director of Housing & Regeneration	
Report Author: Matin Miah, Head of Regeneration and Development	Contact Details: Tel: 020 753 3480 E-mail: matin.miah@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. In order to take forward development of housing on intermediate size sites, the Council established a framework with City House Projects Limited (CHPL) in December 2012. CHPL is a subsidiary company of Rational House and was created to provide all the services and commercial expertise necessary to deliver Rational House homes. Rational House and AECOM (a Fortune 500 company) have recently entered into a Collaboration Agreement to deliver Rational House homes exclusively for a ten year period. The formal backing of AECOM provides significantly greater capacity to deliver Rational House homes at scale.
- 1.2. Following Cabinet approval in May 2013, CHPL were instructed to progress securing planning consent for the pilot site on the Spring Vale estate, Brook Green, which was achieved in July 2013 for a scheme

comprising ten units (6 DMS and 4 private for sale). In addition to the pilot site, CHPL was also instructed to undertake design to planning for sites at Becklow Gardens and Barclay Close estates. Resident consultation has been undertaken at both sites and planning consents have been secured for the schemes which comprise 19 units (9 DMS and 10 private for sale). It is now proposed that CHPL progress design to secure planning for a 26 unit Rational House scheme at Jepson House site in accordance with the approved Business Plan objectives.

- 1.3. In May 2013, Cabinet approved the appointment of Willmott Dixon Housing (WDH), using the National SCAPE Framework, as the main contractor to deliver the Rational House schemes. However in December 2013 the Council was notified that WDH was withdrawing from the process and that they no longer wished to progress the developments. The decision by WDH to withdraw as the main contractor for the Rational House development sites has led to delays to the programme and the need to identify a new contractor.
- 1.4. For the pilot site it is therefore proposed that AECOM Construction Services be appointed, without competition, as the main contractor by waiving the Council's Contract Standing Order 9.2 Section 3 on the grounds that this is in the Council's overall interest, as this will:
 - minimise programme delays
 - provide greater cost/programme certainty sooner
 - management fees, prelims, overheads and profits will be on same terms as the SCAPE framework agreement levels
 - individual sub-contractor works packages will be market tested by AECOM Construction Services on an open book basis
 - complement CHPL's existing agreement with AECOM for design and development management services
- 1.5. A value engineering exercise has been undertaken and the base build cost for the pilot development site at Spring Vale provided by AECOM Construction Services is £2.35m, which is 6 per cent below (10%¹ allowing for building cost inflation in the intervening period) the previously approved base build cost of £2.5m as contained in 13th May 2013 Cabinet report. This equates to a base build cost of £2,500 per square meter (excluding abnormal costs) in comparison with previous figure of £2,600 per square meter. This has been achieved through value engineering, AECOM absorbing the investment cost in the infrastructure required to manufacture the panels, and CHPL waiving their licence fee.
- 1.6. Following a range of detailed site investigation surveys a number of significant abnormal site costs have been identified at Spring Vale including the need for the diversion of a sewer, removal of contamination relating to Japanese Knotweed and ground conditions requiring piled foundations. The total abnormal costs, including the related professional fees, are estimated at £739k in addition to the base build cost.

¹ Building Cost Information Services (BCIS) data for the period Q1 2013 to Q1 2014 shows construction cost inflation of 4.2%

- 1.7. Notwithstanding that some of the abnormal costs can be met from the project contingency previously set aside, there is a need for an additional funding of £488k to progress the scheme. It can be noted that the increased development costs can be more than off-set by the increase in Gross Development Value and the total scheme return to the Council, including retained equity, has increased from £2.1m to £2.8m (based on an updated sales valuation report by Savills in March 2014).
- 1.8. Further, it is proposed that a single contractor framework be established to take forward the Council's remaining direct housing development sites (excluding Spring Vale). The procurement would include public works with a financial value above the EU threshold, thereby requiring an OJEU compliant competitive procurement process to be undertaken.

2. RECOMMENDATIONS

In relation to the Pilot Site at Spring Vale, Brook Green

- 2.1. To note progress to date with the Rational House development sites as part of the Council's direct housing development programme (as per the approved Business Plan 2013-17); and the increased delivery capacity due to greater collaboration between Rational House and AECOM (a Fortune 500 company)
- 2.2. To note that Willmott Dixon Housing (appointed through the National SCAPE Framework) has withdrawn as the main contractor for the Rational House development sites
- 2.3. To note that a value engineering exercise has been carried out and a reduction in base build costs of 6 per cent (10%² allowing for building cost inflation in the intervening period) has been achieved compared to costs reported in May 2013
- 2.4. That approval be given to appoint AECOM Construction Services, without competition, as the main contractor for the Spring Vale scheme and expenditure of £2,781,000 (to be funded from the approved housing development programme Business Plan funding envelope) for construction costs; and that the Council's Contract Standing Order 9.2 Section 3 be waived on the grounds that this is in the Council's overall interest for the reasons set out in section 6 of the report
- 2.5. To note that due to site specific abnormal issues on the Spring Vale scheme, the overall development cost has increased; and therefore that approval be given for additional capital expenditure of £488,000 (to be funded from the approved housing development programme Business Plan funding envelope) as set out in detail in section 7.3 and 7.4 of the report

² BCIS data for the period Q1 2013 to Q1 2014 shows construction cost inflation of 4.2%

- 2.6. To note that AECOM Construction Services will undertake an open book sub-contractor tendering exercise for the Spring Vale scheme

In relation to the Single Contractor Framework Procurement

- 2.7. That approval be given to initiate a regulated OJEU procurement (Open procedure) to establish a single contractor framework to deliver the remaining housing development programme sites (excluding Spring Vale and the Hidden Homes schemes); and that a report be submitted to Cabinet with a recommendation on final selection of the preferred contractor
- 2.8. That authority be delegated to the Cabinet Member for Housing, in conjunction with Executive Director of Housing and Regeneration, to make decisions during the procurement process in order to identify the preferred contractor
- 2.9. That approval be given for expenditure of £50,000 (from the previously approved Housing Development Programme business plan revenue funding) for legal fees to appoint Sharpe Pritchard to advise on the single contractor framework procurement; and £15,000 (from the previously approved Housing Development Programme business plan revenue funding) for CHPL to undertake tender evaluations

Rational House Development Programme

- 2.10. To note the initial appraisal undertaken for the Jepson House development site; and that approval be given for the expenditure of £185,677 (within the existing approved Housing Development Programme budget envelope) for professional fees to instruct City House Projects Limited (under the existing framework agreement) to undertake resident consultation, site investigation surveys, and design to planning (RIBA stage D) which is in line with the previously approved Business Plan funding
- 2.11. To note the Business Plan analysis of the recommendations of this report as set out in section 11 of the report

3. REASONS FOR DECISION

- 3.1. The Cabinet approved, on 24 June 2013, the Housing Development Programme Business Plan 2013 – 2017, for the direct delivery of new low cost home ownership opportunities in the Borough in pursuance of the Council's adopted Housing Strategy "Building a Housing Ladder of Opportunity".
- 3.2. This report provides a progress update for the Rational House programme as part of the Council's direct housing development programme and seeks approval in relation to contractor appointments and funding to progress the relevant schemes in the approved Business Plan.

4. BACKGROUND

- 4.1. The Council is currently pursuing three strands of housing development using its own land, under its own leadership to achieve its housing aims and objectives set out in the Housing Strategy *Building a Housing Ladder of Opportunity*:
- § Hidden homes programme for small sites – generally less than 5 units per site
 - § Innovative housing built using modern methods of construction for intermediate sites (Rational House) – generally between 5 – 50 units per site
 - § Joint Venture to deliver on selected larger Council owned development sites – 50+ units per site
- 4.2. A Business Plan for the first two work strands (direct housing delivery) was approved by Cabinet on 24th June 2013. The third work strand, the Joint Venture, will have separate governance arrangements and its own business plan.
- 4.3. The direct housing development programme remains focused on delivering 100 Discount Market Sale (DMS) and 33 private homes by March 2016. An update on progress for each work strand is presented below.

Hidden Homes Update

- 4.4. The hidden homes programme presented in the Business Plan targeted delivery of 14 new homes (13 DMS and 1 private unit) across seven sites, in addition to the completed (in 2012) scheme at 67/68 Becklow Gardens for 2 DMS units. The completed development at Becklow Gardens realised sales proceeds of £468k against development costs of £123k, producing a positive gross return of £345k (including retained equity).
- 4.5. Planning consents have been secured for six of the seven sites. Practical completion was achieved for the Bloemfontein Road scheme in March 2014. Following sales completion the two new units will realise sales proceeds of £520k against development costs of £192k, producing a positive gross return of £328k (including retained equity). Practical completion for two further sites will take place in April 2014. Two additional sites, with planning consents, started on site in February 2014 and are due to complete in summer 2014.
- 4.6. As part of the programme the Cabinet also approved the disposal of underutilised amenity land at Verulam House, Hammersmith Grove, following limited expenditure to secure planning consent for a new private 4 bedroom family dwelling. The land was sold at auction by Savills on 10th December 2013 for £930k and the sale was completed on 17 January 2014, generating a surplus of £908k net of town planning and sales costs for reinvestment in provision of DMS homes.

Innovative Housing Built Using Modern Methods of Construction (Rational House) Update

- 4.7. The new build innovative housing programme presented in the business plan targeted delivery of 51 new homes (36 DMS and 15 private units) across the four sites.
- 4.8. Planning approvals have been secured for the Spring Vale (6 DMS and 4 market sale homes), Barclay Close (3 DMS and 3 market sale homes) and Becklow Gardens (6 DMS and 7 market sale homes) schemes totalling 15 DMS and 14 market sale homes. Further update is provided in section 5 of the report.
- 4.9. Initial feasibility work has been undertaken for the scheme on the Jepson House estate and approval to proceed with design to RIBA stage D is now recommended - further detail is provided in section 10 of this report.

Housing & Regeneration Joint Venture Update

- 4.10. On 3 February 2014, Cabinet approved the establishment of a housing and regeneration Joint Venture with Stanhope Plc. The 50/50 Joint Venture will be in place for 15 years with an option to extend for a further 5 years.
- 4.11. The Joint Venture will take forward for development the first two Opportunity Sites at Watermeadow Court and Edith Summerskill House. It is proposed that 301 homes will be developed on these two sites of which 119 (40%) would be DMS.

5. RATIONAL HOUSE DEVELOPMENT PROGRAMME PROGRESS

- 5.1. In order to take forward the intermediate size development sites the Council established a framework for innovative housing built using modern methods of construction and associated design and development management services with City House Projects Limited (CHPL) as the single provider on 10th December 2012. CHPL is a subsidiary company of Rational House and was created to provide all the services and commercial expertise necessary to deliver the Rational House product. AECOM provide professional cost consultancy, project/development management, planning and engineering services to CHPL, through a sub-consultancy agreement, to deliver the Rational House product. AECOM is well established in each of the respective fields and is a Fortune 500 company.

Pilot Site – Spring Vale

- 5.2. Following Cabinet approval in May 2013 CHPL were instructed to undertake resident consultation, site investigation surveys, and design to planning (RIBA stage D) for the pilot development site on the Spring Vale estate. A detailed resident engagement exercise has been completed and

planning approval was secured for the scheme in July 2013 comprising ten units (6 DMS and 4 private for sale units).

- 5.3. A range of detailed intrusive site investigation surveys have been completed including contamination, daylight sunlight, rights of light, asbestos, ground condition, topographic, bat survey, secure by design, code for sustainability assessments, etc. This highlighted a number of site specific abnormal issues that it was not possible to accurately assess/cost prior to the completion of the surveys. These include a requirement to divert a grade three sewer, address ground contamination issues including Japanese Knotweed, requirement to use piled foundations, and to undertake works to increase the width of Ceylon Road to allow for the new vehicle access. The original site boundary has also been enlarged to include provision of a new area of green space following resident consultation. Through the detailed design process it has been possible to find design solutions to ensure the development remains viable and support from the local community has been maintained. Further financial details are provided in section 7 of the report.

Becklow Gardens and Barclay Close

- 5.4. In addition to the Spring Vale pilot site CHPL was also instructed to undertake design to planning (RIBA stage D) for two further sites at Becklow Gardens and Barclay Close estates. Resident consultation has been undertaken at both sites and planning approvals have been secured for the two schemes which comprise 19 units in total (9 DMS and 10 private for sale). Detailed resident consultation was also undertaken particularly at Becklow Gardens in relation to the re-provision of a play area and parking provision. Resident engagement is ongoing in the detailed design of the play area to ensure provision of a high quality facility that would be utilised by the local community.
- 5.5. Site investigation surveys have also been completed for these sites which have not identified any significant site abnormal issues, thereby reducing significant delivery risks for these schemes.

Contractor Appointment

- 5.6. In May 2013 the Cabinet approved the appointment of Willmott Dixon Housing (WDH), using the National SCAPE Framework, as the main contractor to deliver the Rational House schemes.
- 5.7. WDH was engaged to deliver the Spring Vale, Barclay Close and Becklow Gardens schemes and was due to provide a fixed price for the Spring Vale scheme on 27 January 2014 following the completion of the detailed design to RIBA stage E. This would have enabled a start on site to be achieved by 5th March 2014. On 17 December 2013 the Council was notified that WDH was withdrawing from the process and that they no longer wished to continue with any of the developments.

- 5.8. To minimise delays and the level of abortive costs associated with the withdrawal of WDH the Council has instructed CHPL (under the existing framework agreement) to step in and progress with detailed design to RIBA stage E for the Spring Vale scheme. This will minimise the abortive costs associated with WDH withdrawal as CHPL will seek to enter into contracts with each of the sub-contractors. It will also reduce delays to the programme as this work can be progressed whilst approval is sought to appoint a new contractor.
- 5.9. See section 10 of the report for detail of progress on Jepson House the fourth site being delivered using the Rational House model.

Collaboration Agreement between Rational House and AECOM

- 5.10. Rational House and AECOM have recently entered into a Collaboration Agreement to deliver the Rational House exclusively for a ten year period. The formal backing of AECOM provides significantly greater capacity to deliver the Rational House homes at scale.
- 5.11. AECOM professional technical and management support services, listed on the Fortune 500 as one of America's largest companies, provide a blend of global research, local knowledge, innovation and technical excellence in delivering transportation, development and environmental solutions globally. Working in over 170 countries, AECOM services include; architecture, engineering, design, planning, science, management and construction.
- 5.12. The establishment of the agreement between AECOM and Rational House will retain Rational House as the brand of the house and AECOM will become the delivery vehicle bringing all services under one roof. The key features of the new arrangement are:
- § The Rational House design team will be involved in the design of all residential dwellings to be delivered by AECOM Construction Services
 - § AECOM will build a dedicated supply chain for the Rational House homes for all components and not just the main structure
 - § Rational House and AECOM will form a Strategic Board Chaired by the Director of Rational House, with Board members from both companies including the AECOM Europe CEO
 - § AECOM will invest £500k in 2014 business plan to invest in new people and in research and design
- 5.13. This will provide an integrated turn-key offer to deliver Rational House developments from site appraisal through to construction and operation.
- 5.14. The Council has been granted a 'Foundation Partner' status by the Rational House partnership to reflect the Council's investment and the leading role in supporting the development and delivery of the Rational House product. As a result the Council will benefit from discounts to both build cost and professional fees on Rational House product provided a sufficient pipeline of development is confirmed. For example, the Council's current framework agreement with CHPL will enable it to potentially benefit

from a discount (between 5 – 12.5%) on professional fees for future CHPL schemes if multiple schemes are instructed.

6. APPOINTMENT OF AECOM CONSTRUCTION SERVICES AS THE MAIN CONTRACTOR FOR THE SPRING VALE SCHEME

- 6.1. The withdrawal of WDH has caused delays to the housing development programme whilst a new contractor is appointed. The Council is keen to minimise delays and ensure programme and cost certainty is achieved as quickly as possible. Therefore, for the pilot site at Spring Vale (which has a construction value below the OJEU threshold) it is proposed that AECOM Construction Services be appointed without competition as the main contractor by waiving the Council's Contract Standing Order 9.2 Section 3, on the grounds that this is in the Council's overall interest.
- 6.2. AECOM Construction Services are a leading contractor who has experience of delivering residential schemes, built using modern methods of construction within dense urban environment. Appointment of AECOM Construction Services as the main contractor will complement the Council's existing agreement with AECOM (via CHPL) in relation to the design and development management services for the Rational House programme.
- 6.3. AECOM Construction Services are proposing to work at risk to provide a fixed price by May 2014 to deliver the Spring Vale scheme, which will enable start on site to be achieved by early June 2014. The management fees, prelims, overheads and profits will be based on the previously tendered SCAPE framework agreement levels and each of the individual sub-contractor works packages will be market tested to produce the final fixed price fee. This process will be done on an open book basis and the Council will attend all tender openings. Details of the revised costs are provided in section 7 of the report.
- 6.4. The option of a full tender exercise to appoint a new contractor for the Spring Vale pilot scheme was considered which would result in a considerable delay to the programme, in the order of six months. Therefore, it is considered beneficial for the Council to appoint AECOM Construction Services for the pilot scheme, whilst a separate procurement exercise is undertaken for the wider housing development programme (see section 8 of the report), on the basis that this will:
- minimise programme delays
 - provide greater cost/programme certainty sooner
 - management fees, prelims, overheads and profits will be on same terms as the SCAPE framework agreement levels
 - individual sub-contractor works packages will be market tested on an open book basis
 - complement existing agreement with AECOM for design and development management services

Detailed Design

- 6.5. Prior to instructing the construction contract for Spring Vale it is necessary to complete the detailed design for the scheme to RIBA stage E, which will enable the Council to:
- minimise any abortive costs associated with the work completed by WDH
 - provide greater certainty to the sub-contracts, which will allow for more competitive pricing and reduced caveats/restrictions
- 6.6. To complete this work the Council has instructed CHPL, using the existing framework agreement, to undertake the detailed design work. The current framework contains provisions for additional design services and associated survey work.
- 6.7. Under this agreement CHPL have 'stepped in' by picking up from where WDH left off. They have entered into a new contract ("step in contract") based on the existing framework agreement between CHPL and the Council, with each of the sub-contractors appointed by WDH (Ground contamination and M&E engineers). The contract value of these works is in line with the previously instructed fees to WDH minus the works completed to date. The liability for these works has been transferred to CHPL and the Council retains the intellectual property rights to all designs and drawings as set out in the Council's framework agreement with CHPL.

7. SPRING VALE COST PLAN AND VALUE ENGINEERING

- 7.1. On 13 May 2013, the Cabinet approved the total development costs for the Spring Vale scheme of £3.44m. A summary of the approved costs is set out in table A.

Base Build Cost

- 7.2. The base build cost (excluding abnormal costs) provided by AECOM Construction Services in February 2014 is £2.35m, which is 6 per cent (10%³ allowing for building cost inflation in the intervening period) below the previously approved base build cost of £2.5m⁴. This equates to a base build cost of £2,500 per square meter (excluding abnormal costs) in comparison with previously reported base build cost of £2,600 per square meter (May 2013)⁵. The reduction has been achieved through value engineering, AECOM absorbing investment costs in the infrastructure required to manufacture the panels, and CHPL waiving their licence fee (2% of construction cost).

³ BCIS data for the period Q1 2013 to Q1 2014 shows construction cost inflation of 4.2%

⁴ Including £100k construction contingency

⁵ Based on Gross Internal Area of 950m² (10,200ft²)

Abnormal Costs

- 7.3. As set out in paragraph 5.3, following a range of detailed site investigation surveys a number of significant site abnormal issues were identified. The total abnormal costs following completion of the value engineering exercise is £739k, comprising:
- A. AECOM Construction Services costs in relation to abnormal costs of £427k including:
 - £90k for piled foundations
 - £17k for ground contamination
 - £42k for sewer diversion
 - £62k for enlarged green area and landscaping
 - £54k for other abnormals
 - £62k for prelims overheads and profits
 - £100k fixed price risk premium (contingency)
 - B. LBHF Transport & Highways department costs in relation to design and construction works to widen Ceylon Road of £124k
 - C. Associated professional fees of £188k

- 7.4. Therefore, in order to absorb the identified abnormal costs⁶ it has been necessary to draw on the entire approved project contingency, which results in a net shortfall after the value engineering exercise of £288k against the approved total scheme budget of £3.44m. Furthermore, whilst the Council is seeking to enter into a fixed price construction contract, it is considered prudent to retain £200k of project contingency going forward. Therefore, there is a need for additional funding of £488k to progress the pilot scheme.

Updated Cost Plan

- 7.5. Savills have provided an updated sales valuation report in March 2014 following the original valuation which was undertaken in March 2013. The updated valuation demonstrates that the GDV for the Spring Vale scheme has increased from £5.5m to £6.7m⁷.
- 7.6. Therefore, it is possible to off-set the increased scheme development costs by the increase in GDV of the private homes over this period. A summary of the updated cost plan is presented below:

⁶ Including an increase of £12k for sales fees as a result of the increased GDV

⁷ Savills advised an average sales value of £630/ft² in March 2013; this has increased to £760/ft² in March 2014 based on Net Internal Area of 8,800ft² (820m²).

Table A	Previously approved cost plan (May 13)	Variations	Revised cost plan (March 14)
Gross Development Value	£5,550,000	£1,173,000	£6,723,000
Development costs:			
- base build and externals	£2,504,000	(£150,000)	£2,354,000
- abnormal costs			
a) AECOM fixed price construction costs	n/a	£427,000	<u>£427,000*</u>
Total fixed price contract			£2,781,000
b) LBHF Highways costs (Road widening)	n/a	£124,000	£124,000*
- professional fees associated with abnormal costs	n/a	£188,000	£188,000*
- professional fees	£360,000	£0	£360,000
- sales and marketing fees	£82,000	£12,000	£94,000
- statutory fees	£185,000	£0	£185,000
- project contingency	£313,000	(£113,000)	£200,000
Total Development Costs	£3,444,000	£488,000	£3,932,000
Available return:			
- Development surplus (additional cash for reinvestment)	£687,000	£101,000	£788,000
- Retained equity (by Council)	£1,419,000	£584,000	£2,003,000
Total Council Return	£2,106,000	£685,000	£2,791,000

* Abnormal costs total £739,000

- 7.7. Based on the central business case assumption the surplus is £788k (20 per cent surplus on cost).
- 7.8. The central business case assumptions include £200k project contingency (reduced from the original 10 per cent project contingency) as the Council will be entering into a fixed price contract with AECOM construction services, and assumes a DMS household income of £38.3k per annum (a further £115k cash surplus could be realised by raising the DMS household income to £43.3k). The average household income for DMS homes has increased from £36k to £38.3k to ensure the project achieves a 20 per cent surplus on cost, which is the test of financial viability required by the Housing Development Programme Board.

7.9. The table below sets out the surplus on cost in £'000 and % terms of changes in Savills Open Market Values (OMV) to the private units and total scheme costs.

Change in private OMV			Change in total scheme costs				
2B M'nette	3B House	Sale	10.0%	5.0%	0.0%	(5.0%)	(10.0%)
£'000	£'000	NDV	4,325	4,128	3,932	3,735	3,538
652	1,073	(10.0%)	19.8 0.5%	216.0 5.2%	412.2 10.5%	608.4 16.3%	804.6 22.8%
688	1,133	(5.0%)	207.3 4.8%	403.7 9.8%	600.1 15.3%	796.5 21.3%	992.8 28.1%
725	1,193	0.0%	394.8 9.1%	591.4 14.3%	787.9 20.0%	984.5 26.4%	1,181.1 33.4%
761	1,252	5.0%	582.3 13.5%	779.0 18.9%	975.8 24.8%	1,172.6 31.4%	1,369.3 38.7%
797	1,312	10.0%	769.7 17.8%	966.7 23.4%	1,163.7 29.5%	1,360.6 36.4%	1,557.6 43.9%

Note:

1. Private for sale units comprise two maisonettes & two family houses
2. OMV central case is based on Savills low-range valuation
3. Total scheme costs include construction costs, professional & statutory fees, sales & marketing fees and contingency

7.10. In the event that sales values are realised at 10% below the lower end of the Savills range the development surplus would be reduced to £412k. In addition, should the construction costs also increase by 10 per cent the scheme would still breakeven, achieving a surplus of £20k, excluding the DMS equity and assuming DMS household income of £38.3k.

7.11. See section 11 below for details of the Business Plan assessment.

8. PROCUREMENT TO ESTABLISH A SINGLE CONTRACTOR FRAMEWORK

8.1. It is proposed that a single contractor framework be established to take forward the Council's remaining housing development programme (excluding Spring Vale scheme as set out above). The procurement will include public works with a financial value above the EU threshold, thereby requiring an OJEU compliant competitive procurement process to be undertaken.

8.2. In order to maximise bidder interest in the framework it is advisable to adopt the most robust and efficient procurement route. Based on

procurement and legal advice received it is considered that an EU compliant regulated Open procurement procedure be adopted to establish the contractor framework.

- 8.3. A Contract Notice will be published in the OJEU after the Cabinet approval setting out the scope of the framework. Similar information will be published on the Council's website in accordance with Contracts Standing Orders and on the London Tenders Portal that will be used for managing the procurement process.
- 8.4. It is recommended that authority be delegated to the Cabinet Member for Housing in conjunction with the Executive Director of Housing and Regeneration to make decisions during the procurement process. The final selection of the preferred contractor will be reported back to Cabinet on completion of the procurement process.
- 8.5. Indicative programme for procurement of a single contractor framework is set out below:

Event	Timetable
Cabinet approval to proceed	28 April 2014
Publish OJEU notice and tender (single stage ITT/PQQ)	12 May 2014
Submission of completed PQQ/ITT	20 June 2014
Evaluation	w/c 23 June 2014
Tender Appraisal Panel	w/c 21 July 2014
Cabinet Process	September 2014
Contract Award	October 2014

9. SINGLE CONTRACTOR PROCUREMENT IMPLICATIONS FOR BARCLAY CLOSE AND BECKLOW GARDENS SCHEMES

- 9.1. On 13 May 2013 Cabinet approved the instruction to CHPL to undertake resident consultation, site investigation surveys and design for the Becklow Gardens and Barclay Close schemes to planning (RIBA stage D). This has been undertaken for both sites and planning approvals have been received.
- 9.2. The withdrawal of WDH as the main contractor for both sites has resulted in delays to the programme whilst the new single contractor framework is procured. To minimise delays the Council has instruct CHPL, using the existing framework agreement, to undertake detailed design for both

schemes to RIBA stage E. The current framework contains provisions for additional design services and associated survey work. This will also include the discharge of all pre-commencement planning conditions.

- 9.3. In addition, as part of the procurement exercise, contractors will be required to price both schemes based on the detailed design, which will enable start on sites to be achieved sooner on completion of the OJEU procurement exercise in October 2014.

10. JEPSON HOUSE SITE DEVELOPMENT SCHEME

Design Solutions to Address Resident and Planning concerns

- 10.1. The proposed development site, located on the Jepson House estate in Fulham, presents an infill development opportunity on an area of the estate that is currently taken by parking and garages. The site comprises low quality hard standing and sits parallel to Pearscroft Road and Sandilands Road.
- 10.2. The initial hidden homes scheme proposed in the Business Plan for this site was based on a traditional design/construction method, and comprised of 23 homes (21 DMS). It was estimated that the scheme would achieve a GDV of £7.01m, at a development cost of £4.23m and return a surplus of £850k for reinvestment in housing and regeneration purposes.
- 10.3. Initial consultation was undertaken, as part of the hidden homes programme, with residents of the Jepson House estate and wider area in 2012. This included a resident drop-in event on 20 November 2012 and questionnaire survey of local residents.
- 10.4. There was a strong response to previous consultation both in terms of attendance at drop-in events and questionnaire returns. A number of concerns were raised through the consultation process, these included:
- § Quality of the design proposals
 - § The possibility of providing more estate parking than the current provision
 - § Impact of daylight/sunlight levels for existing residents
 - § Protecting the provision of garages
- 10.5. Furthermore, in the initial discussion with the statutory planning authority concerns were also raised about the design proposals, in particular the relationship between the proposed new development and the existing street scene, provision of required private amenity space, parking, etc.
- 10.6. Due to the constrained nature of the site and the inherent design challenges it is therefore proposed that this scheme be progressed as a Rational House designed scheme instead, which is better suited for developments of this nature.

- 10.7. CHPL have undertaken an initial assessment and produced a development proposal comprising 26 units (21 DMS and 5 private units). The more efficient design and site layout that can be achieved through the Rational House design allows for lower rise residential accommodation to be delivered within the constrained urban infill site.
- 10.8. The revised development will deliver 21 DMS units (as per the business plan target) and an additional 3 private units (5 in total) in a more integrated and sympathetic design which compliments the existing street scene and will comply with the London Housing Design Guidelines and Lifetime Homes Standard. Initial planning discussion on the revised Rational House design proposals is encouraging.

Financial Viability Appraisal

- 10.9. The initial financial viability appraisal for the Jepson House scheme (based on the Rational House design) is presented below:

Jepson House Appraisal Summary

Gross Development Value	£13,850,000
Development costs	£6,248,000
Available returns⁸:	
<i>Development surplus (additional cash for re-investment)</i>	£1,258,000
<i>Retained equity (by the Council)</i>	£6,974,000

- 10.10. The revised scheme has an increased GDV of £13.85m returning a total surplus for reinvestment in housing and regeneration purposes of £1.26m on an increased development cost of £6.25m. This represents an increased GDV of £6.8m, development costs of £2.02m and a cash surplus of £400k compared to the previous proposal. The increase in the GDV is a result of a larger scheme and updated sales valuation provided by Savills in November 2013.
- 10.11. Based on the CHPL fee schedule (agreed as part of the framework agreement) it is estimated that the professional fees required to undertake all necessary resident consultation, site investigation surveys and design to planning (RIBA stage D) for the Jepson House scheme is £185,677.
- 10.12. Therefore, approval is sought to instruct CHPL to progress detailed development proposals for this scheme, including detailed sensitivity analysis. Where appropriate the work will be let in phases to minimise any abortive costs. The Housing Development Programme Board have considered and endorsed the proposal.
- 10.13. A further report will be brought before Cabinet in due course requesting approval to proceed with the development (in accordance with the previously approved scheme of delegation set out in the Business Plan), which will contain a full development appraisal with full sensitivity analysis.

⁸ £567k of GLA grant and £63k of internal grant pool funding are allocated to this project

11. BUSINESS PLAN ASSESSMENT

- 11.1. Since the approval of the housing development programme Business Plan in June 2013 detailed resident consultation has been undertaken and planning consents received for a number of the development sites. This has resulted in some variations to costs and revenues which have been reported in the quarterly update reports.
- 11.2. Key changes have been the increased size of the Jepson House scheme, the identification of a number of abnormal site issues on the Spring Vale estate and delays to the programme following withdrawal of WDH. These variations are being managed within the overall agreed development funding envelope currently.
- 11.3. Full details of the changes will be presented in the annual Business Plan review and will include re-profiling of some schemes in the Business Plan resulting in more sites being pushed to the latter phase of the development programme. This will be kept under review by the housing development programme board.

12. CONSULTATION

- 12.1. The provision of new housing and in particular affordable home ownership has been identified as a key objective for the Council. The implication of this process will see existing residents, living on the identified estates, impacted both during and after the delivery of the new properties. Therefore, before any scheme can be undertaken it will be important for the Council to carry out a resident consultation exercise on each of the sites and for the results to be properly assessed.
- 12.2. Detailed resident consultation has been undertaken as part of the scheme development at Spring Vale, Becklow Gardens and Barclay Close. This has included:
 - § Ward Councillor briefings
 - § TRA engagement
 - § Resident newsletter
 - § Additional letters to leaseholders
 - § Drop-in session to enable residents to engage in site design
 - § Presentations to tenants and leaseholder area forums
- 12.3. The outcome of the consultation has informed the scheme development and planning consents have been secured for each scheme.
- 12.4. Further resident engagement will be undertaken prior to the construction work at each of the development sites to introduce the contractor and provide residents with further details regarding the development process.
- 12.5. A similar approach to resident consultation will be adopted for the Jepson House scheme.

13. EQUALITY IMPLICATIONS

- 13.1. As per the Equality Act 2010, the Council must consider its obligations with regards to the Public Sector Equality Duty (PSED). It must be 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 6th April 2011.
- 13.2. An initial Equality Impact Analysis (EIA) has been undertaken. It shows that the development sites, when reviewed against the profile of those on the HomeBuy register, to be of medium relevance to, have a positive impact on the following groups:
- § Age (especially younger age groups)
 - § Disabled people (and the Council recognises that some disabled people may require more assistance to benefit)
 - § Women
- 13.3. There will also be impacts on women and men, as set out in the EIA, where pram sheds will be moved. This is because this will cause disruption and the degree to which this occurs will vary from site to site. However, there will be no loss of the facility and so this will be mitigated by the re-provision of the facility.
- 13.4. Full EQIA assessment will be undertaken on a scheme by scheme basis as part of the planning application process.

14. LEGAL IMPLICATIONS

- 14.1. The Council has the power to enter in to contracts of the type and nature envisaged by this report under the Localism Act 2011 among others.
- 14.2. Paragraph 3 of section 1 of Council's Contract Standing Orders (CSOs) permit their requirements to be waived in particular circumstances specifically they provide that a prior written waiver to them may be agreed by the *Appropriate Persons* (as defined in the table in paragraph 3.1 of the CSOs) if they are satisfied that a waiver is justified because:
- (i) the nature of the market for the works to be carried out, or the goods to be purchased, or the services to be provided has been investigated and is demonstrated to be such that a departure from the CSOs is justifiable; or
 - (ii) the contract is for works, goods or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
 - (iii) the circumstances of the proposed contract are covered by legislative exemptions (whether under the *Public Contracts Regulations 2006*, *EU Directives* or English law); or

- (iv) it is in the Council's overall interest; or
 - (v) there are other circumstances which are genuinely exceptional. A departmental record of the decision approving a waiver and the reasons for it must be kept in accordance with CSO 18.2 or CSO 18.3. The provisions *contained* in this paragraph cannot be considered if the *Public Contracts Regulations 2006 (EU Procedure)* applies.
- 14.3. Clearly it is a matter for the Appropriate Person to decide whether they are satisfied that any of the grounds in the paragraph are made out so as to justify the waiver. However in this case in addition to the waiver being in the interests of the council (ground (iv) above) as the author of the report suggests; ground (i) and ground (v) are also relevant given the WDH's withdrawal can be considered exceptional as can the fact another contractor is prepared to take over the development on the terms being considered.
- 14.4. *Implications confirmed/verified by: Keith Simkins, Principal Solicitor, 07739315347 / 020 7361 2194*

15. FINANCIAL AND RESOURCES IMPLICATIONS

Spring Vale

- 15.1. Approval is requested to commit £3.93m for investment in Spring Vale to develop ten new properties (including six affordable). Funding for this will be provided from the Decent Neighbourhood's Fund as set out in the approved Housing Development Programme Business Plan 2013-17 (24 June 2013).
- 15.2. A fixed price contract will be entered into with AECOM Construction Services to complete the construction works at a value of £2.78m (this also includes abnormal costs for piled foundations, ground contamination, sewer diversion and other abnormal costs as set out in Section 7). The fixed-price contract will reduce the risk of construction cost overruns. The Housing Development Programme Board will review and monitor the progress and viability of the scheme.
- 15.3. The development appraisal includes a Project Contingency of £200k. The main construction work is set out in the proposed Fixed Price Contract, however £951k of costs will not be covered by that contract. This contingency will be closely monitored throughout the development with any movements requiring prior approval from the Housing Development Programme Boards.
- 15.4. Section 7 refers to the financial sensitivity analysis which has been carried out to provide the Council with assurance of the proposal's viability within a range of sensitivities. For example, increasing the Spring Vale costs by 10 per cent reduces the development appraisal surplus to £395k (from £788k).

- 15.5. The Council is due to receive £27k of GLA grant per DMS unit on practical completion i.e. £162k in total. Each scheme is required to meet the 20 per cent surplus on cost investment hurdle; the scheme is able to recycle the full value of GLA grant money into other schemes via the Council's internal grant pool and still meet the 20 per cent surplus on cost hurdle.
- 15.6. It should be noted that there are payback conditions associated with the grant and therefore a process will be established to ensure that the Council's liability to repay is closely monitored and managed.
- 15.7. The variations to the Spring Vale scheme and the wider housing development programme will be reported in the Business Plan annual review in June 2014

Single Contractor Framework

- 15.8. Approval is requested for expenditure of £50k for legal fees on appointing Sharpe Pritchard to advise on Single Contractor Framework procurement and £15k for CHPL professional fees. Funding for this will come from the approved Housing Development Programme Business Plan funding.

Jepson House

- 15.9. Approval is requested for expenditure of £185,677 to be spent with City House Projects Limited for resident consultation, site investigation surveys, and design to RIBA planning stage D. This will be released in phases in order to minimise risk. Assuming the scheme proceeds this will be funded from the Housing Development Programme funds held within the Decent Neighbourhoods Fund, should the scheme not proceed then cost can be contained within the allowance made within the Housing Revenue Account 2014-15 budget for Housing Development Programme revenue costs.
- 15.10. The financial viability appraisal for the Jepson House scheme has been reassessed based on the Rational House design. The revised scheme has an increased GDV of £13.85m returning a total surplus for reinvestment in housing and regeneration purposes of £1.26m on an increased development cost of £6.25m. It requires a contribution from the internal grant pool of £63k to meet the 20% surplus on cost threshold the Council requires schemes to make. This can be accommodated within the internal grant pool. This revised scheme represents an increased GDV of £6.8m, development costs of £2.02m and a cash surplus of £400k compared to the previous proposal. The increase in the GDV is a result of a larger scheme and updated sales valuation provided by Savills in November 2013
- 15.11. A further report will be brought before Cabinet requesting approval to proceed with the scheme which will contain a full development appraisal and sensitivity analysis.

15.12. *Comments have been completed by Francis Mills, Senior Accountant on the Housing Development Programme, Extension 1632.*

16. RISK MANAGEMENT

16.1. Risks considered in the body of this report are associated with delivery of the pilot development site on the Spring Vale estate and achieving programme and cost certainty for the wider housing development programme. Risk management continues to be applied within the programme. This is an ongoing process monitored, with mitigation identified, by the Housing and Regeneration Department.

16.2. The key risks are set out below:

§ **Cost overrun:** The Council will be entering in to a fixed price contract with AECOM Construction Services to deliver the Spring Vale new build scheme, which will minimise the risk of cost overrun. In addition, it is proposed that £200k project contingency is retained. For the wider housing development programme the Council will be undertaking a competitive procurement exercise to establish a single contract framework. This will provide a fully integrated supply chain to deliver the Rational House product and provide the Council with greater cost certainty going forward.

§ **Programme overrun:** The withdrawal of WDH has led to delays to the delivery of the Housing Development Programme. The Council is seeking to minimise the delay to the pilot development site by entering into a contract directly with AECOM Construction Services. Further, this has necessitated re-profiling of schemes in the Business Plan with the effect of more sites being pushed to the latter phase of the development programme. This will be kept under review by the Housing Development Programme Board. Establishment of a single contractor framework will provide greater capacity for the Council to undertake a larger volume of delivery at the latter stages of the programme. Progressing detailed design work at the first 3 sites will also minimise delays due to WDH withdrawal.

16.3. *Implications verified/completed by: Eric Holroyd, Development Officer – 020 8753 2734*

17. PROCUREMENT AND IT STRATEGY IMPLICATIONS

17.1. It is noted that the withdrawal of WDH has led to delays to the delivery of the Housing Development Programme. The Council is seeking to minimise the delay to the pilot development site (Spring Vale) by proposing to enter into a contract directly with AECOM Construction Services.

17.2. The base build cost (excluding abnormal costs) provided by AECOM Construction Services in February 2014 is £2.35m, which is 6 per cent

(10%⁹ allowing for inflation in the intervening period) below the previously approved base build cost of £2.5m.


- 17.3. If this course of action were not taken and a further procurement undertaken a further delay of at least 6 months would result and the tendered price could increase.
- 17.4. The development site has a construction value below the OJEU threshold (£2.35m compared to threshold £4.322m). That being the case legal advice is that there is no need to advertise the contract Europe wide under the Public Contracts Regulations (PCR) unless it is considered to have a cross border interest. By not advertising, there is a risk of a challenge from a contractor not given the opportunity to tender for the contract.
- 17.5. A waiver of the Council's Contract Standing Orders (CSOs) by the appropriate Cabinet Member and the Leader of the Council is also required to award this contract to AECOM Construction Services. Members must be satisfied that the grounds set out in section 3.1 which justify the waiver of CSO's are satisfied.
- 17.6. *Implications verified/completed by: (Robert Hillman, Procurement Consultant [Projects] x1538)*

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	All relevant reports previously published		

⁹ BCIS data for the period Q1 2013 to Q1 2014 shows construction cost inflation of 4.2%

 the low tax borough	London Borough of Hammersmith & Fulham CABINET 28 APRIL 2014
THE BUSINESS RATES SCRUTINY TASK GROUP FINAL REPORT	
Report of the Leader	
Open Report	
Classification: For Decision	
Key Decision: No	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director for Finance & Corporate Services	
Report Author: Craig Bowdery, Scrutiny Manager	Contact Details: Tel: 020 8753 2278 E-mail: craig.bowdery@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. At its meeting on 8 April 2014, the Overview & Scrutiny Board considered and approved the Final Report of the Business Rates Scrutiny Task Group. The Task Group made eleven recommendations to the Council, six to Government and two to the Valuation Office Agency. This report recommends that Cabinet note the Task Group's findings and agree to provide an Executive Response to the recommendations made to the Council.

2. RECOMMENDATIONS

- 2.1. That Cabinet:
 - i) Note the Final Report of the Business Rates Scrutiny Task Group;
 - ii) Note that eleven recommendations have been made to the Council, six to Government and two to the Valuation Office Agency;
 - iii) Note that officers have sent the report and recommendations to the Department for Communities and Local Government, the Communities

and Local Government Parliamentary Select Committee and the Valuation Office Agency for consideration; and

- iv) Agree to provide an Executive Response to the recommendations made to the Council at its meeting in June 2014

3. REASONS FOR DECISION

- 3.1. The Council's Constitution outlines the power of Overview and Scrutiny Committees to make recommendations to the Cabinet, the Council or to external partner agencies. Reports from scrutiny are usually responded to within eight weeks of them being submitted.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Business Rates Scrutiny Task Group was commissioned by the Overview & Scrutiny Board on 15 July 2013 to explore the impacts of reforms to the business rates system that took effect in April that year. The reforms were intended to give local authorities a direct financial incentive to help promote local economic development, so the Task Group also investigated how the Council could help foster healthy and successful high streets in Hammersmith & Fulham. With a large number of outstanding appeals in the borough, the performance of the Valuation Office Agency was also included in the Task Group's remit.

- 4.2. The members of the Task Group were:

- Cllr Robert Iggulden
- Cllr Lucy Ivimy (Chair)
- Cllr Max Schmid

- 4.3. The Task Group interviewed a range of witnesses, including Council officers, a town centre development consultant, the Valuation Office Agency, the Department of Communities & Local Government and the Hammersmith London Business Improvement District. A wide range of documentary evidence was also reviewed, including the Government-commissioned *Portas Review*, the *Grimsey Review* (a response to Portas), a study conducted by the Royal Borough of Kensington & Chelsea in 2007 and publications such as the British Retail Consortium's *Business Rates: The Case for Reform*.

- 4.4. The Task Group's Final Report is attached as **Appendix A**.

5. PROPOSAL AND ISSUES

- 5.1. The Task Group made eighteen recommendations: eleven to the Council, six to the Government and two to the Valuation Office Agency. Following approval by the Overview & Scrutiny Board on 8th April 2014, the Final Report was sent to the DCLG and Valuation Office for a response to the recommendations, and to the CLG Select Committee for its consideration.

Cabinet is therefore asked to agree to provide an Executive Response to the eleven recommendations made to the Council at its meeting in June 2014.

5.2. The eleven recommendations to the Council are as follows:

- i) Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible
- ii) The Council should ensure that it shares with the VOA the rent schedules for all properties where it is the landlord
- iii) The Council should make it clearer to businesses what it is and has been spending business rate income on and seek suggestions for further activity from businesses
- iv) The Council should prioritise the support provided by the Economic Development, Learning and Skills Department to local businesses, particularly small retailers
- v) The Council should adopt a policy of vinyl-wrapping shops that have been vacant for an extended period where the owner cannot be identified, without asking for consent from the owner, and undertake this in accordance with planning legislation
- vi) The Council should designate an Empty Shops Officer to coordinate the efforts to fill vacant shops
- vii) The Council should undertake an exercise to prioritise the borough's 29 shopping areas to ensure resources are utilised as effectively as possible
- viii) The Council should adopt a curatorial approach to Bloemfontein Road to attract a suitable mix of tenants to the shopping parade that serve local demand on the White City Estate and other nearby residential areas
- ix) The Council should adopt a policy that recognises the value of restaurants and the leisure offer in Hammersmith and encourage increased provision, and assess evening safety in the town centres
- x) The Council should recognise the harmful effect of too many betting shops on the borough's high streets and look at the use of an Article 4 direction to remove permitted development rights and develop planning policy to restrict the concentration of betting and payday loan shops
- xi) The Council should consider adopting planning policy that allows retail to residential conversions in the borough's shopping centres only by contracting the areas designated as protected retail frontages from the edges inwards, thus protecting the continuity of high streets and shopping parades. The amount of shrinkage permitted should be determined by the importance of the location to the local economy and should therefore vary by street and parade

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. Cabinet can choose to either endorse the recommendations made by scrutiny, reject them or amend them. If Cabinet decides to reject the recommendations then an explanation of why the findings of the Task Group were rejected might be requested by the Overview & Scrutiny Board.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

LIST OF APPENDICES:

Appendix A – The Business Rates Scrutiny Task Group Final Report

The Business Rates Scrutiny Task Group

Final Report

**A Scrutiny Task Group commissioned by the
Overview & Scrutiny Board**

March 2014

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Executive Summary

The Business Rates Task Group was established following the reform of the business rates system that took effect in April 2013. The changes to the system were intended to give local authorities a direct stake in local economic development by allowing Councils to retain a portion of the rates they collected. The Task Group therefore also reviewed the work being undertaken by the Council to support the borough's high streets and town centres.

This report presents the findings of the Task Group and argues that the business rate system is no longer fit for purpose as it is based upon a valuation methodology that is capricious and disincentivises high street investment. In the view of this Task Group, the current system creates too many anomalies and distorts a level playing field for retailers. This is because the tax is too heavily linked to individual premises and the rents that particular tenants can negotiate. The Task Group would advocate a locally-consistent banding system that could promote rather than hinder town centre vibrancy. Such a system would also potentially remove the need for the large number of appeals that are still outstanding in Hammersmith & Fulham. The Task Group found that the Council has significant difficulty making financial forecasts when so much of the business rate income it is collecting is still subject to appeal. More needs to be done by the Valuation Office Agency and Government to address this backlog and restore certainty for the Council and local businesses.

Whilst the Task Group believes that reforming the current business rates system is of paramount importance, members also identified a number of actions that Government and the Council can take to help high streets. A significant issue is the increasing clustering of betting and pay day loan shops. As well as having worrying public health implications, betting shops detract investment and harm the perception of an area. Members of the Task Group reached the conclusion therefore that Government should revise the planning legislation to put betting and pay day loan shops into a separate Use Class, and the Council should consider removing the new permitted development rights and developing planning policy to limit shops becoming betting or pay day loan shops. The Task Group also explored the work the Council is currently undertaking to support local businesses. It recommends a bolder approach to empty shops that includes applying a vinyl-wrapping to shops that are vacant for extended periods, even if the owner cannot be identified.

THE BUSINESS RATES SCRUTINY TASK GROUP

Final Report

“I believe that our high streets have reached a crisis point. I believe that unless urgent action is taken much of Britain will lose, irretrievably, something that is fundamental to our society.”

Mary Portas, *The Portas Review*, 2011

“Governments of all stripes have failed to get to grips with the big issues facing our high streets for years. And now in a period of deep decline there is an arms race for new ideas...none of these initiatives are making much impact and there is a frustrating sense of policy being conducted in the margins. The need to grasp the nettle is bigger than ever.”

Bill Grimsey, *The Grimsey Review*, 2013

1. Introduction

- 1.1 On 1st April 2013, changes came into effect that altered how councils collect business rates. London Boroughs now retain 30% of the funds collected through business rates, replacing funding that had previously been received as a Government grant. The intention of the reform was to give local authorities a direct financial incentive to promote economic development. However the reforms also resulted in a significant funding gap for many councils, including Hammersmith & Fulham.
- 1.2 Whilst local authorities are responsible for the collection of business rates, the rates themselves are calculated by the Valuation Office, which is a Government agency. With the funds collected through business rates being a significant portion of the Council's income, it is therefore important that the rates set by the Valuation Office are correct and fair to minimise the potential for appeals by businesses, and any subsequent delays and underpayments.
- 1.3 The issue of the country's high streets has been prominent in recent years, with a number of household retail names such as Woolworths, Jessops, Blockbuster and HMV all going into administration. Alongside the larger retailers, smaller firms are also finding it difficult to survive in a world of changing shopping habits and increasing costs. As a result, the sight of empty shops has become increasingly common in Hammersmith & Fulham and nationally. In September 2013, the Local Data Company reported that in Britain's top 650 shopping destinations, there were 22,339 vacant shops – an overall vacancy rate of 14.1%¹. The UK recession started in 2008 and its effects have been felt since. However London has fared better than many

¹ 'Has planning helped the high street?' in *Planning*, 1st November 2013

parts of the country, which is reflected in the capital's vacancy rate of 7.1% in January 2013, although this still means that there were 3,400 vacant units, which is an estimated 5.4% increase since the beginning of 2010². In Hammersmith & Fulham the overall vacancy rate for high streets is 8.7%, with variances of 12% for Fulham and under 5% for Shepherd's Bush.³

- 1.4 It was in this context that a number of reviews and investigations were instigated, the highest profile being that of the TV personality Mary Portas commissioned by the Government. Portas' recommendations were welcomed but not fully implemented by the Government, and some commentators dismissed them as little more than publicity for a television series. Among those criticising was former retailer Bill Grimsey, who led a small group of industry experts to make alternative proposals. Whilst the diagnoses of the causes and the advocated cures for high street decline varied, it is almost universally recognised that high streets and town centres play a fundamental role in local communities. As highlighted by London Councils, the high street is more than a collection of shops:

*"While nostalgia might form some of the argument for the support and retention of our high streets, there are bigger issues at stake. As generators of employment, a cluster for businesses to trade and a site for different groups in society to meet and mix, high streets are geographically, economically and socially important"*⁴

- 1.5 Many of the recommendations of reviews such as Portas and Grimsey addressed national issues beyond the scope of local authorities. However they also identified ways in which councils could help promote successful town centres. The Overview & Scrutiny Board was concerned that reforms in the business rates and planning rules were not helping local high streets to thrive. The Council had not previously explored the methodology of the business rates system so on 15th July 2013 the Board commissioned the Business Rates Scrutiny Task Group to investigate these issues and to investigate how the Council can help foster healthy and successful high streets in the borough.

² *Open for Business: Empty shops on London's high streets*, London Assembly, March 2013

³ LBHF Performance and Information Group from Local Data Company June 2013

⁴ *Streets Ahead? Putting high streets at the heart of local economic growth*, London Councils, July 2013

2. Terms of Reference and membership

- 2.1 The Task Group set out to investigate how the Council has been affected by the recent reforms to business rates, the performance of the Valuation Office Agency and to explore the Council's powers to promote local economic development and healthy high streets across the Borough. As market traders do not pay business rates, the performance of the Borough's markets was not included in the Task Group's investigations or this report
- 2.2 The Task Group's aims and objectives were as follows:
- i) To understand how the reform of business rates has impacted upon the Council's income;
 - ii) To understand the extent of the impact on the Council's income caused by offices becoming residential properties;
 - iii) To review the performance of the Valuation Office Agency in Hammersmith & Fulham;
 - iv) To consider what initiatives could be implemented to help reduce the number of empty shops in Hammersmith & Fulham;
 - v) To understand the views and experiences of local business owners and retailers; and
 - vi) To contribute to a Council policy to promote vibrant and successful town centres across the Borough.
- 2.3 The membership of the Task Group was:
- Cllr Lucy Ivimy (chair)
 - Cllr Robert Iggulden
 - Cllr Max Schmid

3. Methodology

3.1 The Task Group's work was member-led and it conducted its investigations by inviting a number of witnesses to attend meetings and engage in discussions on the topics detailed in the Terms of Reference. Witnesses included officers from the Council's Finance & Corporate Services, Housing & Regeneration and Transport & Technical Services departments, the Valuation Office Agency (VOA), the Department of Communities & Local Government (DCLG), a development and infrastructure consultancy and the local Business Improvement District (BID).

3.2 The topics discussed at Task Group meetings were as follows:

Meeting one:

- introduction to business rates reform
- an overview of the Council's existing activity to support town centres
- planning policy
- approval of the Task Group's project plan

Meeting two:

- different approaches to high street management
- permitted development and the use of Article 4 directions

Meeting three:

- The Valuation Office Agency
- The Portas Review and The Grimsey Review

Meeting four:

- targeting resources and establishing a hierarchy
- how shopping areas are classified and prioritised by the planning system
- the key issues for the different shopping areas in Hammersmith & Fulham
- case studies of successful high street interventions in Hammersmith & Fulham

Meeting five:

- The DCLG and business rates
- The Hammersmith London Business Improvement District

3.3 Members also received and considered a range of written documentation and research, including the Government-commissioned *The Portas Review*, responses such as *The Grimsey Review*, a study conducted by the Royal Borough of Kensington & Chelsea in 2007 and publications such as the British Retail Consortium's report *Business Rates: The Case for Reform*.

4. Findings and conclusions

The impact of business rates reform

- 4.1 Prior to 2013/14 all business rates income collected by local authorities was paid to Government, which then gave councils grant funding. However since 1st April 2013, London Boroughs now retain 30% of the business rates collected. For 2013/14, the London Borough of Hammersmith & Fulham forecasts that it will collect £164.2million of business rates. Of this, 50% is payable to the Government and 20% to the Greater London Authority (GLA), leaving £49.26million to be retained by the Council. In order to ensure that authorities with a high business rates tax base did not benefit from the new system, a tariff was also introduced. The tariff for Hammersmith & Fulham, payable to the Government, is £2.83million in 2013/14. The net sum to be retained by the Council is thus £46.43m. Under the previous system, the Council could have anticipated receiving £54.03m.
- 4.2 The Government, recognising that the reforms could reduce councils' income, has also introduced a 'safety net' level, which is 92.5% of previous funding levels. For Hammersmith & Fulham the safety net for 2013/14 was set at £49.98m. This means the Council received a safety net payment of £3.55m to protect its income at that level. Under the new system the Government assumes a level of collection for Hammersmith & Fulham that exceeds what is actually expected to be collected, with a gross loss to the Council of £7.60m, for 2013/14, reduced to £4.05m after the income is topped-up to the safety net level.
- 4.3 The Task Group welcomes the reforms allowing councils to retain an element of business rates, however members were concerned and disappointed at the significant loss of income. Despite the safety net payment, in 2013/14 Hammersmith & Fulham was over £4million worse off as a result of the reforms: a very significant sum representing 8% of the Council Tax collected by the authority. This reduction in income has meant that there has had to be reductions in Council spending. The intention of the reform was to give councils a financial incentive to help promote local economic development. However with such a significantly reduced income the capacity of the authority to do so has been restricted. Moreover, Hammersmith & Fulham are so far below the safety net level that it will be some time before any increased business activity would represent higher income for the Council. The resourcing of the Economic Development, Learners & Skills department is discussed elsewhere in this report, but it would appear to the Task Group that funding reductions introduced in 2013 have the potential to undermine the aspirations of the reform.

Recommendations:

- Government should revisit the rate collection estimate that was made for 2013/14 that led to a £4million loss for Hammersmith & Fulham to ensure collection assumptions more closely reflect actual collection rates

4.4 The Secretary of State for Communities and Local Government, Eric Pickles, has during the course of the Task Group's investigations announced packages of support for small businesses. These include a £1,000 discount in business rates in 2014/15 and 2015/16, to be funded by central Government, for retail premises with a rateable value up to £50,000. Under the powers granted by the Localism Act 2011, councils have the power to also introduce discretionary relief schemes, however the costs of discretionary schemes must be funded entirely by the local authority. The Task Group considered whether discretionary relief schemes might be appropriate for Hammersmith & Fulham, but given the £4m loss in income it felt that these could not be delivered without having a detrimental effect on council services elsewhere. Furthermore, relief schemes such as those launched in Brighton & Hove which gave discounts to businesses moving into properties that had been vacant for six months or more, were not judged to be appropriate. The Task Group was of the view that such schemes were unfair to steady businesses and could give an unintended advantage to firms that were more mobile and easier to regularly relocate as they moved from one long-term vacant property to another. Such relief schemes were therefore unlikely to deliver the aim of economic growth and failed to address the systemic issues. The Task Group noted that only around 5% of councils nationally had adopted discretionary relief schemes.

The impact of ongoing appeals

4.5 The Council's loss of income after the business rates reform was further exacerbated by the uncertainty caused by the number of ongoing appeals in the borough. For the business rates scheme to function efficiently, it is imperative to ensure that the rates businesses pay are accurate and up to date. If a business owner is of the view that their rates are not accurate, they can appeal to the Valuation Office Agency (VOA), which investigates the circumstances of the valuation and if agreement cannot be reached with the business, the issue is referred to the Valuation Tribunal. Throughout this process, the business continues to pay its rates at the level originally set by the VOA. If the Tribunal then decides that the rates paid were too high, the business is then entitled to a refund of rates paid, backdated to the valuation date prior to the appeal being submitted (either 1st April 2010 or 1st April 2005). The local authority is therefore required to pay successful appellants sometimes significant amounts of money – for inaccurate valuations it did not make.

4.6 The Task Group noted that the speed and clarity of the appeals process was particularly important for Hammersmith & Fulham. When members met with the VOA, they were informed that as of 31st March 2013 there were still 1,280 outstanding appeals from the 2010 ratings list, with 2,660 appeals resolved. There was also 100 appeals still outstanding from the 2005 list. The VOA could not confirm the value of the outstanding appeals when they attended the Task Group meeting, but Council data as of 31st December 2012 valued the outstanding 2010 appeals as having a total rateable value of £175million, with a further £24million for the 2005 appeals. The Task Group noted that in

some instances, the Council had been required to refund a business up to 30% of the rates it had paid since 2008. On top of the one-off impact on the Council's budget, the appeals could permanently reduce the Council's underlying business rate base and its future income. Long term financial planning is therefore extremely difficult as the Council does not know what appeals will be heard in the forthcoming year. The Bi-Borough Director of Finance noted that in the 2013/14 Budget, the Council anticipated collecting approximately £200million in business rates, but £50million of this was subject to appeal.

- 4.7 The VOA met with Task Group members and explained to them the appeal process and the target timescales for resolution. Once a ratepayer had formally challenged their rateable value, the issue was placed in a holding programme before then being placed in a live programme. The appeal then entered into a four to six week discussion and evidence gathering period. If the ratepayer and the VOA could not reach an agreement at the end of this process, the matter was then referred to the Valuation Tribunal and was no longer under the control of the VOA. The Tribunal's procedures then have a target of reaching an outcome within ten weeks. The VOA acknowledged however that for complex cases resolution was often only reached in nine to ten months, rather than the ten week target. The Task Group noted that prior to the 2013 reform, councils were only informed of appeals once they had been resolved. Members therefore welcomed efforts by the VOA to improve transparency and keep local authorities informed by publishing quarterly lists of new and ongoing appeals. However, it remained a significant concern that the appeals process took so long and that there was such a large number of outstanding appeals, with no apparent penalties for public organisations failing to meet their own targets. Members were also concerned at an apparent lack of clarity with many appeals being settled outside of the Tribunal.

Recommendations:

- The VOA should commit resources and work with the Valuation Tribunal to reduce the time appeals take to resolve in order to give greater clarity to local authorities and ratepayers
- The DCLG should explore whether to introduce a system of financial penalties to compensate ratepayers and local authorities in instances when the VOA and the Valuation Tribunal fail to meet their target timescales for resolving appeals

- 4.8 The Task Group heard that one of the main reasons why there were so many appeals in Hammersmith & Fulham was because of the Westfield shopping centre. Westfield opened in October 2008 and the VOA were required to calculate what a reasonable rent for each store would have been at the previous antecedent valuation date of 1st April 2003 (the antecedent valuation date for the entire 2005 valuation list). Valuation officers therefore based their valuation on evidence such as rents at comparable locations and the building plans. The VOA felt that it did not receive a level of cooperation that it would have expected from the shopping centre's management, with Westfield

appearing reluctant to engage in dialogue or to provide the necessary information. Members of the Task Group also noted that the witnesses from the VOA acknowledged that the VOA did not have a good enough relationship at the time with the Council in its role as local planning authority. Therefore, based on the limited information available, the VOA formed an opinion of the market value of the units at Westfield. Since the valuations were made however, more evidence has become available and it had become apparent that the valuations were not accurate.

- 4.9 As a consequence of the initial valuations at Westfield being inaccurate, the Council had had to refund significant sums of money to the businesses that had been paying more than they should have been for a number of years. Members therefore welcomed the VOA's assertion that the mistakes made had not been repeated when Westfield Stratford was built and that all sides had worked together more openly to allow a more accurate assessment of each unit. However the Task Group remain concerned that the Council and businesses are still experiencing a legacy of uncertainty with so many appeals still outstanding. Of particular concern is the forthcoming extension to Westfield which will include a John Lewis and many other new retail units. The Task Group therefore recommends that the local authority seeks to actively engage with Westfield and the VOA to ensure all necessary information is shared.

Recommendations:

- Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible

- 4.10 The Task Group also discussed the ways in which the Council and the VOA shared information. It heard that the VOA was working on providing as much information as possible to help local authorities forecast their business rate income. However the VOA is restricted by legislation which limits the information it can publish. Section 18 of the Commissioners of Revenue and Customs Act 2005 states that "*Revenue and Customs officials [ie Valuation Officers] may not disclose information which is held by the Revenue and Customs in connection with a function of the Revenue and Customs.*" This means that the VOA is not able to share with local authorities occupier names and other information that could assist the council in billing and rates collection. Valuation Officers are also restricted in what they can share in relation to an appeal when a ratepayer submits additional information. The Task Group can see no justification for this and recommends that Government amends legislation to allow information to be shared which would enable councils to make more accurate business rate collection forecasts. Members also noted and supported the request of the VOA that the Council should share the rent schedules for all properties where it was the landlord. This information would help the VOA make a more accurate assessment of a property's rateable value, and would therefore benefit the ratepayer.

Recommendations:

- The Government should amend legislation to enable the VOA to share all relevant information with local authorities
- The Council should ensure that it shares with the VOA the rent schedules for all properties where it is the landlord

The business rates system and the valuation methodology

- 4.11 Members of the Task Group heard how the current business rates system operates, and noted that retailers often cited the amount they paid as among their biggest challenges. The VOA described how their valuation of a property's rateable value is based on the real-world rents, and not whether these rents were considered 'fair' or not. In this sense, the VOA follow the market rather than drive it. Their approach to valuing properties is outlined in the Local Government Finance Act 1988 (specifically schedule 6). Case law also determines what evidence the VOA used to calculate RV, and which evidence should carry the most weight. For example upward only rent reviews are considered, but only as secondary evidence behind new lettings on or near the antecedent date. With rates being so inextricably linked to an individual premises and a tenant's bargaining power with regard to rent, the Task Group feels that the current business rates system is overly capricious and in breach of the principle of fair taxation that it should be apply equally to all those who pay it.
- 4.12 The witnesses explained that surveyors use the zoning method to determine the value of a property, and that the VOA use it accordingly. Zoning is based on the assumption that the front (ie closest to the street) 20' (6.1m) of a shop is the most valuable (and termed Zone A), with each subsequent 20' being of progressively lower value (Zones B, C etc). The theory is that because Zone A of a shop is closest to the potential customer on the street, it has the potential to generate more income. Therefore once the per square metre value of a shop's Zone A was calculated, this value is halved for the area of the shop in Zone B, halved again for Zone C and so on until any remainder of the shop is calculated as having a value that is 12.5% of Zone A. The values of the Zones was aggregated to create a rateable value for the whole shop. Due to this method, smaller shops that might have their entirety in Zone A paid a higher per square metre rate than larger shops, with more of their floor-space falling into the cheaper Zones. The zoning method is not used for larger shops with a floor-space over 20,000 square feet. The representatives from the VOA therefore asserted that comparing the rateable value per square metre of two premises, even if they were neighbours, was not appropriate.
- 4.13 The Task Group believes however that shop owners are far more likely to compare the rates they pay per total square metre rather than the price per square metre of the shop-floor that is within an arbitrary proximity to the street. In light of changing customer habits, the Task Group also challenges

the assumption that the front 20' of a shop is actually the most valuable. Customer shopping behaviour has evolved and retailers have adopted far more developed methods to encourage spending, such as special offers and promotional signage, than simply placing stock nearer the street. This is evident in most supermarkets where it is low cost fruit and vegetables that first welcome customers, not higher cost alcohol, as research has led to greater understanding of customer habits and preferences. The Task Group recognise that the VOA use the zoning method of valuation because it is the preferred method of surveyors, but its use now seems archaic. In this sense the Task Group agrees with the view expressed by the British Retail Consortium (BRC), which identifies that the business rates system has failed to keep up with the changing trading patterns, particularly ecommerce. With the tax being based on property, the BRC explain

“the system for business rates is no longer fit for purpose because it disincentivises expansion and investment in property and creates an upwardly spiralling burden of costs for those in physical premises.”⁵

The system therefore encourages more businesses to invest in internet-based activity, to the detriment of our high streets.

- 4.14 It is the view of the Task Group that the zoning method and the direct linking of business rates to rents is not only out-dated, but is also unfair and punitive to small businesses, aggravating the competitive advantages held by larger retailers. The VOA's valuations are based upon assumptions made regarding the rent that a property could reasonably expect to attract at a given time. Therefore two neighbouring properties of different sizes are unlikely to be paying the same amount. For example the VOA would assess the likely rent to be paid by a small shop on King Street in Hammersmith by considering the local rental market and what rent the shop could expect to attract. For a shop of this size, there might be many potential tenants, which would mean that a landlord could demand a higher rent, which would in turn mean that the shop's rateable value was higher. However a much larger shop next door might have a much lower number of potential tenants as there were only a few retailers that could expect to fill such a large space. As a result, the larger shop pays a lower rent per square metre, and so has lower business rates per square metre. This trend is further driven by the offer of very low rents per square metre to large brands that act as 'anchor tenants' on high streets and in retail developments. The Task Group believes therefore that the system of linking commercial taxation to rents in this way replicates and amplifies the advantage that larger business already have over smaller ones.
- 4.15 The system creates too many anomalies where neighbouring businesses pay such differing levels of business rates, and these are detrimental to the high street. By linking business rates to rental levels, the system also creates anomalies whereby profitable and successful businesses pay less rates than some less successful ones, just because they pay less rent. Members note for example the Centrica power plant in Peterborough that at a 2011 Tribunal hearing had its business rates slashed to just £1 dating back to 2005. Whilst

⁵ *Business Rates: The Road to Reform*, British Retail Consortium, February 2014

this case is being appealed by the VOA, it illustrates the outdated notion of rent-based valuations. The variation in rates paid by businesses in the same locality is illustrated in the table below, which presents the business rates paid by a number of retailers in the Kings Mall and Kings Street in Hammersmith. By making the smaller shops pay more per square metre, the system fails to offer them the support they need to develop and help drive local economic growth. Relief schemes such as those announced by the Chancellor in the Autumn Budget Statement offer welcome but relatively very minor support to small businesses, and this Task Group has reached the conclusion that a more substantial reform of the business rates system is required if they are to be truly supported.

Retailer	Business Rates valuation per square metre
Primark, Kings Mall	£46
Sainsbury's, Kings Mall	£200
Carphone Warehouse, Kings Mall	£1,100
Clinton Cards, Kings Mall	£1,100
River Island, Kings Mall	£1,250
TK Maxx, King Street	£62

- 4.16 It is the view of the Task Group that the valuation methodology used by the business rates system needs significant reform. Commercial taxation should help promote economic growth not limit it, and there needs to be a level playing field that does not disadvantage small businesses. The Task Group suggests that a more suitable form of taxation should be based on a system of local banding where instead of every property being individually valued, properties should be categorised with all properties within the same locality and category paying the same price per square metre. The business rates payable would therefore be calculated by a set price per square metre, multiplied according to the level set by the local banding system (eg major town centre or satellite parade) and then by the category of shop (eg food or hardware retailer). This system would still retain the broader link between overall rents and rates to recognise significant regional disparities in the value of retail space. However, unlike the existing system, under such a new system two neighbouring or nearby shops could expect to pay a comparable amount per square metre and the anomalies noted above would be significantly reduced. Members also believe that such a system would help to remove the uncertainty created by the current appeals system as the tax would be far more transparent and less contestable. A simpler band-based system would be easier and quicker to administer, and therefore cheaper, as well as having the potential to have significantly fewer appeals. The Task Group notes that such a proposal conforms with the BRC's fourth option as described in its publication *Business Rates: The Road to Reform* and recommends that Government explore this issue further. On 13th February 2014, the

Government announced the terms of reference for its review of business rates administration. This Task Group is of the view that the review should focus not just on administration of the system, but on the system in its entirety as it is not currently fit for purpose.

Recommendations:

- Present valuation methods are capricious and breach the principles of fair taxation, therefore the Government's business rates administration review should expand its terms of reference to consider the basis of the business rates system rather than just its administration
- Government should explore with the British Retail Consortium the feasibility of adopting a business rates system based on a local banding system with a view to removing current anomalies that harm small businesses

Supporting our high streets

4.17 The 2013 reform of business rates was designed to give local authorities an incentive to support local economic growth by allowing them to retain a portion of the income collected from businesses. The Task Group welcomes this reform but remains concerned at the funding shortfall this has created. Despite the Council now receiving £4million less, members were pleased to note the wide range of work currently being undertaken to help support local businesses. The Council's Economic Development, Learning & Skills department currently has a small Business Investment team of three officers who support borough-wide business engagement. Recent key achievements include:

- Delivery of a number of small business-facing initiatives, such as the H&F Business Desk (a one-stop portal for support); H&F Enterprise Club (a monthly entrepreneurs event); Business Connects (a quarterly e-newsletter); H&F Means Business (an annual networking exposition)
- 1,085 SMEs positively advised and supported through Business Desk
- 800 SMEs registered for two major networking events
- 60 SMEs prepared for intensive procurement coaching under a new supply-chain initiative
- 28 large businesses buying advertising in the Business Directory, making the publication free to SMEs

The Task Group supports the work currently undertaken by the Business Investment team, but believes that the Council should take steps to make businesses more aware of what it is spending the income from business rates on despite the reduced funding levels. Suggestions for Council activity should also be sought to ensure resources are directed to where businesses want them. Having recognised the significant stresses faced by small retailers, in part due to the anomalies in the business rates system, the Task Group recommends that these businesses are prioritised by the Council in the support it gives.

Recommendations:

- The Council should make it clearer to businesses what it is and has been spending business rate income on and seek suggestions for further activity from businesses
- The Council should prioritise the support provided by the Economic Development, Learning and Skills Department to local businesses, particularly small retailers

- 4.18 An issue or particular concern for the Task Group was the number of vacant shops in the borough. Whilst it was noted that Hammersmith & Fulham has a lower vacancy rate than many other parts of London and the country, members felt that the Council could do more to reduce vacancy rates further, particularly in those areas such as North End Road with high and worsening levels of vacancies. The presence of an empty shop can have a wider impact on the surrounding area as it creates an image of decline and neglect, which is magnified when other shops nearby are also vacant. Those living and working in the area can therefore have a loss of pride, which creates a self-perpetuating spiral of further decline. The more empty units in a high street, the lower the customer footfall, which also makes it harder for other shops to survive. The Task Group heard how applying a vinyl-wrap to the front of the shop had proven effective in West Kensington and other parts of the country. The vinyl improved the image of the area by dispelling notions of neglect and also advertised the opportunity that the empty shop presented, creating an overall perception of a successful and vibrant area.
- 4.19 Members noted the efforts made by the Business Investment team to locate the landlords to obtain permission to apply the vinyl-wrapping, but were concerned at how time consuming and resource intensive the process was, particularly in light of the limited resources available. Many landlords and shop owners are almost impossible to identify as they often list their address only as being at that shop, and were content to keep the property vacant for a number of years. Some also fail to pay business rates. As a result the Council has a number of properties where it would like to apply vinyl-wrapping, but it has not been able to seek permission to do so. The Task Group therefore recommends that the Council adopts the approach taken by authorities such as Wandsworth, whereby shops that have been vacant for an extended period and the owner cannot be identified, are vinyl-wrapped without the owner's consent. Should the owner then make themselves known, a discussion could then take place as to whether the wrapping should be removed by the Council or left in place until a new tenant is identified.
- 4.20 Whilst having a clear benefit to the borough's high streets, adopting a policy of vinyl-wrapping vacant shops will also have a budgetary implication for the Council. The Task Group therefore discussed the concept of the vinyl-wrapping including an element of commercial advertising that could be sold to cover the costs of the scheme. Such adverts would also represent a commitment from businesses in the area that they supported the high street

and had a stake in its success. Officers have advised that, in accordance with national planning legislation, any vinyl with an element of advertising would require planning permission. If the council wished to remove the legal requirement for planning applications for such development, it could introduce Local Development Orders (LDOs) to 'automatically' grant planning permission for certain specified types of development in certain areas, although the costs and benefits of introducing such LDOs would have to be considered. Members also reached the conclusion that the Council should designate an Empty Shops Officer to be responsible for locating owners of vacant shops, arranging for the vinyl-wrapping and identifying opportunities for advertising to cover the costs.

Recommendations:

- The Council should adopt a policy of vinyl-wrapping shops that have been vacant for an extended period where the owner cannot be identified, without asking for consent from the owner, and undertake this in accordance with planning legislation
- The Council should designate an Empty Shops Officer to coordinate the efforts to fill vacant shops

4.21 The Task Group met with a local development and infrastructure consultant and noted his analysis that ultimately, town centres across the country had too much retail space due to macro-economic changes such as the growth of internet retail and the drift towards out-of-town centres. This view is prevalent in the publications reviewed by the members, such as the London Assembly's *Open for Business* report. The report notes that long-term trends of reductions in shop numbers have been exacerbated by recent economic conditions and that "there is a process of consolidation and shrinkage taking place in many high streets as a result of structural economic factors, and this is likely to continue"⁶.

4.22 Members also noted that constrained public sector funding and a fragmented ownership model that inhibited development or investment were significant obstacles for healthy town centres. The Task Group heard how an asset management rather than facilities management approach could be one way of overcoming this. If all of the building assets were under a single core control with investment actions plans and targeted interventions as part of a curatorial approach, there could be active management with a single cohesive strategy rather than passive investment by a multitude of investors with short-term aspirations. Such a model had proven to be successful in Regent Street, Covent Garden and Carnaby Street, and was to some extent also evident at shopping centres such as Westfield where the centre management is able to create a preferred offer of certain shops and restaurants. Town centre high streets however are not under single ownership and local authorities are unlikely to have the funding to purchase the majority of units that would allow

⁶ *Open for Business: Empty Shops on London's High Streets*, The London Assembly, March 2013

it to become the town's 'curator'. It is also an issue of debate as to whether it is a local authority's role to take such an active role in the market.

4.23 In light of the trend for declining shop numbers and the obstacles facing high streets, the Task Group recommends that the Council takes steps to ensure its limited resources are allocated as efficiently as possible. The Economic Development, Learners & Skills department does not have the resources to support all 29 of the borough's shopping areas, so the areas should be prioritised so that Council resources can have the maximum impact. The Task Group considered an initial assessment of the 29 shopping areas based on factors such as community and consumer demand, the importance to the local economy and the 'look and feel' of the area (ie issues relating to anti-social behaviour or graffiti). The potential for a curatorial approach on a smaller scale due to existing Council ownership was also considered. Using this assessment, members support a three-part classification of the centres for the purposes of prioritising EDLS interventions and actions:

- Top priority: North End Road
Bloemfontein Road
- Second priority: areas for additional small scale initiatives; e.g. tackling empty shops, small planning changes, encouragement of local trading associations
- Third priority: already prosperous and successful areas – monitoring success

4.24 North End Road and Bloemfontein Road should be the Council's top priority because they represent the areas where Council resources can yield the best results. North End Road currently has a high number of vacancies in an area of that provides an important offer of more specialist independent shops. Bloemfontein Road should be included as a priority area because it is wholly owned by the Council's Housing Revenue Account. Therefore the area offers the Council an opportunity to adopt a curatorial approach to improve the area and attract a better mix of tenants to the shopping parade. In its management of the area, the Council should ensure it consults with local residents on the White City Estate and other surrounding residential areas to establish community demand and then take active steps to deliver an environment that meets that demand. Should the approach prove successful, the Council should then consider how it could be applied to other areas and share its success with other authorities. Across shopping areas of all priorities, the Council should also continue its policy of installing 'stop and shop' short term parking bays where possible.

Recommendations:

- The Council should undertake an exercise to prioritise the borough's 29 shopping areas to ensure resources are utilised as effectively as possible
- The Council should adopt a curatorial approach to Bloemfontein Road to attract a suitable mix of tenants to the shopping parade that serve local demand on the White City Estate and other nearby residential areas

4.25 The Task Group also met with the HammersmithLondon Business Improvement District (BID) to discuss the perspective of the BID's members. Businesses in Hammersmith town centre pay a levy to the BID of an average of 1% of their business rates to fund a series of programmes and events, additional Police and street cleansing as well as initiatives such as Christmas decorations and lights. The majority of the BID's membership is drawn from the office sector, with employers keen to provide as pleasant an atmosphere as possible for its employees in order to attract and retain them. The Task Group noted the initial findings of the BID's mid-term review which canvassed the views of its members:

- 82% think that the street cleaning in the area is good or excellent
- 91% think that the hanging baskets are excellent
- 87% feel safe

It is clear to the Task Group therefore that the HammersmithLondon BID should be commended for its considerable success at promoting the area as a good environment to work in.

4.26 Members were particularly interested to learn from the BID that the office-based employers felt that it was in their interest for the high street and town centre to be as successful and vibrant as possible. By having a pleasant and attractive environment in which to go to work, employers are more likely to recruit the best staff and to retain them. The health of the borough's high streets are therefore not just important for the local retail economy, but also as a means of attracting and retaining wider investment in Hammersmith & Fulham. The Task Group is therefore conscious of other findings from the BID's mid-term review, namely:

- 45% think Hammersmith needs better shops
- 31% want more restaurants
- Whilst 87% feel safe, the majority of the 13% who do not work in in the leisure industry, suggesting an issue with evening safety

It is therefore the view of the Task Group that the Council should acknowledge the value of restaurants and leisure premises in Hammersmith and explore adopting a policy that, where possible, preference is given to vacant shops in major centres being converted into use class A3 (restaurants and cafes) if they are to cease to be A1 (shops). Recognising that encouraging an evening economy can have an impact on crime and disorder in the vicinity, the Task Group believes that the Council should assess evening safety in the town centres to ascertain whether increased provision is necessary.

Recommendations:

- The Council should adopt a policy that recognises the value of restaurants and the leisure offer in Hammersmith and encourage increased provision, and assess evening safety in the town centres

Planning reform

- 4.27 In May 2013, the GPDO Amendment 2013⁷ came into force. This had the effect of altering the established Use Classes Order by allowing certain premises of use classes A1 (Shops); A2 Financial and Professional Services; A3 (Restaurants and cafes); A4 (Drinking Establishments); A5 Hot Food Takeaways; B1 (Business); D1 (Non-Residential Institutions); or D2 (Assembly and Leisure) to convert into 'flexible' high street uses (A1; A2; A3; B1) for up to two years without a need to apply for planning permission from the local authority (although the authority would need to be notified of the change). This is significant because this allows change of use from the above use classes to A2 use class (which includes betting shops and payday loan shops) without requiring permission. A number of authorities lobbied against this amendment and sought instead to place betting and payday loan shops into a distinct category of their own, but the Government view was that councils had the power to issue an Article 4 directions. Article 4 of the Town and Country Planning (General Permitted Development) Order 1995 enables local planning authorities to restrict permitted development rights in its area or part of its area. Therefore if a planning authority issued an Article 4 direction, the provisions of the GPDO Amendment 2013 that allowed the use classes above to become betting or payday loan shops, would not apply.
- 4.28 The change in permitted development rights is of significant concern for the Task Group with a substantial increase in the number of betting shops in particular being clearly apparent in the borough's town centres. A reason for this is that betting shops are limited by law to no more than four Fixed Odds Betting Terminals (FOBTs) per branch, and that these terminals have extremely high profit margins. In order to circumvent the four FOBT limit, the company will open another branch in close proximity, such is the profitability of the FOBTs. There is some debate over whether or not a proliferation of betting shops is actually bad for the health of high streets. For example the chair of the Association of British Bookmakers highlighted that the average betting shop pays around £10,000 in business rates which councils cannot afford to turn away, and that ultimately bookmakers exist because there is a public demand for their services⁸. However, as Hammersmith & Fulham is four million pounds below the Business Rates safety net level, this argument does not apply to the borough.
- 4.29 There remains a prevailing opinion that a proliferation or clustering of betting shops is detrimental to the high street by negatively impacting upon the streetscene and people's perception of an area and by creating wider problems such as gambling addiction. Research by the Campaign for Fairer Gambling has also found that the FOBTs are the most addictive form of

⁷ The Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2013

⁸ 'Betting shops are not the cause of high street problems, they are the solution' by Neil Goulden in *The Guardian*, 8th July 2013

gambling⁹ and that betting companies are clustering their shops in areas of high footfall to attract as much custom as possible. This is then contributing to higher rents as landlords seek the maximum return on their investment, but the rest of the high street suffers. As a result, the overall high street environment highlighted as critical by the Hammersmith London BID is not realised, and retailers suffer in surrounding shops. North End Road is an example of this, where large clusters of betting shops and payday lenders are surrounded by the borough's highest rates of vacancies. The Task Group is of the view therefore that whilst the Council might prefer a betting shop over an empty property, the wider negative effects of that betting shop outweigh the financial benefits.

- 4.30 It is clear to the Task Group that betting shops and payday loan shops should be in a Use Class of their own and that permitted development rights allowing shops or restaurants to convert without permission should be removed, and it calls on Government to amend the necessary legislation accordingly. The borough's retail and leisure offer cannot improve or revive if there are too many betting shops as they create a negative image of an area. The Task Group also notes from its investigations that many retailers considering moving to an area would decide not rent a shop if it were in the vicinity of a betting shop or payday lender. Members of the Task Group believe that as well as lobbying Government to amend the permitted development rights, the Council should also consider the use of an Article 4 direction and develop planning policy to restrict the concentration of betting and payday loan shops.

Recommendations:

- The Government should revise the necessary legislation to make betting shops and payday loan shops a separate and distinct Use Class and remove permitted development rights to that Use Class
- The Council should recognise the harmful effect of too many betting shops on the borough's high streets and look at the use of an Article 4 direction to remove permitted development rights and develop planning policy to restrict the concentration of betting and payday loan shops

- 4.31 The GPDO Amendment 2013 also changed the permitted development rights to allow change of use from Use Class B1(a) (office) to C3 (residential) and the more recent GPDO Amendment 2014¹⁰ allows permitted development from A1 (shops) and A2 (financial and professional services) to C3 (residential) without the need for planning permission (subject to a number of detailed caveats). Allowing office space and shops to convert into residential without planning permission makes it difficult for councils to plan effectively and to manage the transition. Local authorities generally receive less income from a property paying Council Tax than they would from the same property

⁹ *Betting shops are a growing problem, so let's work together to solve it* by the Campaign for Fairer Gambling, published by the LGiU 20th September 2013

¹⁰ The Town and Country Planning (General Permitted Development) (Amendment and Consequential Provisions) (England) Order 2014

paying business rates. However the Task Group acknowledges that there is an ongoing pattern of declining shop numbers and decreasing customer demand for physical retailers as discussed earlier in this report. The Council should foremost promote the interests of local businesses and work with them to make shopping areas attractive so that the decline in demand for retail space in Hammersmith & Fulham is less in relative terms than in other parts of the country. If there is a reduction in demand for retail space, the Council should develop planning policy to ensure any reduction in the number of shops in the borough occurs in a managed way that does not impair the retail space that remains. In a borough such as Hammersmith & Fulham where residential values are high, there is a clear motivation for landlords to get maximum profit by converting even viable office or shop space into residential use. However to allow this to happen without controls would undermine the vitality of the high streets: the less commercial an area becomes, the lower the footfall, making the remaining businesses less viable.

- 4.32 The Council's Development Management Local Plan approved in July 2013 details the percentage of retail frontage that should be preserved in the different town centres across the borough. However the Task Group believes that the Development Management Local Plan should recognise that the continuity of shopping parades needs to be preserved to retain identity and to avoid fragmentation. It therefore supports an approach similar to that adopted in Plymouth where retail area was only contracted from the edges inwards, reducing the number of shops but retaining the continuity¹¹. Therefore it is recommended that the Council explores adopting a policy that allows for a reduction in the number of shops only by shrinking the areas designated as retail centres, rather than allowing a set number of conversions dispersed throughout. Such an approach would allow for each shopping area to be considered individually with boundaries set with consideration to each area's social function as well as commercial. In this context, the Council should also no longer apply blanket percentages of retail area it is prepared to lose to residential uses in high streets and parades. It should instead prioritise areas according to their importance to the Borough economy and allow no or less shrinkage in those areas of greater importance. The Task Group is also of the view that the Council should ensure that there are no obstacles to retail premises being converted or used for workshops doing light industrial work.

Recommendations:

- The Council should consider adopting planning policy that allows retail to residential conversions in the borough's shopping areas only by contracting the areas designated as protected retail frontages from the edges inwards, thus protecting the continuity of high streets and shopping parades. The amount of shrinkage permitted should be determined by the importance of the location to the local economy and should therefore vary by street and parade.

¹¹ 'Has planning helped the high street?' in *Planning*, 1st November 2013

5. Final conclusions

5.1 The Business Rates Scrutiny Task Group has investigated the impact of business rates reform and support for local high streets in depth. The overriding conclusion reached is that the current system of business rates is not fit for purpose. It disincentivises physical investment in our town centres and reinforces the disadvantages that smaller retailers experience when compared to larger chains. By linking business rates directly to market rents, there are too many anomalies created, such as the £1,250 per square metre valuation of River Island in Hammersmith and the £62 per square metre for TK Maxx across the road. There are a number of ways in which the current system could be improved, such as reform of the appeal system to remove the uncertainty and punitive effects caused by inaccurate valuations or relief schemes for small businesses, but such improvements would fail to address the in-built systemic problems. The Task Group is therefore disappointed that the Government's current review of business rates will only consider the administration of the system. By not conducting a far-reaching review of business rates in their entirety, the Government is missing an opportunity to help high streets and town centres across the country, and this Task Group urges it to reconsider the terms of reference of its review.

5.2 The Task Group began its investigations with six aims and objectives, and its findings are as follows:

i) To understand how the reform of business rates has impacted upon the Council's income

The business rates reform introduced in April 2013 has resulted in the Council losing £7.6million in income. The Government also introduced a top-up payment to a safety-net level, but the Council has still experienced a £4.05million reduction in income as a consequence of the reform. Despite the intention to give councils an incentive to promote local economic development, the reforms have restricted the capacity of local authorities to do so by reducing funding by so much.

ii) To understand the extent of the impact on the Council's income caused by offices becoming residential properties

The Council receives less income from a property paying Council Tax than it would the same property paying business rates. The Task Group believes that how the transition from commercial to residential is managed is more significant than the impact on Council income.

iii) To review the performance of the Valuation Office Agency in Hammersmith & Fulham

The Task Group is concerned at the large number of outstanding appeals and the time it is taking for the appeals to be resolved. It recognises that the Valuation Tribunal is now responsible for many of these appeals, but feels that more needs to be done to expedite the process. Members welcome the recent efforts made by the VOA to be more open in their work and to share more information with the Council. However the Task Group also believes that

the performance of the VOA is hindered by the requirement that it use an out-dated and inefficient valuation methodology.

iv) To consider what initiatives could be implemented to help reduce the number of empty shops in Hammersmith & Fulham

Regardless of the extent to which the business rates system can be reformed, it is also apparent that the Council can take actions that will help the borough's high streets. Hammersmith & Fulham might be in a more robust economic position than many areas nationally and across London, but more can be done. The Council has a proven track record of supporting local businesses but it should be bolder in its action by vinyl-wrapping long-term vacant shops rather than be preoccupied with the low chances of legal action from absent landlords.

v) To understand the views and experiences of local business owners and retailers

It is clear to the Task Group that local business owners have a number of concerns, with the costs of rent and business rates being significant ones. Members share these concerns, particularly regarding the unequal costs per square metre of rates paid. The Task Group welcomes the positive impact of the Hammersmith London Business Improvement District and groups such as Love West Ken and recognises the importance of the wider perception of an area for continual success and vitality.

vi) To contribute to a Council policy to promote vibrant and successful town centres across the Borough

Hammersmith & Fulham has town centres and high streets that its residents can be proud of, but they need to be protected. The Task Group therefore believes that policies should be adopted that limit the increase and concentration of shops such as betting and payday loan shops that are at odds with the image of an area of success and vibrancy.

6. Full list of recommendations

6.1 The Task Group makes the following recommendations to **the Council**:

- i) Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible
- ii) The Council should ensure that it shares with the VOA the rent schedules for all properties where it is the landlord
- iii) The Council should make it clearer to businesses what it is and has been spending business rate income on and seek suggestions for further activity from businesses
- iv) The Council should prioritise the support provided by the Economic Development, Learning and Skills Department to local businesses, particularly small retailers
- v) The Council should adopt a policy of vinyl-wrapping shops that have been vacant for an extended period where the owner cannot be identified, without asking for consent from the owner, and undertake this in accordance with planning legislation
- vi) The Council should designate an Empty Shops Officer to coordinate the efforts to fill vacant shops
- vii) The Council should undertake an exercise to prioritise the borough's 29 shopping areas to ensure resources are utilised as effectively as possible
- viii) The Council should adopt a curatorial approach to Bloemfontein Road to attract a suitable mix of tenants to the shopping parade that serve local demand on the White City Estate and other nearby residential areas
- ix) The Council should adopt a policy that recognises the value of restaurants and the leisure offer in Hammersmith and encourage increased provision, and assess evening safety in the town centres
- x) The Council should recognise the harmful effect of too many betting shops on the borough's high streets and look at the use of an Article 4 direction to remove permitted development rights and develop planning policy to restrict the concentration of betting and payday loan shops
- xi) The Council should consider adopting planning policy that allows retail to residential conversions in the borough's shopping areas only by contracting the areas designated as protected retail frontages from the edges inwards, thus protecting the continuity of high streets and shopping parades. The amount of shrinkage permitted should be determined by the importance of the location to the local economy and should therefore vary by street and parade

6.2 The Task Group makes the following recommendations to **Government**:

- xii) Government should revisit the rate collection estimate that was made for 2013/14 that led to a £4million loss for Hammersmith & Fulham to ensure collection assumptions more closely reflect actual collection rates
- xiii) The DCLG should explore whether to introduce a system of financial penalties to compensate ratepayers and local authorities in instances when the VOA and the Valuation Tribunal fail to meet their target timescales for resolving appeals
- xiv) The Government should amend legislation to enable the VOA to share all relevant information with local authorities
- xv) Present valuation methods are capricious and breach the principles of fair taxation, therefore the Government's business rates administration review should expand its terms of reference to consider the basis of the business rates system rather than just its administration
- xvi) Government should explore with the British Retail Consortium the feasibility of adopting a business rates system based on a local banding system with a view to removing current anomalies that harm small businesses
- xvii) The Government should revise the necessary legislation to make betting shops and payday loan shops a separate and distinct Use Class and remove permitted development rights to that Use Class

6.3 The Task Group makes the following recommendations to the **Valuation Office Agency**:

- xviii) The VOA should commit resources and work with the Valuation Tribunal to reduce the time appeals take to resolve in order to give greater clarity to local authorities and ratepayers

Recommendation i) is also made to the VOA:

- i) Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible

NOTICE OF CONSIDERATION OF A KEY DECISION

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Cabinet hereby gives notice of Key Decisions which it intends to consider at its next meeting and at future meetings. The list may change between the date of publication of this list and the date of future Cabinet meetings.

NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

The Cabinet also hereby gives notice in accordance with paragraph 5 of the above Regulations that it intends to meet in private after its public meeting to consider Key Decisions which may contain confidential or exempt information. The private meeting of the Cabinet is open only to Members of the Cabinet, other Councillors and Council officers.

Reports relating to key decisions which the Cabinet will take at its private meeting are indicated in the list of Key Decisions below, with the reasons for the decision being made in private. Any person is able to make representations to the Cabinet if he/she believes the decision should instead be made in the public Cabinet meeting. If you want to make such representations, please e-mail Katia Richardson on katia.richardson@lbhf.gov.uk. You will then be sent a response in reply to your representations. Both your representations and the Executive's response will be published on the Council's website at least 5 working days before the Cabinet meeting.

KEY DECISIONS PROPOSED TO BE MADE BY CABINET ON 28 APRIL 2014 AND AT FUTURE CABINET MEETINGS UNTIL JULY 2014

The following is a list of Key Decisions which the Authority proposes to take at the above Cabinet meeting and future meetings. The list may change over the next few weeks. A further notice will be published no less than 5 working days before the date of the Cabinet meeting showing the final list of Key Decisions to be considered at that meeting.

KEY DECISIONS are those which are likely to result in one or more of the following:

- **Any expenditure or savings which are significant (ie. in excess of £100,000) in relation to the Council's budget for the service function to which the decision relates;**
- **Anything affecting communities living or working in an area comprising 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 Key Decisions List will be updated and published on the Council's website on a monthly basis.

NB: Key Decisions will generally be taken by the Executive at the Cabinet.

*If you have any queries on this Key Decisions List, please contact
Katia Richardson on 020 8753 2368 or by e-mail to katia.richardson@lbhf.gov.uk*

Access to Cabinet reports and other relevant documents

Reports and documents relevant to matters to be considered at the Cabinet's public meeting will be available on the Council's website (www.lbhf.org.uk) a minimum of 5 working days before the meeting. Further information, and other relevant documents as they become available, can be obtained from the contact officer shown in column 4 of the list below.

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 list by contacting the officer shown in column 4. 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) will be shown in the Cabinet agenda.

LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2013/14

Leader (+ Regeneration, Asset Management and IT):	Councillor Nicholas Botterill
Deputy Leader (+ Residents Services):	Councillor Greg Smith
Cabinet Member for Children's Services:	Councillor Helen Binmore
Cabinet member for Communications:	Councillor Mark Loveday
Cabinet Member for Community Care:	Councillor Marcus Ginn
Cabinet Member for Housing:	Councillor Andrew Johnson
Cabinet Member for Transport and Technical Services:	Councillor Victoria Brocklebank-Fowler
Cabinet Member for Education:	Councillor Georgie Cooney

Key Decisions List No. 19 (published 28 March 2014)

KEY DECISIONS LIST - CABINET ON 28 APRIL 2014

The list also includes decisions proposed to be made by future Cabinet meetings

Where column 3 shows a report as EXEMPT, the report for this proposed decision will be considered at the private Cabinet meeting. Anybody may make representations to the Cabinet to the effect that the report should be considered at the open Cabinet meeting (see above).

* 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 (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
28 April				
Cabinet or Leader of the Council (+Regeneration, Asset Management and IT)	Not before 7th Apr 2014	84 - 90 Fulham High Street. Lifting of restrictive covenant To remove a restrictive covenant for 28 affordable houses which benefits the Council in lieu of a financial payment of £1.8m by the landowner/ developer to implement to current consent. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): Palace Riverside	
Cabinet	28 Apr 2014	Street Lighting Policy Programme Seeking approval for the 2014/15 planned capital street light column replacement programme, and maintenance work on highway assets	Cabinet Member for Transport and Technical Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

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Cabinet	28 Apr 2014	Procurement of a Contractor for the Springvale New Build Scheme	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000	Procurement of a building contractor through a competitive tendering exercise to deliver the new build housing scheme on the Springvale estate.	Ward(s): Avonmore and Brook Green Contact officer: Matin Miah Tel: 0208753 3480 matin.miah@lbhf.gov.uk	
Cabinet	28 Apr 2014	Housing Asbestos Surveys Re-tender of contract for Housing Asbestos Surveys, Sampling & Monitoring.	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards	PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Ward(s): All Wards Contact officer: Stephen Kirrage Tel: 020 8753 6374 stephen.kirrage@lbhf.gov.uk	
Cabinet	28 Apr 2014	Procurement of a home care service for the London Borough of Hammersmith and Fulham (H&F); Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC)	Cabinet Member for Community Care	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000	The Procurement of a Home Care Service for Eligible Adults in Adult Social Care Across the Tri-Borough of London Borough of Hammersmith and Fulham (LBHF); Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC).	Ward(s): All Wards Contact officer: Martin Waddington, Tim Lothian Tel: 020 8753 6235, Tel: 020 8753 5377 martin.waddington@lbhf.gov.uk, tim.lothian@lbhf.gov.uk	

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		<p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
Cabinet	<p>28 Apr 2014</p> <p>Reason: Expenditure more than £100,000</p>	<p>Bi-borough Customer Access Programme - Resourcing Request</p> <p>To agree funding to establish a programme team to design and implement a bi-borough customer access programme which includes creating a bi-borough customer services function (part of the Tri-borough Corporate Services portfolio) and to drive digital service delivery. The development of digital services and efforts to drive channel shift and digital adoption will underpin how we will continue to deliver high quality services whilst reducing costs.</p>	<p>Deputy Leader (+ Residents Services)</p> <p>Ward(s): All Wards</p> <p>Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	<p>28 Apr 2014</p> <p>Reason: Expenditure more than £100,000</p>	<p>Managed Services – Property Asset Database (Lot 3)</p> <p>Property Data Register.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances</p>	<p>Leader of the Council (+Regeneration, Asset Management and IT)</p> <p>Ward(s): All Wards</p> <p>Contact officer: Maureen McDonald-Khan maureen.mcdonald-khan@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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		of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	28 Apr 2014 Reason: Affects 2 or more wards	<p>Procurement Of Energy Conservation Measures For Council Buildings</p> <p>RE:FIT is a framework agreement that has been let by the Mayor of London on behalf of the public sector within the Greater London area. The RE:FIT framework relates to the installation of energy efficient materials and technology into the fabric and the energy equipment and controls of public buildings. This aims to allow authorities to make substantial cost savings, reduce energy bills and maintenance costs as well as lowering the carbon footprint of their buildings.</p> <p>The West London Alliance (WLA) is working in partnership with a number of boroughs in order to collaboratively run a RE:FIT programme which will aim to achieve an estimated 21% energy savings per annum across the participating boroughs.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Leader of the Council (+Regeneration, Asset Management and IT), Cabinet Member for Housing</p> <p>Ward(s): All Wards</p> <p>Contact officer: Vassia Paloumbi Tel: 020 8753 3912 Vassia.Paloumbi@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet	28 Apr 2014	<p>Property Asset Data Management</p> <p>Proposed Call Off.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
June (date to be confirmed)				
Cabinet	23 Jun 2014	<p>Proposed Outsourcing of Commercial Property Management Function</p> <p>Lot 1 of New Property Contract.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

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July (date to be confirmed)				
Cabinet	21 Jul 2014	Economic Development priorities This report seeks Members' approval for future economic development priorities which respond to the borough's longer term economic growth and regeneration vision and makes recommendations on use of Section 106 funds to achieve key outcomes.	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	21 Jul 2014	Future of Coverdale Road Residential Care Home The report will make recommendations and share outcomes regarding the consultation on the future of Coverdale Road - which is an H&F run residential care home for people with learning disabilities in Shepherds Bush. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Community Care	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	21 Jul 2014	ASC Information and Signposting Website - People First Discussions and decision around rolling out the People First ASC information and signposting website to LBHF. Currently operational in RBKC and WCC.	Cabinet Member for Community Care	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

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		<p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	mark.hill2@lbhf.gov.uk	and / or background papers to be considered.