

# Cabinet



## Agenda

**MONDAY**  
**1 JULY 2019**  
**7.00 pm**

**COURTYARD ROOM**  
**HAMMERSMITH**  
**TOWN HALL**  
**KING STREET**  
**LONDON W6 9JU**

### Membership

Councillor Stephen Cowan, Leader of the Council  
Councillor Sue Fennimore, Deputy Leader  
Councillor Larry Culhane, Cabinet Member for Children and Education  
Councillor Andrew Jones, Cabinet Member for the Economy  
Councillor Wesley Harcourt, Cabinet Member for the Environment  
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services  
Councillor Ben Coleman, Cabinet Member for Health and Adult Social Care  
Councillor Lisa Homan, Cabinet Member for Housing  
Councillor Adam Connell, Cabinet Member for Public Services Reform  
Councillor Sue Macmillan, Cabinet Member for Strategy

**Date Issued**  
**21 June 2019**

If you require further information relating to this agenda please contact:  
Katia Neale, Committee Coordinator, tel: 020 8753 2368 or email:  
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### PUBLIC NOTICE

The Cabinet hereby gives notice of its intention that it may want to hold part of this meeting in private to consider the exempt elements of items **13-17** 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 item numbers **4-17** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to Kayode Adewumi 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 26 June.**

### COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Tuesday 2 July**. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 5 July at 3.00pm**. Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Friday 5 July**.

# Cabinet Agenda

1 July 2019

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<b>1. MINUTES OF THE CABINET MEETING HELD ON 3 JUNE 2019</b>	7 - 12
<b>2. APOLOGIES FOR ABSENCE</b>	
<b>3. DECLARATION OF INTERESTS</b>	
<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>	
<b>4. REGULATION OF INVESTIGATORY POWERS (RIPA)</b>	13 - 46
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12.	<b>ASSET MANAGEMENT COMPLIANCE STRATEGY AND CAPITAL PROGRAMME</b>	152 - 166
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This report has an appendix which contains information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and is not for publication. The appendix has therefore been circulated to Cabinet Members only.

***Any discussions on the contents of an exempt appendix will require Cabinet to pass the proposed resolution identified at the end of the agenda to exclude members of the public and the press from the proceedings for that discussion.***

14.	<b>COMMUNITY ASSET TRANSFER</b>	201 - 208
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This report has two appendices which contain information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and are not for publication. The appendices have therefore been circulated to Cabinet Members only.

***Any discussions on the contents of an exempt appendix will require Cabinet to pass the proposed resolution identified at the end of the agenda to exclude members of the public and the press from the proceedings for that discussion.***

15.	<b>OLD LAUNDRY YARD, SHEPHERDS BUSH</b>	209 - 224
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This report has four appendices which contain information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and are not for publication. The appendices have therefore been circulated to Cabinet Members only.

***Any discussions on the contents of an exempt appendix will require Cabinet to pass the proposed resolution identified at the end of the agenda to exclude members of the public and the press from the proceedings for that discussion.***

**16. AWARD OF CONTRACT FOR THE INTEGRATED HOUSING MANAGEMENT SYSTEM** 225 - 230

This report has an appendix which contains information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and is not for publication. The appendix has therefore been circulated to Cabinet Members only.

***Any discussions on the contents of an exempt appendix will require Cabinet to pass the proposed resolution identified at the end of the agenda to exclude members of the public and the press from the proceedings for that discussion.***

**17. LINFORD CHRISTIE OUTDOOR SPORTS STADIUM - OUTCOME OF PUBLIC CONSULTATION** 231 - 254

This report has an appendix and an annex which contain information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and is not for publication. The appendix and annex have therefore been circulated to Cabinet Members only.

***Any discussions on the contents of an exempt appendix or annex will require Cabinet to pass the proposed resolution identified at the end of the agenda to exclude members of the public and the press from the proceedings for that discussion.***

**18. FORWARD PLAN OF KEY DECISIONS** 255 - 269

**19. ANY OTHER BUSINESS**

**LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION**

**Proposed resolution:**

*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.*



London Borough of Hammersmith & Fulham

# Cabinet

## Minutes



Monday 3 June 2019

### **PRESENT**

Councillor Stephen Cowan, Leader of the Council  
Councillor Sue Fennimore, Deputy Leader  
Councillor Adam Connell, Cabinet Member for Public Services Reform  
Councillor Larry Culhane, Cabinet Member for Children and Education  
Councillor Wesley Harcourt, Cabinet Member for the Environment  
Councillor Andrew Jones, Cabinet Member for the Economy  
Councillor Lisa Homan, Cabinet Member for Housing  
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

### 1. **MINUTES OF THE CABINET MEETING HELD ON 1 APRIL 2019**

#### **RESOLVED:**

That the minutes of the meeting of the Cabinet held on 1 April 2019 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

### 2. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Ben Coleman and Councillor Sue Macmillan.

### 3. **DECLARATION OF INTERESTS**

There were no declarations of interest.

### 4. **APPROVAL FOR CONTRACT WITH CAPITAL LETTERS FOR PROCURING MORE ACCOMMODATION- REDUCING TEMPORARY ACCOMMODATION COSTS**

#### **RESOLVED:**

1. That the Cabinet approves a waiver of the requirement to prepare a Procurement Strategy and of the usual tendering procedures set out in Contract Standing Orders 9 and 10, on the grounds that the

circumstances of the proposed contract are covered by a legislative exemption, as set out in Contract Standing Order 3.

2. That the Cabinet approves the Council entering into a contract with Capital Letters Limited until 31<sup>st</sup> March 2022 for the procurement of private rented accommodation to prevent homelessness, and temporary accommodation at a cost of between £1,500 and £2,000 per property sourced by the company (funded from the Temporary Accommodation earmarked reserve) plus the employment costs of two members of staff (funded from existing revenue budgets within The Economy Department).

**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.

5. **WHITE CITY ESTATE SUSTAINABLE URBAN DRAINAGE & STREETSCAPE IMPROVEMENT SCHEME ON THE PUBLIC HIGHWAY**

**RESOLVED:**

To approve the implementation and cost of the White City Estate and Bloemfontein Road Sustainable Urban Drainage and Streetscape Improvements Scheme to the public highway. (£1,150,000 without S106/CIL Board funding approval and £2,650,000 with - See Clause 9.2 below).

**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.



**6. COUNTERS CREEK SUSTAINABLE URBAN DRAINAGE SCHEMES, WORKING WITH THAMES WATER**

**RESOLVED:**

To approve the cost and implementation of seven new highway Sustainable Urban Drainage Systems (SuDS) schemes in the borough, working with Thames Water Utilities Limited (TWUL) as part of the Counters Creek Project (£3.6 million for construction, fully funded by TWUL).

**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.

**7. CARNWATH ROAD / THAMES PATH IMPROVEMENT SCHEME**

**RESOLVED:**

1. To approve the implementation and estimated cost of £416,000 of the improvement works on the Thames Path at Carnwath Road.
2. To place the order through the Council's current highway term contract with FM Conway Ltd.

**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.

## **8. WHITE CITY ESTATE - NEW COUNCIL HOMES AND COMMUNITY FACILITIES**

### **RESOLVED:**

That Cabinet:

- 1.1. Approve the strategic case for engaging with residents at White City and the approach to resident consultation.
- 1.2. Approve the Procurement Strategy to appoint a design team and associated consultants for the development of proposals and consultation on White City Estate area as set out in the exempt Appendix 1, and delegate the decision as to which of the recommended frameworks to use to the Strategic Director for the Economy in consultation with the Cabinet Member for the Economy.
- 1.3. Approve associated capital budget of up to £2,880,000 required for the initial business case, design, and survey costs.
- 1.4. Approve the design and survey costs of up to £2,880,000 will be funded from £864,000 of retained right to buy receipts and £2,016,000 of internal or external borrowing by the Housing Revenue Account (HRA).
- 1.5. Approve the initial allocation of £720,300 from the total £2,880,000 to fund consultants, design and survey costs to RIBA stage 1 (outline scheme plan) from £216,090 of retained right to buy receipts and £504,210 of internal or external borrowing by the HRA.
- 1.6. Approve the transfer £720,300 from the HRA general reserve to the HRA Regeneration Reserve to meet any aborted capital costs should the project not proceed.
- 1.7. Delegate the decision to commit expenditure to progress from RIBA stage 1 (outline scheme plan) to RIBA stage 3 (developed design) to the Strategic Director for The Economy, in consultation with the Strategic Director for Finance and Governance and the Cabinet Member for the Economy.
- 1.8. Delegate the award of the contract for design services to the Strategic Director for The Economy in consultation with the Cabinet Member for the Economy.
- 1.9. Delegate the award of the cost consultant to the Strategic Director for The Economy in consultation with the Cabinet Member for the Economy.
- 1.10. Note the recommended approach to stakeholder and resident engagement in the design process.
- 1.11. Recommend to re-allocate £1,550,000 of the previously approved budget on 4<sup>th</sup> March 2019 for existing Decent Neighbourhood schemes.

That Cabinet recommends to Full Council

- 1.12. That the Council approve the budget set out in the exempt Appendix 2 to acquire the NHS PS property and that this additional budget will need to be funded from retained right to buy receipts and HRA borrowing.

**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.

**9. INVESTING IN NEW AFFORDABLE HOMES - FUNDING AGREEMENTS WITH THE GLA**

**RESOLVED:**

1. To approve entering into a funding agreement with the GLA for Building Council Homes for Londoners for funding of up to £15,308,000
2. To delegate approval to enter into a funding agreement with the GLA for the Homebuilding Capacity Fund to the Strategic Director for Growth and Place, in consultation with the Cabinet Member for the Economy, for revenue funding of £230,000.
3. To approve the entering into of a funding agreement with the GLA for Right to Buy Ring-fenced receipts for use for delivery of genuinely affordable homes.

**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.

**10. ALTERNATIVE ECOLOGICAL MITIGATION DESIGN CONSULTANTS APPOINTMENT**

**RESOLVED:**

To award the contract for appointment of the design consultants of the Alternative Ecological Mitigation works to Land Use Consultants to the amount of £142,150.

**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.

**11. FORWARD PLAN OF KEY DECISIONS PUBLISHED ON 3 MAY 2019**


The Key Decision List was noted.

**12. ANY OTHER BUSINESS**

None.

Meeting started: 7.00 pm  
Meeting ended: 7.05 pm

Chair .....

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>1 JULY 2019</b></p>	
<b>REGULATION OF INVESTIGATORY POWERS (RIPA)</b>	
<b>Report of the Deputy Leader – Councillor Sue Fennimore</b>	
<b>Open Report</b>	
<b>Classification - For Decision</b>	
<b>Key Decision: Yes</b>	
<p><b>Consultation</b>          Legal, Fraud, Community Safety, Equalities, Risk Management, Information Management, Financial, Business, IT, Procurement</p>	
<b>Wards Affected: All</b>	
<b>Accountable Director:</b> Sharon Lea, Strategic Director of Environment	
<p><b>Report Author:</b> Beth Morgan, Policy and Service Development Officer          Community Safety Unit</p>	<p><b>Contact Details:</b>          Tel: 020 8753 3102          E-mail: Beth.Morgan@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report concerns the working arrangements of Hammersmith & Fulham Council for the exercise of functions under the Regulation of Investigatory Powers Act 2000 (RIPA). It proposes a new sovereign arrangement for Hammersmith & Fulham Council for the exercise of functions under RIPA which will involve the termination of the existing Section 113 arrangement with the Royal Borough of Kensington and Chelsea (RBKC), the adoption of a new Hammersmith & Fulham RIPA Policy and the appointment of a Senior Responsible Officer (SRO).

## 2. RECOMMENDATIONS

- 2.1. That Cabinet approve the termination of the existing agreement between Hammersmith & Fulham Council and RBKC pursuant to Section 113 of the Local Government Act 1972.
- 2.2. That authority be delegated to the Strategic Director of the Environment in consultation with the Assistant Director of Legal and Democratic Services to finalise and approve the proposed sovereign borough Hammersmith & Fulham

RIPA Policy for the exercise of RIPA powers in Hammersmith & Fulham (attached as Appendix 1).

- 2.3. That Cabinet approve the appointment of the Chief Officer, Safer Neighbourhoods & Regulatory Services, Environment Department, as the Senior Responsible Officer for Hammersmith & Fulham Council.

### **3. REASONS FOR DECISION**

- 3.1. Implementing a sovereign Hammersmith & Fulham RIPA Policy will support the continued disaggregation of shared services between Hammersmith & Fulham Council and RBKC and will enable future policy development to be tailored to the needs of local residents, make the process more agile and enable the Council to act faster in relation to directed surveillance.

### **4. BACKGROUND**

- 4.1. The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory framework for police and public authorities to use surveillance and communications data, where necessary and proportionate, for the purpose of preventing or detecting crime. RIPA regulates the use of these powers in a manner that is compatible with the Human Rights Act.
- 4.2. Hammersmith & Fulham Council occasionally use RIPA to undertake directed surveillance and access communication data in order to detect and prevent crimes such as fraud, rogue trading, drug dealing and anti-social behaviour. Surveillance usually takes the form of officers in plain clothes observing activity, often filming it or taking photographs. The product of such surveillance can be very effective evidence in the prosecution of offenders and can lead to early admissions of guilt saving prosecution costs and court time. These powers have been used to detect various forms of low-level crime and anti-social behaviour (more details can be found in Appendix 2).
- 4.3. Part 1 of RIPA allowed Hammersmith & Fulham Council to access communication data from Communication Service Providers (CSP's), e.g. Royal Mail, BT and the mobile phone companies. The Council is able to seek information about whom someone has phoned not what they say. This includes information, itemised phone bills, periods of subscription and billing addresses.
- 4.4. These provisions have recently been replaced by Part 3 of the Investigatory Powers Act 2016 and it will be necessary to update the policy to deal with this change. In brief, the Council can access "Entity Data" e.g. who pays a phone bill and "Event Data" e.g. access to an itemised phone bill. To access event data the Council must be investigating a serious crime capable of attracting a prison sentence of 12 months or more. It will no longer be necessary to apply to the Magistrates court for approval for applications to access communication data. Instead the applications will be assessed by the Office for Communications Data Authorisations (OCDA).

- 4.5. The Council will continue to use the National Anti-Fraud Network (“NAFN”) to act as the Single Point of Contact (SPoC) and deal with all applications for the acquisition of communications data. Applications are submitted to NAFN electronically, they check that the application is compliant with the legislation, that the acquisition intended is practical and lawful, and that the tests of proportionality and necessity have been adequately considered and detailed.
- 4.6. Once the SPoC is satisfied with the application, they will complete the relevant sections, identifying the data to be acquired, and how it may be acquired. The SPoC will then notify the Designated Persons at the Council by email that there is an application pending which requires final approval.
- 4.7. Covert surveillance and access to communication data inevitably runs the risk that the privacy of persons under investigation as well as other people they associate with may be compromised. The Human Rights Act 1998 requires a public body to have respect for an individual’s private and family life in accordance with Article 8 of the European Convention on Human Rights. This is a qualified human right and Article 8(2) provides that the right may be interfered with so long as it is done in accordance with the law and “is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.”
- 4.8. The Regulation of Investigatory Powers Act 2000 introduced a process for balancing an individual’s rights with the authority’s obligations to enforce laws on behalf of the wider community. The Act makes all conduct carried out in accordance with an authorisation granted under the terms of the Act lawful “for all purposes”. This is in effect a statutory defence to any claim by a resident that their rights, including human rights such as those under Article 8, have been breached by the authority’s surveillance activity. The defence is only available if the surveillance is “necessary” and “proportionate” and has been approved by both a council authorising officer and a magistrate.
- 4.9. The number of authorisations approved by Hammersmith & Fulham Council since 2015 is set out in Appendix 2. The main use of directed surveillance in the London Borough of Hammersmith & Fulham has been directed at drug dealing/supply and preventing anti-social behaviour.
- 4.10. The Head of Community Safety reports annually to the Community Safety & Environment Policy & Accountability Committee on the use of RIPA. The last report was in December 2018.

### **Current Arrangement**

- 4.11. On 1st October 2015 Hammersmith & Fulham Council and RBKC entered into an agreement pursuant to Section 113 of the Local Government Act 1972. Under the terms of this agreement Officers employed by one borough working in a shared service are made available to the non-employing borough for the

purpose of authorising conduct under RIPA and conduct of a similar nature which is not regulated by the Act and any function incidental to the same.

- 4.12. In the current arrangement both Hammersmith & Fulham Council and RBKC adhere to the same policy and procedures for the use RIPA and non-RIPA surveillance. This Joint Working Arrangement specified a single SRO across both boroughs and five Authorising Officers (three from LBHF and two from RBKC) capable of granting authorisation to officers of either Council.

## **5. PROPOSAL AND ISSUES**

- 5.1. This report proposes a new sovereign arrangement for Hammersmith & Fulham Council for the exercise of functions under the RIPA.

- 5.2. This requires the termination of the existing agreement between Hammersmith & Fulham Council and RBKC pursuant to Section 113 of the Local Government Act 1972 and the adoption of a new Hammersmith & Fulham RIPA Policy (attached as Appendix 1).

- 5.3. RIPA sets out the process of authorising and monitoring surveillance activity. The Home Office has prescribed forms for the granting, review, renewal and cancellation of authorisations. The proposed Hammersmith & Fulham RIPA Policy puts these into effect.

- 5.4. Officers of Hammersmith & Fulham Council who want to undertake directed surveillance and/or access communications data will be required to do so in accordance with this policy.

- 5.5. RIPA also requires the Council to have a Senior Responsible Officer (SRO) who is responsible for ensuring compliance with the Act and Code of Guidance and the integrity of the process in place within the authority to acquire communications data. It is proposed that Matthew Hooper, Chief Officer, Safer Neighbourhoods & Regulatory Services, Environment Department, acts as the SRO for Hammersmith & Fulham Council.

- 5.6. Within the proposed Hammersmith & Fulham RIPA Policy the following Officers are empowered to act as Authorised persons for applications for surveillance and Covert Human Intelligence Sources (CHIS), and as Designated Persons for applications for Communication data.

- Tri Borough Head of Fraud
- Bi Borough Head of Environmental Health (Licensing and Trading Standards)
- Head of Community Safety

- 5.7. The Policy specifies that Authorising Officers should not be responsible for authorising investigations in which they are directly involved.



- 5.8. All Authorising Officers/Designated Persons must also have current working knowledge of human rights principles, specifically those of necessity and proportionality. We can confirm that this is the case for the Authorising Officers/Designated Persons referred to in section 5.6.
- 5.9. The Council must hold a centrally retrievable record of all applications that must be retained for a period of at least 3 years from the ending of an authorisation. This should include the unique reference number ('URN') of the investigation and details of the authorisation, review, cancellation and any renewal. The date of the court order approving the application will also be recorded in the central register. The Policy specifies that the central record will be maintained by the Community Safety Manager.
- 5.10. The proposed policy will continue to allow directed surveillance techniques in investigations which do not meet the "crime threshold" set out in RIPA. However, all such "Non RIPA" surveillance must be approved by a RIPA Authorising Officer and Investigating Officers are required to demonstrate that their proposed surveillance is necessary and proportionate in the same way that they would for a RIPA authorisation. A central record of all non RIPA surveillance is maintained by the Community Safety Manager.
- 5.11. The proposed Hammersmith & Fulham RIPA Policy is attached to this report as Appendix 1.

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. Option 1 – To not have a RIPA Policy. This is not the recommended option as a policy needs to be in place to enable the council to be compliant in the exercise of functions and powers under the Regulation of Investigatory Powers Act 2000.
- 6.2. Option 2 – To continue with the current section 113 arrangement with RBKC. This is not the recommended option as it would not support the council's disaggregation of shared services.
- 6.3. Option 3 – To adopt a sovereign RIPA Policy. In order to support the continued disaggregation of shared services between Hammersmith & Fulham Council and RBKC, the termination of the existing Section 113 arrangement with RBKC, the adoption of a new Hammersmith & Fulham RIPA Policy and the appointment of a Senior Responsible Officer (SRO) is the recommended option in order to ensure Hammersmith & Fulham remain fully compliant in the exercise of functions under the Regulation of Investigatory Powers Act 2000 (RIPA).

## **7. EQUALITY IMPLICATIONS**

- 8.1. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, by implementing a sovereign Hammersmith & Fulham RIPA Policy.
- 8.2. *Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.*

## **8. LEGAL IMPLICATIONS**

- 8.1. Legal implications are contained in the body of the report.
- 8.2. *Implications verified/completed by: Janette Mullins, Acting Chief Solicitor (Litigation and Social Care) x2744*

## **9. FINANCIAL IMPLICATIONS**

- 9.1. There are no financial implications associated with the recommendations contained in this report.
- 9.2. *Implications verified/completed by: Lucy Varenne, Interim Head of Finance, tel;- 020 7341 5777.*
- 9.3. *Implications verified by Emily Hill, Head of Corporate Finance ext. 3145*

## **10. IMPLICATIONS FOR LOCAL BUSINESS**

- 10.1. There are no direct business implications resulting from the proposal in this report.
- 10.2. *Implications verified by Alben Karameros, Programme Manager Earls Court, telephone 020 7938 8583*

## **11. COMMERCIAL IMPLICATIONS**

- 11.1. There are no procurement implications associated with the recommendations contained in this report.
- 11.2. *Implications completed by: Joanna Angelides, Procurement Consultant, tel No. 0208 753 2586*

## **12. IT IMPLICATIONS**

- 13.1. IT Implications: There are no IT implications resulting from the proposal in this report.

13.2. IM Implications: As the proposal in this report involves the processing of sensitive data, a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this proposal are properly assessed with mitigating actions agreed and implemented.

13.3. *Implications to be verified/completed by: Karen Barry, Strategic Relationship Manager, IT Services, tel 0208 753 3481*

### **13. RISK MANAGEMENT**

14.1. Directed surveillance in the London Borough of Hammersmith & Fulham has been directed at drug dealing/supply and preventing anti-social behaviour. RIPA sets out the ways in which the Council can lawfully carry out investigations when we need to use surveillance techniques. A new sovereign RIPA policy contributes to the council priorities by preventing crime by standing by responsible residents and cracking down on anti-social behaviour so people feel safe.

14.3. Local authorities may only use covert surveillance for the prevention and detection of crime; and only in those cases where the offence under investigation is subject to a term of imprisonment of 6 months or more.

14.4. *Risk implications completed by Michael Sloniowski, Risk Manager, telephone 020 8753 2587*

### **14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None

#### **LIST OF APPENDICES:**

**Appendix 1 - Hammersmith & Fulham RIPA Policy**

**Appendix 2 - Number of RIPA Authorisations Granted**

## APPENDIX 1

### Regulation of Investigatory Powers Act 2000 Use of Covert Surveillance and Covert Human Intelligence Sources

#### Sovereign Borough Policy

	<b>Contents</b>
1.	Introduction
2.	Communication Data
3.	Direct Surveillance and Covert Human Intelligence Sources (CHIS)
4.	Authorisation Procedure
5.	Duration of Authorisations – Review, Renewal and Cancellation
6.	Central Record of Authorisations
7.	Senior Responsible Officer
8.	Reporting
9.	Handling and Disclosure of Materials and Documents
10.	CCTV
11.	Policy for the Conduct of Surveillance Not Authorised by RIPA
12.	Social Media
13.	Training
14.	Inspection and Oversight.
15.	Further Guidance
	Appendix 1: Procedure of RIPA applications and seeking Judicial Approval
	Appendix 2: Non RIPA policy

June 2015

Revised May 2016

2<sup>nd</sup> Revision November 2017

LBHF Version April 2018

## **1. INTRODUCTION**

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory framework for police and public authorities to use surveillance and communications data, where necessary and proportionate, for the purpose of preventing or detecting crime. RIPA regulates the use of these powers in a manner that is compatible with the Human Rights Act.
- 1.2 Officers of the London Borough of Hammersmith & Fulham who want to undertake directed surveillance and or access communications data must do so in accordance with this policy.
- 1.3 Whilst RIPA itself provides no specific sanction where an activity occurs which should otherwise have been authorised any evidence thereby obtained may be inadmissible in court. The activity may also be unlawful under the Human Rights Act and may result in an investigation by the Ombudsman and/or the Investigatory Powers Tribunal.
- 1.4 This is a sovereign policy and where the term “the Council” is used it will apply to the London Borough of Hammersmith & Fulham.
- 1.5 This policy must be read in conjunction with current Home Office guidance issued in December 2014 (see paragraph 14 below).

## **2. COMMUNICATION DATA**

- 2.1 Part I of Chapter II of RIPA relates to the accessing of communications data from service providers. This section does NOT allow for the interception of communications (e.g. bugging of telephones etc.). Local authorities are not permitted to intercept the content of any person’s communications and it is an offence to do so without lawful authority

### **2.2 Who or What is a Communications Service Provider?**

- 2.2.1 Communications Service providers (CSP’s) are anyone who provides a service via a telecommunications network – a telephone communications network is the foundation of all telephonic communications be it voice, data, video or internet. Some of the more commonly known examples of service providers are companies such as British Telecom, Orange, Vodaphone, etc.

## **2.3 What is communications data?**

2.3.1 The term communications data embraces the 'who', 'when' and 'where' of communication but not the content. It includes the manner in which, and by what method, a person or machine communicates with another person or machine. It excludes what they say or what data they pass on with the communication.

2.3.2 Communications data is generated, held or obtained in the provision delivery and maintenance of postal or telecommunications services.

2.3.3 The Council only has power to acquire subscriber information or service use data under Section 21(4)(b) and (c) of RIPA.

### **2.3.4 Service use data**

This includes:

- Periods of subscription/use
- Itemised telephone call records
- Information about the provision of conference calling, call messaging, call waiting and call barring services
- Itemised timing and duration of service usage (calls and /or connections)
- Connection/Disconnection information
- Itemised records of connections to internet services
- Information about amounts of data downloaded and/or uploaded
- Provision and use of forwarding/redirection services
- Records of postal items e.g. registered, recorded or special delivery postal items
- Top-up details for mobile phones - credit/debit card details and voucher/e-top up details

### **2.3.5 Subscriber Information**

This includes:

- Name of account holder/ subscriber
- Billing, delivery and installation address(es)
- Contact telephone number(s)
- Bill payment arrangements including bank/credit card details
- Collection/delivery arrangements from a PO box

- Services subscribed to by the customer
- Other customer information such as any account notes, demographic information or sign up data (not passwords)

## **2.4 Single Points of Contact**

2.4.1 Service Providers will only respond to requests from Local Authorities via designated single points of contact (SPoC) who must be trained and authorised to act as such. SPoC's should be in a position to:

- Advise applicants if their request is practicable for the service provider
- Advise designated persons as to the validity of requests
- Advise applicants and designated persons under which section of the Act communications data falls.

2.4.2 The National Anti Fraud Network (NAFN) provides a SPoC service to the Council precluding the Council from the requirement to maintain their own trained staff and allowing NAFN to act as a source of expertise. All applications for Communication data must be submitted to NAFN who will assist and advice officers and submit the applications to the Designated Person for authorisation.

2.4.3 Once the application has been approved by a designated person and Judicial Approval has been obtained NAFN, acting as SPOC, will serve a Notice on the relevant service provider requiring the service provider to obtain and provide the information.

2.4.4 The Act makes provision for the service providers to charge a fee for the provision of information requested and obtained under the Act.

## **3. DIRECT SURVEILLANCE AND COVERT HUMAN INTELLIGENCE SOURCES**

3.1 Part II of Chapter II RIPA deals with Direct Surveillance and Covert Human Intelligence Sources. It covers intrusive surveillance, directed surveillance and use and conduct of Covert Human Intelligence Sources (known as "CHIS") who are more recognisable as agents, informants or undercover officers. The provisions aim to regulate the use of these investigative techniques and to prevent the unnecessary invasion of the privacy of

individuals, essentially to a strike a balance between private and public rights. Please note that neither Council uses CHIS powers (see 3.3 below).

## **3.2 Surveillance**

### **3.2.1 Surveillance**

**Surveillance** has a broad definition in the Act. It includes:

- a) Monitoring, observing or listening to persons, their movements, conversations or other activities or communication. “Persons” includes limited companies, partnerships and cooperatives as well as individuals:
- b) Recording anything monitored, observed or listened to in the course of surveillance: and
- c) Surveillance by or with the assistance of a surveillance device.

### **3.2.2 Covert Surveillance**

**Covert surveillance** is *surveillance*:

“Carried out in a manner calculated to ensure that persons who are subject to the surveillance are unaware that it is taking place”.

Surveillance which is carried out in the open and is not hidden from the persons being observed does not need to be authorised under RIPA.

### **3.2.3 Intrusive Surveillance**

Local authorities **cannot** carry out or authorise intrusive surveillance in any circumstances. **Intrusive surveillance** is surveillance:

- a) Carried out in relation to anything taking place on any residential premises or in any private vehicle; and
- b) Which involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device; or



- c) Is carried out by means of a surveillance device in relation to anything taking place on any residential premises or in any private vehicle but is carried out without that device being present on the premises or in the vehicle, where the device is such that it consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.

Surveillance will not be intrusive if it is carried out by means of a surveillance device designed principally for the purpose of providing information about the location of a vehicle.

#### 3.2.4 Directed Surveillance

RIPA provides that **directed surveillance** is surveillance, which is covert and not intrusive and is undertaken:

- a) For the purpose of a specific investigation or a specific operation
- b) In such a manner likely to result in obtaining **private information** about any person (whether or not one specifically identified for the purposes of the investigation or operation); and
- c) Otherwise than by way of an immediate response to events or circumstances where it would not be reasonably practical for an authorisation to be sought.

3.2.5 **Private information** is any information relating to a person's private or family life including his or her relationships with others. The term is broadly interpreted and may include business or professional activities. The fact that covert surveillance is carried out in a public place or on business premises does not mean that it cannot result in obtaining personal information.

3.2.6 When conducting covert test purchase operations at more than one establishment, it is not necessary to construct an authorisation for each premise to be visited but the intelligence must be sufficient to prevent "fishing trips". Premises may be combined within a single authorisation provided that each is identified at the outset. Necessity, proportionality and collateral intrusion must be carefully addressed in relation to each of the premises. It is unlikely that authorisations will be considered proportionate without demonstration that overt methods have been attempted and failed.

### **3.3 Covert Human Intelligence Sources ('CHIS')**

3.3.1 It is council policy of LBHF not to use covert human intelligence sources. It is important that officers understand when the RIPA provisions regarding CHIS come into play so that they can avoid such circumstances.

RIPA defines a person as a CHIS if:

- a) S/he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c) below;
  - b) S/he covertly uses such a relationship to obtain information or to provide access to any information to another person; or
  - c) S/he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.
- 3.3.2 A person who reports suspicion of an offence is not a CHIS and they do not become a CHIS if they are asked if they can provide additional information, e.g. details of the suspect's vehicle or the time that they leave for work. It is only if they establish or maintain a personal relationship with another person for the purpose of covertly obtaining or disclosing information that they become a CHIS.
- 3.3.3 If you believe that using a CHIS is essential for your investigation and you want the Council to depart from the usual policy of not using covert personal relationships you should discuss this with an Authorising Officer

## **4. AUTHORISATION PROCEDURE**

4.1 The Home Office has produced model forms to assist with the requirements of the authorisation process. Copies of the forms, adapted for use by the Councils, are attached at Appendix 3 – 8.

Authorisation must be obtained in relation to each separate investigation. All applications for authorisations, and the authorisations themselves, must be in writing.

## **4.2 Judicial Approval**

- 4.2.1 The Authorisation does not take effect until the court has made an order approving the grant of the authorisation.
- 4.2.2 The court has the power to refuse to approve the authorisation and to make an order quashing the authorisation.
- 4.2.3 The Procedure for authorising RIPA applications and seeking Judicial Approval is **at Appendix 1**.

## **4.3 Authorising Officers/ Designated Person.**

- 4.3.1 RIPA provides that responsibility for authorising directed surveillance, use of a CHIS or acquisition of communication Data lies, within a local authority, with an **'Director, Head of Service, Service Manager or equivalent**.
- 4.3.4 The following Officers are empowered to act as Authorised persons for applications for surveillance and CHIS, and as Designated Persons for applications for Communication data.
- Tri Borough Head of Fraud
  - Bi Borough Head of Environmental Health (Licensing and Trading Standards)
  - Head of Community Safety
- 4.3.5 Authorising Officers should not be responsible for authorising investigations in which they are directly involved.
- 4.3.6 All Authorising Officers/Designated Persons must have current working knowledge of human rights principles, specifically those of necessity and proportionality,

## **4.4 Confidential Information**

- 4.4.1 Investigations which may involve "confidential information" must not be conducted without first consulting Legal Services. Confidential information in this context is defined by RIPA and consists of matters subject to legal privilege, confidential personal information or confidential journalistic material.

4.4.2 Surveillance involving confidential information cannot be authorised by an Authorising Officer, only the Chief Executive at each Council can authorise surveillance of this nature.

#### 4.5 Necessity and Proportionality

4.5.1 A local authority is required to show that an interference with an individual's right to privacy is justifiable, to the extent that it is both ***necessary and proportionate***.

4.5.2 Directed Surveillance can only be authorised where the Authorising Officer believes, in the circumstances of a particular case, that it is ***necessary*** for the purpose of preventing or detecting crime or of preventing disorder **and** meets the "Crime Threshold" where the criminal offences being investigated meets one of the following conditions:

- The criminal offences, whether on summary conviction or on indictment, are punishable by a *maximum term* of at least 6 months imprisonment or an offence under:
- S146 of the Licensing Act 2003 (sale of alcohol to children)
- S147 of the Licensing Act 2003 (allowing the sale of alcohol to children)
- S147A of the Licensing Act 2003 (persistently selling alcohol to children)
- Section 7 of the Children and Young Persons Act 1933 (sale of tobacco, etc to persons under 18).

4.5.3 ***Proportionality*** is a key concept of RIPA. The Authorising Officer/Designated Person must also believe that the directed surveillance or use of a CHIS is *proportionate* to what it is sought to achieve. In effect, any intrusion into individual's privacy should be no more than is absolutely necessary.

4.5.4 The authorisation should demonstrate how an Authorising Officer/Designated Person has reached the conclusion that the activity is proportionate to what it seeks to achieve; including an explanation of the reasons why the method, tactic or technique proposed is not disproportionate (the proverbial 'sledgehammer to crack a nut').

4.5.5 The following elements of proportionality should be considered:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented

#### **4.6 Collateral Intrusion**

4.6.1 As part of this process an assessment should be made of the risk of what is termed '*collateral intrusion*' - intrusion into the privacy of persons other than those that are the subjects of investigation. Measures should be taken, wherever possible, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation.

4.6.2 If collateral intrusion is inevitable, publication of the material/evidence obtained must be carefully controlled. If the evidence is used in court proceedings, it may be possible to deal with collateral intrusion by editing

### **5. DURATION OF AUTHORISATIONS – REVIEW, RENEWAL AND CANCELLATION**

#### **5.1 Directed Surveillance**

5.1.1 An authorisation for directed surveillance will last **3 months** unless cancelled or renewed and must be cancelled when no longer necessary or proportionate.

5.1.2 Regular reviews of all authorisations must be undertaken to assess the need for the directed surveillance to continue. The results of the review should be recorded on the central register (see below).

5.1.4 Authorisations can be renewed before the date on which they would cease to have effect provided that they continue to meet the relevant criteria. Judicial approval is required for a renewal. The renewal takes effect on the day on which the authorisation would have expired and continues for a **3 or**

**12-month period** according to the type of activity. Details in relation to any renewal should also be included in the central register.

- 5.1.5 An Authorising Officer must cancel an authorisation if he or she is satisfied that the activity no longer meets the criteria on which it was based. As before, details of this should be recorded in the central register.

## **5.2 Communication data**

- 5.2.1 Authorisations and notices for Communication Data will be valid for a maximum of one month from the date of Judicial approval. This means that the conduct authorised should have been commenced or the notice served within that month. All authorisations and notices must relate to the acquisition or disclosure of information for a specific date or period.

- 5.2.2 Applications can be renewed before the date on which they would cease to have effect provided that they continue to meet the relevant criteria. Judicial approval is required for all renewals. The renewal takes effect on the day on which the authorisation would have expired and continues for a 1 month period.

- 5.2.3 Renewal may be appropriate where there is a continuing requirement to acquire or obtain data that will or may be generated in the future. The reasoning for seeking renewal should be set out by an applicant in an addendum to the application on which the authorisation or notice being renewed was granted or given.

## **6. CENTRAL RECORD OF AUTHORISATIONS**

- 6.1 The Council must hold a centrally retrievable record of all applications that must be retained for a period of at least 3 years from the ending of an authorisation. This should include the unique reference number ('URN') of the investigation and details of the authorisation, review, cancellation and any renewal. The date of the court order approving the application will also be recorded in the central register.

- 6.2 The central record is maintained by Chris Reynolds, Community Safety Manager. Copies of all relevant documentation relating to applications should therefore be emailed to [chris.reynolds@lbhf.gov.uk](mailto:chris.reynolds@lbhf.gov.uk).

## **7. SENIOR RESPONSIBLE OFFICER (SRO)**

- 7.1 The Act also requires the Council to have a SRO who is responsible for ensuring compliance with the Act and Code of Guidance and the integrity of the process in place within the authority to acquire communications data. The Chief Officer, Safer Neighbourhoods & Regulatory Services, Environment Department acts as the SRO for the Council.

## **8. REPORTING**

- 8.1 The Chief Officer, Safer Neighbourhoods & Regulatory Services, Environment Department will report on the use of RIPA annually to the London Borough of Hammersmith & Fulham Transport, Environment and Leisure Select Committee.
- 8.2 The SRO may, after consultation with the Authorising Officers/Designated Persons, make changes to the list of Authorising Officers/Designated Persons as they consider appropriate in accordance with the requirements of RIPA.

## **9. HANDLING AND DISCLOSURE OF MATERIALS AND DOCUMENTS**

- 9.1 The Authorising Officer/Designated Person should retain RIPA related documents for a period of 3 years. However, where it is believed that the records could be relevant to pending or future criminal proceedings, they should be retained for a suitable further period, commensurate to any subsequent review.

## **10. CCTV**

- 10.1 The general usage of the Council's CCTV system is not affected by this policy. However, if Council officers want to use the Council's CCTV cameras for covert surveillance covered by RIPA then they must have a RIPA authorisation. The Police and Transport for London (TfL) are the only other organisation permitted to use the Council CCTV for RIPA purposes.
- 10.2 Where the Metropolitan Police wish to use the Council's CCTV system for their own purposes, they shall seek their own authorisation in accordance with Sections 28 or 29 of the Act. In such circumstances authorisation shall usually be obtained from the Superintendent pursuant to the Regulation of Investigatory Powers (Prescription of Officers, Ranks and Positions) Order 2000.

## **11. POLICY FOR THE CONDUCT OF SURVEILLANCE NOT AUTHORISED BY RIPA**

- 11.1 Following the introduction of the “serious crime threshold” the legal protection offered by RIPA is no longer available in cases where the criminal offence under investigation is not punishable by at *least* 6 months imprisonment. However, this does not mean that it will not be possible to investigate lesser offences or other non-criminal matters with a view to protecting the victim or stopping the offending behaviour or that surveillance cannot be used in such investigations. The statutory RIPA Code of Practice on covert surveillance makes it clear that routine patrols, observation at trouble ‘hotspots’, immediate response to events and overt use of CCTV are all techniques which do not require RIPA authorisation.
- 11.2 It is recognised that in order to protect residents from serious instances of ASB it may be necessary exceptionally for Council Officers to conduct covert surveillance that does not satisfy the serious crime threshold and cannot be authorised by RIPA. On rare occasions it may also be necessary for Council Officers to conduct covert surveillance when carrying out a disciplinary investigation of an employee. The Office of Surveillance Commissioners guidance, for example, points out in relation to the Police use of intrusive surveillance for the protection of repeat burglary victims and vulnerable pensioners that “the fact that particular conduct [by the authority] may not be authorised under RIPA...does not necessarily mean that the actions proposed cannot lawfully be undertaken, even though without the protection that an authorisation under the Acts would afford”. The Investigatory Powers Tribunal has provided clear advice in its judgement in *Addison, Addison & Taylor v Cleveland Police* that where no authorisation is capable of being granted in such circumstances, “it will behove a police force to follow a course similar to that adopted here; i.e. a procedure as close as possible to that which would be adopted if an authorisation could be obtained from a “relevant Authorising Officer”. For this reason the Councils have adopted the procedure in Appendix 2 for “non-RIPA” covert surveillance.
- 11.3 All “non-RIPA” surveillance must be carried out in accordance with the Council Policy for the Conduct of Surveillance Not Authorised by RIPA at **Appendix 2**.



## **12. SOCIAL MEDIA**

- 12.1 Officers checking Facebook, Instagram, Flickr and other forms of social media as part of an investigation, need to be aware that such activity may be subject to RIPA either as directed surveillance or deploying a CHIS (see paragraph 3.3.1 above for the definition of a CHIS) and the Councils do not authorise the use of CHIS. Browsing public open web pages where access is not restricted to “friends”, followers or subscribers is not covert activity provided the investigator is not taking steps to hide her/his activity from the suspect. The fact that the suspect is or may be unaware of the surveillance does not make it covert. However, any surveillance activity carried out in a manner which is calculated to ensure that a person subject to surveillance is unaware that surveillance against them is taking place is activity which is covert and you will need to consider obtaining a RIPA or NON-RIPA authorisation.
- 12.2 Officers must not covertly access information on social media which is not open to the public, for example by becoming a “friend” of a person on Facebook, or communicating via social media with the suspect as this type of activity conducted in a covert manner would engage the CHIS provisions which the Councils do not authorise. An example of non-permitted covert surveillance is the creation of a fake profile.
- 12.3 The gathering and use of online personal information by the Council will engage Human Rights particularly the right to privacy under Article 8 of the European Convention on Human Rights. To ensure such rights are respected the data protection principles in the Data Protection Act 1998 must also be complied with.
- 12.4 Where online surveillance involves employees then the Information Commissioner’s Office’s (ICO) Employment Practices Code (part 3) will apply. This requires an impact assessment to be done before the surveillance is undertaken to consider, amongst other things, necessity, proportionality and collateral intrusion. Whilst the code is not law, it will be taken into account by the ICO and the courts when deciding whether the DPA has been complied with.
- 12.5 This is a constantly evolving subject and officers should discuss any potential use of social media as part of an investigation with Legal Services and Information Management.

### **13. TRAINING**

- 13.1 Officers conducting surveillance operations, using a CHIS or acquiring communications data must have an appropriate accreditation or be otherwise suitably qualified or trained. Authorising Officers will have received training that has been approved by the Director of Law. All training will take place at reasonable intervals to be determined by the Director of Law but it is envisaged that an update will usually be necessary following legislative or good practice developments or otherwise every 12 months

### **14. THE INSPECTION PROCESS AND OVERSIGHT**

- 14.1 On the 1st September 2017, The Office of Surveillance Commissioners, The Intelligence Services Commissioner's Office and The Interception of Communications Commissioner's Office were abolished by the Investigatory Powers Act 2016. The Investigatory Powers Commissioner's Office (IPCO) is now responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.

### **15. FURTHER GUIDANCE**

- 15.1 This policy must be read in conjunction with current Home Office guidance.

**Full Codes of Practice can be found on the Home Office website**

<http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers>

**Further information is also available on The Office of Surveillance Commissioner's website.**

<http://www.surveillancecommissioners.gov.uk/index.html>

Legal advice can be obtained from Legal Services, contacts:  
Chief Solicitor(Litigation and Social Care) 0208 753 2744

## Appendix 1

### PROCEDURE FOR AUTHORISING RIPA APPLICATIONS AND SEEKING JUDICIAL APPROVAL

#### 1 DIRECTED SURVEILLANCE: CRIME THRESHOLD

We can only authorise the use of **directed surveillance** for the following purposes:

- **To prevent or detect criminal offences:**
  - **that are punishable, whether on summary conviction or on indictment, by a maximum term of at least 6 months imprisonment (See page 5 for examples)**
- OR**
- **that relate to underage sale of alcohol and tobacco under the following legislation:**
  - **S146 of the Licensing Act 2003 (sale of alcohol to children**
  - **S147 of the Licensing Act 2003 (allowing the sale of alcohol to children)**
  - **S147A of the Licensing Act 2003 (persistently selling alcohol to children)**
  - **Section 7 of the Children and Young Persons Act 1933 (sale of tobacco, etc to persons under 18)**

We cannot authorise the use of directed surveillance for the purpose of preventing **disorder** unless this involves a criminal offence, whether on summary conviction or on indictment, punishable by a maximum term of at least 6 months imprisonment. (e.g. affray).

On the RIPA Application form **you must:**

- 1 State you are investigating a criminal offence; and
- 2 Identify the relevant offence and statute which either punishable with 6 months imprisonment or is related to underage sales of alcohol or tobacco.

**Note:** that if it becomes clear during an investigation the activity being investigated does not amount to a criminal offence or that it would be a less serious offence that does not meet the Crime threshold the authorisation **must** be cancelled.

## Lesser Offences

In a case where the surveillance has been authorised to investigate a specific offence which meets the threshold but the evidence obtained is used to substantiate offences which fall below the threshold it will be up to the court to decide whether to admit the evidence obtained in

## CHIS/ COMMUNICATION DATA

Conduct or use of a CHIS and obtaining communication data can only be authorised where it is necessary for the purpose of preventing or detecting crime or of preventing disorder.

To obtain legal advice call Legal Services for advice:  
Janette Mullins, Senior Solicitor (Housing and Litigation):  
020 8753 2744

## 2 PROCEDURE

1. Obtain URN from the , Community Safety Manager Tele
2. Submit Authorisation form to Authorising Officer/Designated Person
  - – Tri Borough Head of Fraud
  - : Bi Borough Head of Environmental Health (Licensing and Trading Standards)
  - : Head of Community Safety

If approval is granted the form to be signed and dated but the **authorisation will not be activated until judicial approval is obtained.**

3. Complete FORM ANNEX B
  - This will contain a brief summary of the circumstances of the case but the RIPA authorisation form **must** contain all the information necessary to make application.
4. Telephone the court: Contact Court bookings Manager on 020 3126 3080 to arrange a date/time to attend. The application will be heard by a district judge in chambers.

### Court details:

Westminster Magistrates court 181 Marylebone Road  
London , NW1 5BR

Email: westminster.mc@hmcts.gsi.gov.uk

Applications will usually be heard at Westminster Magistrates at 10:00am and you must be at court by 9:30am to allow the Legal Adviser to check the application before it goes to court. Go to Court Office on ground floor and explain you have a RIPA Judicial Approval Application.

5. Take with you:

- 1 Original and copy of RIPA Authorisation form
- 2 Copy of authority to make application.
- 3 2 copies of partly completed Form Annex B

6. Hearing

Sign in with Usher; give him/her the above documents; explain a RIPA Judicial approval application and if you wish to swear on oath or Affirm. Stand in witness box

- Take, oath or Affirm; identify yourself, name, post, employer
- Explain you are the investigating officer who has made the application to AO
- Identify, the AO, Name and post and give date of authorisation.
- State that you wish to obtain Judicial Approval for Directed Surveillance under S38 Protection of Freedoms Act 2012 and that you have partly completed Form Annex B.
- The Magistrate will consider the following matters:
  - (a) that the person who granted the authorisation was entitled to do so;
  - (b) for directed surveillance that the application meets the crime threshold test.
  - (c) that at the time the authorisation was granted there were reasonable grounds for believing that the surveillance described in the authorisation was—
    - (i) **Necessary**, for the purpose of preventing or detecting crime or of preventing disorder
    - (ii) **Proportionate** to what was sought to be achieved by it; and
  - (d) that there remain reasonable grounds for believing those things, at the time the court considers the application.

## **Necessity and Proportionality**

It is still the case that the Authorising Officer must be satisfied that the surveillance is **necessary** for the purpose of “the prevention or detection of crime or the prevention of disorder”. This goes beyond the prosecution of offences and includes actions taken to prevent, end or disrupt the commission of criminal offences. But before authorising surveillance the Authorising Officer must be satisfied that officers are investigating an identifiable criminal offence.

The guidance for Magistrates states authorisation will not be **proportionate** if it is excessive in the overall circumstances of the cases. The fact that a suspected offence may be serious will not alone justify surveillance.

No activity should be considered **proportionate** if the information which is sought could be reasonably obtained from other less intrusive means. The risk and proportionality of interfering with the privacy of people not connected with the investigation must also be weighed and, where possible, steps taken to mitigate it.

The Magistrates’ guidance suggests that following element of proportionality should be considered:

- Balancing the size and scope of the proposed activity against the gravity or extent of the perceived crime or offence;
- Explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- Considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- Recording, as far as reasonably practicable, what other methods have been considered and why they were not implemented.

#### 7. **Outcome**

- Application granted and will be effective from date of order.
- Application refused
- Application refused AND quash authorisation – but must give the Council at least 2 days notice from date of refusal to allow us to make representations.

Court will keep 1 copy of Annex form B and 1 copy of Application.

- Provide the , Community Safety Manager Chris Reynolds with a copy of Authorisation form and a copy of Annex B within 5 days of approval.

- Note review date and provide copy of review/and or cancellation to the Community Safety Manager

**ANNEX B - RIPA ACCEPTANCE FORM**

**Application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.**

Local authority: .....

Local authority department:.....

Offence under investigation: .....

Address of premises or identity of subject: .....

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.....  
.....

Covert technique requested: (tick one and specify details)

**Communications Data**

**Covert Human Intelligence Source**

**Directed Surveillance**

Summary of details

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**Note:** this application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating

Officer:.....



Authorising Officer/Designated  
Person:.....

Officer(s) appearing before JP;  
.....

Address of applicant department:  
.....  
.....

Contact telephone number:  
.....

Contact email address (optional):  
.....

Local authority reference: .....

Number of pages: .....

**Order made on an application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.**

Magistrates' Court .....

Having considered the application, I (tick one):

- am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice.
- refuse to approve the grant or renewal of the authorisation/notice.
- refuse to approve the grant or renewal and quash the authorisation/notice.

Notes

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Reasons

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Signed:

Date:

Time:

Full name:

Address of Magistrates' Court:

## Appendix 2

### **POLICY FOR THE CONDUCT OF SURVEILLANCE NOT AUTHORISED BY THE REGULATION OF INVESTIGATORY POWERS ACT 2000**

#### **London Borough of Hammersmith and Fulham**

### **POLICY FOR THE CONDUCT OF SURVEILLANCE NOT AUTHORISED BY THE REGULATION OF INVESTIGATORY POWERS ACT 2000**

The Regulation of Investigatory Powers Act 2000 ('RIPA') provides a statutory framework for the conduct of directed surveillance. It is applicable to local authorities in respect of some of the activities in which they may engage and sets out formal authorisation procedures and codes of practices, with which local authorities should comply.

The Act must be considered in tandem with associated legislation including the Human Rights Act (HRA), and the Data Protection Act (DPA)

The Council has a RIPA policy which is periodically reviewed by Members and the Director of Law.

The purpose of RIPA is to protect the privacy rights of local residents but only to the extent that those rights are protected by the HRA. However, the Council may only engage the Act when performing its 'core functions'. For example, a Local Authority conducting a criminal investigation would be considered to be performing a 'core function', whereas the disciplining of an employee would be considered to be a 'non-core' or 'ordinary' function.

In addition surveillance may only be authorised under RIPA when investigating criminal offences which are punishable by a *maximum term* of at least 6 months imprisonment ("the serious crime threshold"). This test was introduced by the Government following concerns that local authorities had been using directed surveillance techniques in less serious investigations, for example, to tackle dog fouling or checking an individual resides in a school catchment area.

Local Authorities have an obligation to deal with Anti-social behaviour (ASB) which involves the day-to-day incidents of crime, nuisance and disorder that make many people's lives a misery. This varies from vandalism, to public drunkenness or aggressive dogs, to noisy or abusive neighbours.

The victims of ASB can feel helpless and in many cases, the behaviour is targeted against the most vulnerable in our society. Even what is perceived as 'low level' anti-social behaviour, when targeted and persistent, can have devastating effects on a victim's life.

To protect residents from ASB it may be necessary for Council Officers to conduct covert surveillance that does not satisfy the serious crime threshold and cannot be authorised by RIPA. For example, graffiti, criminal damage and urinating in public areas can have a real impact on the residents.

To enable the Councils to support victims it is recognised that it may be necessary for the Councils to conduct covert surveillance that does not satisfy the serious crime threshold and cannot be authorised by RIPA.

In addition the Council as Licensing Authority' may need to carry out surveillance of licensed premises in order to promote the four licensing objectives.

On rare occasions it may also be necessary for Council Officers to conduct covert surveillance when carrying out a Disciplinary Investigation of an employee.

When considering covert surveillance which is outside of RIPA Council Officers will, nonetheless, have regard to the Council's RIPA policy, the Directed Surveillance Code of Practice and the OSC Procedures and guidance.

In addition Officers will have regard to the fact that covert surveillance undertaken without RIPA approval, comes with risks e.g.

- evidence unlawfully obtained may be ruled inadmissible and could result in the case collapsing
- a complaint to the RIPA Tribunal
- a complaint to the Local Government Ombudsman
- a claim for damages
- adverse publicity

Investigating Authorising Officers **must** take account of these risks when considering non RIPA surveillance.

Surveillance must not be authorised under this policy if there is any likelihood of acquiring confidential information.


## PROCEDURE

- A Council Officer seeking to carry out surveillance outside of RIPA will complete the form attached to this policy
- In completing the form the officer will have regard to the Council's RIPA policy and address the issues of Necessity and Proportionality and "collateral intrusion".
- The form must be passed to one of the Authorising Officers who is empowered to authorise applications made by staff of both Councils.
- The Authorising Officer will consider the application and will decide whether or not to authorise the surveillance applying the principles set out in the RIPA Policy.
- The Non RIPA surveillance must not begin before the date the application is signed by the Authorising Officer.
- The authorised application form must be forwarded to the RIPA co-ordinator Chris Reynolds who will keep a central record of all non RIPA surveillance.
- A monthly review of the authorisation will be conducted to assess the need for the surveillance to continue. The Officer with conduct of the surveillance will submit a review form to the Authorising Officer. The results of the review should be recorded on the central register
- Authorisation for non RIPA surveillance will last **3 months** unless cancelled or renewed and must be cancelled when no longer necessary or proportionate.
- An Authorising Officer must cancel an authorisation if he or she is satisfied that the activity no longer meets the criteria on which it was based.
- The Director of Law in conjunction with the RIPA Coordinator is responsible for ensuring compliance with this procedure and will report on the use of Non RIPA surveillance annually to Members.

June 2015 - Revised May 2016 - 2<sup>nd</sup> Revision November 2017 - LBHF Version April 2018

**Number of RIPA Authorisations Granted**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Directed Surveillance (RIPA) Authorisations</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>10</b>
	Alleged drug dealing / supply (2)	Alleged drug dealing / supply (4)	Alleged drug dealing / supply (8)	Alleged drug dealing / supply (8)
		Alleged drug use / supply (1)	ASB (1)	Flytipping (2)
		Flytipping (1)	Under age sales test purchase (1)	
<b>Non-RIPA</b>	<b>9</b>	<b>6</b>	<b>7</b>	<b>5</b>
	Alleged Intimidation / Harassment (5)	Intimidation / Harassment (2)	Alleged ASB (4)	Alleged ASB (3)
	Alleged ASB (3)	Breach of Closure Order (2)	Alleged ASB and Criminal Damage (2)	Alleged drug dealing / ASB (1)
	Alleged misuse of Blue Badge (1)	Alleged Criminal Damage (1)	ASB, Verbal Abuse and Alleged Criminal Damage (1)	Flytipping (1)
		Underage sales investigation (1)		

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>1 JULY 2019</b></p>	
<b>2018/19 CORPORATE REVENUE OUTTURN REPORT</b>	
<b>Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification - For Information</b> <b>Key Decision: No</b>	
<b>Wards Affected: All</b>	
<b>Accountable Director: Hitesh Jolapara – Strategic Director of Finance &amp; Governance</b>	
<p><b>Report Author:</b> Emily Hill – Assistant Director, Corporate Finance Andrew Lord – Head of Strategic Planning and Monitoring</p>	<p><b>Contact Details:</b> Email: <a href="mailto:Andrew.Lord@lbhf.gov.uk">Andrew.Lord@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. The H&F vision includes being ruthlessly financially efficient. We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.
- 1.2. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This report is the concluding part of the Council's 2018/19 budgetary control cycle. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, the Chief Executive, and Directors in discharging the statutory responsibility.
- 1.3. The Councils' accounts for 2018/19 are closed and subject to an audit. The statutory deadline for closure is 31 May with external audit complete by 31 July. The outcome of the audit will be reported to the July Audit Committee.

- 1.4. The provisional General Fund outturn variance is a net overspend of £1.6 million. This will be a charge against the Council's earmarked reserves. The overspend represents 0.3 percent of the gross General Fund budget.
- 1.5. Dedicated Schools Grant (DSG) High Needs Block funding has come under increased pressure in recent years across the country, and the Council had a cumulative overspend of £7m at the start of the year due to insufficient government funding. A 2018/19 DSG overspend of £6.6m has increased the cumulative deficit to £13.6 million. An earmarked reserve has been set aside to offset the deficit. Officers are working to reduce this overspend and modelling forecasts a decrease in the in-year overspend to £4.5m in 2019/20. At the same time, representations are being made to Government to demonstrate how they are underfunding the High Needs Block.
- 1.6. £32.7m of General Fund earmarked reserves were utilised in 2018/19 by approved projects, to stand at £62.3m by the year end. The figures are subject to the audit of the statement of accounts. These include £10.3m in movement due to technical NNDR adjustments, with £5.1m of that being due to timing of NNDR payments that will be repaid in the future. In addition to the reserves the Council holds £3.5m of capital receipts which could be applied to fund Invest to Save schemes in 2019/20 under the provisions for the flexible use of capital receipts.

**Table 1 – Movement in 2018/19 reserves and balances**

	2018/19 opening balance	In-year movement	2018/19 closing balance
	£m	£m	£m
Earmarked reserves	94.9	-32.7	<b>62.3</b>
General balances	19.0	0.0	<b>19.0</b>
	<b>113.9</b>	<b>-32.7</b>	<b>81.3</b>

- 1.7. Separate reports on this agenda provide the Housing Revenue Account outturn and the capital outturn.

## **2. RECOMMENDATIONS**

- 2.1. To note that the 2018/19 budget required the delivery of £15.2m of savings.
- 2.2. To note, subject to audit, the General Fund overspend of £1.6m net of unused budgeted contingency. The overspend has been charged against corporate earmarked reserves.



### 3. REASONS FOR DECISION

- 3.1. To confirm the financial position as at 31 March 2019. This report outlines the provisional revenue outturn position, income and expenditure for 2018/19.

### 4. GENERAL FUND OUTTURN

**Table 2 – Draft General Fund outturn 2018/19<sup>1</sup>**

Department <sup>2</sup>	Revised Budget	Actual	Gross Variance
	£m	£m	£m
Children's Services	53.370	56.679	3.309
Corporate Services	1.260	1.235	(0.025)
Finance & Governance	14.886	13.751	(1.135)
Growth & Place	14.298	13.154	(1.144)
Public Service Reform – commercial income	(6.326)	(1.620)	4.706
Public Service Reform – other	9.229	6.893	2.336
Residents' Services	67.615	69.142	1.527
Controlled Parking Account	(23.037)	(25.437)	(2.400)
Social Care	53.764	53.765	0.001
Centrally Managed Budgets	33.114	31.235	(1.879)
<b>Total</b>	<b>218.173</b>	<b>218.797</b>	<b>5.296</b>
Adjustment for limiting use of the unallocated contingency to 50% and not distributing the contingency held for the 2018/19 pay award			(3.743)
<b>TOTAL</b>			<b>1.553</b>

- 4.1. Within this overall position, significant overspends were recorded in:

- Delays in delivering income in areas of commercial activity (£2.8m) with a further shortfall in commercial income due to commercial disputes (£1.9m).
- Family Support Services (£1.2m) predominately due to the delay in novating contracts to the Local Authority Trading Company (LATC) and working capital payments made to the LATC failing to achieve expected savings. Other Public Service Reform variances included a shortfall in the expected Public Health Outcomes Fund (PHOF)

<sup>1</sup> Figures in brackets are underspends.

<sup>2</sup> The Council has restructured its departments to deliver future savings. The outturn report for 2018/19 is based on the structures applicable to 2018/19 rather than the new structures in place for 2019/20.

contribution to prevention, overspends in staffing and other expenditure.

- Children’s Services (£3.3m)
- Residents’ Services (£1.6m).

A detailed explanation of the variances is provided in Appendix 1.

- 4.2. The provisional outturn includes the use of £5m of section 106 contributions (£1.7m towards enhanced policing and £3.3m for other purposes where new developments have resulted in additional pressures and costs to the Council of operating services that it would otherwise not have needed to operate) in accordance with the originally approved 2018/19 budget.

## 5. DEDICATED SCHOOLS GRANT

- 5.1. Dedicated schools grant (DSG) is paid in support of local authority schools budgets, being the main source of income for the schools’ budget. This is split between central expenditure and the individual schools budget (ISB) in conjunction with the local schools’ forum.
- 5.2. The High Needs Block funding has come under increased pressure in recent years and the Council had a cumulative overspend on the Dedicated Schools Grant of £7m at 31 March 2018. A 2018/19 DSG overspend of £6.6m has increased the cumulative deficit to £13.6m.
- 5.3. The Council will set aside an earmarked reserve equivalent in value to the DSG deficit. Initial modelling indicates that the deficit will increase by a further £4.5m in 2019/20.

## 6. RESERVES OUTURN

- 6.1. Reserves and balances of £32.7m were utilised in 2018/19.
- 6.2. This includes use of reserves of £5.1m which will be reimbursed in future years due to statutory timing and accounting requirements in respect of business rates within the collection fund.

**Table 3 – 2018/19 Movement in reserves and balances**

	2018/19 opening balance	In-year movement	2018/19 closing balance
	£m	£m	£m
Earmarked reserves	94.9	-32.7	<b>62.3</b>
General balances	19.0	0.0	<b>19.0</b>
	<b>113.9</b>	<b>-32.7</b>	<b>81.3</b>

- 6.3. The Council has set aside an earmarked reserve equivalent in value to the DSG deficit which is included in the movement above. Initial modelling indicates that

the deficit will increase by a further £4.5m in 2019/20. Earmarked reserves of £32.7m were utilised in 2018/19. This is after £2.0m of Invest to Save costs were funded from capital resources in line with the Government dispensation on the flexible use of capital receipts.

**Table 4 – Key movements in 2018/19 earmarked reserves**

	£'m
Set aside for DSG reserve	(13.6)
Managed services and Hampshire IBC implementation	(5.2)
Use of NNDR deficit reserve (technical / timing adjustment)	(5.2)
Temporary NNDR accounting adjustment for 2018/19 to be reimbursed in future years (technical / timing adjustment)	(5.1)
Council development costs	(2.0)
Funding of the 2018/19 General Fund overspend	(1.6)
<b>Net reduction in 2018/19 earmarked reserves</b>	<b>(32.7)</b>

## 7. CONSULTATION

7.1. With Departmental teams and Strategic Leadership Team.

## 8. EQUALITY IMPLICATIONS

8.1. Cabinet is asked to note the Corporate Revenue outturn for 2018/19. It is not asked to make any decisions nor take any action, hence there are no equality implications arising from this report.

8.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

## 9. LEGAL IMPLICATIONS

9.1. There are no legal implications within this report.

9.2. Implications verified/completed by: Adesuwa Omoregie, Principal Solicitor, 020 8753 2297.

## 10. FINANCIAL IMPLICATIONS

10.1. This report is of a financial nature and the financial implications are contained within, which is subject to audit review.

10.2. Implications completed by: Gary Ironmonger, Finance Manager 0208 753 2109.

10.3. Implications verified by: Emily Hill, Assistant Director, Corporate Finance, 020 8753 3145.

## **11. IMPLICATIONS FOR BUSINESS**

11.1. There are no direct implications for local businesses.

11.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583

## **12. COMMERCIAL IMPLICATIONS**

12.1. There are no immediate commercial implications in this report.

12.2. Implications verified/completed by: Joanna Angelides on behalf of Simon Davis. Tel: 020 7361 2586

## **13. IT IMPLICATIONS**

13.1. There are no IT implications contained within this report.

13.2. Completed by: Veronica Barella, Chief Information Officer, Tel 200 8753 2927.

## **14. RISK MANAGEMENT**

14.1. The Council operates in an increasing risk environment of reduced council funding and austerity measures imposed by national government, increasing financial pressures due to cost inflation and demographic pressures. The Council has monitored this corporate risk through the year and has adopted as one of its key priorities to be ruthlessly financially efficient so as to continue to achieve the best service for our residents from council staff and contractors in line with our corporate risk to meet our communities ongoing needs and expectations. There is a risk that pressures will continue to provide a challenge in 2019/20.

14.2. Implications verified by: Michael Sloniowski, Risk Manager 0208 753 2587.

## **15. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

## **LIST OF APPENDICES**

Appendix 1 Departmental Analysis – General Fund 2018/19 Revenue Outturn

## DEPARTMENTAL ANALYSIS – GENERAL FUND 2018/19 REVENUE OUTTURN

CHILDREN'S SERVICES DEPARTMENT  
Variance analysis by departmental division

Departmental division	Revised budget 2018/19	Year end Variance	Explanation of major variances (over £100,000)
	£000	£000	
Family Services	35,962	2,636	<p>£2.522m relates to a continued increase in demand for social care placements along with higher unit costs and more complex cases. As with other London Boroughs, we have seen a rise in demand from adolescents at risk due to knife crime, child sexual exploitation and children being used for drug trafficking (County lines).</p> <p>The other significant variance is in Family Support and Child Protection and relates to legal and assessment costs to accommodate additional spot purchases. Numbers of children subject to a child protection plan have increased causing this additional pressure and could not be covered through the existing contract.</p>
Special Educational Needs and Disabilities	8,354	958	Placement overspends on care packages and direct payments accounts for £763,000 of the variance. In addition to inflationary increases, the transport service saw a significant growth in new starters, including higher single occupancy transport, which resulted in an £386,000 unfavourable variance. Over achievement on traded services income as well as other minor over and underspends make up the balance.
Education	3,547	(209)	The favourable variance is mainly due to fully funded posts filled in-year and lower than expected consultancy costs covering those posts.
Assets, Operations & Planning	5,507	(76)	
School Funding	0	0	

**APPENDIX 1**

<b>Departmental division</b>	<b>Revised budget 2018/19</b>	<b>Year end Variance</b>	<b>Explanation of major variances (over £100,000)</b>
	<b>£000</b>	<b>£000</b>	
<b>Total</b>	<b>53,370</b>	<b>3,309</b>	

**CORPORATE SERVICES**  
**Variance analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Human Resources	306	263	£200,000 agency savings were not achieved plus overspends on additional agency resource required to support services.
Executive Services	513	(138)	Underspends on staffing, activities and events budgets.
Communications	23	157	Underachievement of traded income target for the print service although activity in line with 2017/18.
Project Management Office	530	(299)	Underspends on staffing costs.
<b>Total</b>	<b>1,372</b>	<b>(25)</b>	

**FINANCE & GOVERNANCE**  
**Variance analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Facilities Management and Building Control	1,096	14	
Legal and Democratic Services	413	98	
IT Services	1,163	(1,100)	As part of the implementation of the desktop strategy across the Council, the renegotiation of key contracts on VDI (Virtual Desktop Infrastructure) and IaaS (Infrastructure as a Service) services has contributed towards an underspend of £340,000. A re-negotiated mobile data contract resulted in a further saving of £300,000. In addition, there were further underspends arising from a one-off adjustment of £250,000 on application services; and other efficiencies of £150,000 across the service.
Finance	7,993	(6)	
Audit, Fraud, and Insurance	(6)	(141)	One off underspend on staffing and internal audit contract.
<b>Total</b>	<b>10,659</b>	<b>(1,135)</b>	



**GROWTH & PLACE - GENERAL FUND**  
**Variance Analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Housing Solutions	8,490	(1,230)	<p>There has been a (£336,000) underspend on the bad debt provision on Private Sector Leased (PSL) temporary accommodation schemes due to an improvement in the collection rate (from a budget of 8.50% to an outturn of 5.19%). There is also a (£197,000) underspend on PSL rent payments to landlords due to a reduction in the average rent paid compared to budget.</p> <p>A reduction in client numbers from a budget of 190 to an outturn of 116 has produced a (£424,000) underspend on Bed and Breakfast (B&amp;B) net rental payment to hoteliers.</p> <p>Additionally, the division has underspent by (£810,000) on its Flexible Homelessness Support Grant (FHSG) provided by central Government to cushion the impact of the removal of the management fee for Temporary Accommodation.</p> <p>These underspends are offset by an overspend on cost avoidance payments of £239,000 made to procure Direct Letting units for homelessness prevention, an overspend on legal costs for complex cases of £178,000 and on repairs and furnishing costs on PSL properties of £120,000.</p>
Housing Strategy & Growth	2,822	(4)	
Economic Development, Skills Service	2,011	0	

## APPENDIX 1

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Planning	1,256	0	
Operations	86	48	
Property Services	60	(3)	
Development & Regeneration	149	48	
Building and Property Management	(576)	(3)	
<b>Total</b>	<b>14,298</b>	<b>(1,144)</b>	

**PUBLIC SERVICES REFORM (INCLUDING COMMERCIAL INCOME)**  
**Variance Analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Public Service Reform Commercial Revenue	(6,326)	4,706	<p><b>Business Intelligence – £2,104,000.</b> Delays in business sales in 2018/19 as the team focused limited resources on delivering improved services for residents.</p> <p><b>Advertising Hoardings – £1,901,000.</b> Variance is due to a prudent provision due to commercial disputes, shortfalls in income from profit sharing sites, new sites that did not proceed as planned and legal fees incurred throughout the year.</p> <p><b>Ethical Debt &amp; Other Commercial activity – £701,000.</b> Delays in commencement of ethical debt sales through a joint venture. Several contracts have now been signed by other councils but these will only result in income in future years after collections are made.</p>
Public Service Reform - other	9,229	2,336	<p><b>Family Support – £1,181,000.</b> £1m of this overspend relates to unachieved savings. The variance is due to the delay in novating contracts to the Family Support Local Authority Trading Company (LATC) and working capital payments made to the LATC. A due diligence review is being undertaken during April and May under open book arrangements with the LATC in preparation for commencement of contract negotiations from 1 July 2019.</p> <p><b>Third Sector Commissioning - £313,000.</b> The variance resulted from an overstatement of the expected Public Health Outcomes Fund (PHOF) contribution to Adults prevention spend in the year.</p>

## APPENDIX 1

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
			<p><b>Staffing - £442,000.</b> The overspend is due to a combination of factors such as shortfalls in funding, a higher than expected number of staff transferring at the top of their pay scale and the cost of recruiting interim staff to cover workload during the transition. Whilst the cost pressure was partially mitigated through vacancies and one-off recharges of staff costs, there remains a significant underlying cost pressure to be addressed.</p> <p>In addition to the above variances, there were several one-off unfunded costs throughout the year in relation to legal, third party and minor contract payments <b>£400,000.</b></p>
<b>Total</b>	<b>2,903</b>	<b>7,042</b>	

**RESIDENTS' SERVICES**  
**Variance Analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Cleaner, Greener & Cultural Services	9,050	(87)	
Transport and Highways	14,195	11	
Leisure & Parks	4,792	3	
Environmental Health, Community Safety & Emergency Planning	7,568	28	
Other LBHF Commercial Services	(96)	32	
Executive and Support	685	(73)	
Building Control and Technical Support Services	1,282	279	Building Control income shortfall (£354,000), was partially offset by supplies and services underspend in Technical Support (£75,000).
Street Cleansing and Street Enforcement	12,117	192	New commercial saving not delivered (£159,000).
Customer Services	15,267	859	Savings not delivered (£631,000). Unfunded staffing costs (£120,000) and Moving On costs more than budget transferred (£94,000).
Libraries	2,704	284	Commercial savings delayed (£346,000) and delayed implementation of Smart Opening due to the need to reshape the programme over the medium term (£100,000). These were partially offset by other cost reductions (-£116,000).
Prevent	53	(1)	
<b>Total</b>	<b>67,615</b>	<b>1,527</b>	

**CONTROLLED PARKING ACCOUNT**  
**Variance Analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Pay & Display (P&D) Income	(14,543)	(2,073)	The Council has seen increased receipts from the roll-out of cashless phone parking across the Borough. The number of people using phone parking has continued to increase significantly since the roll out commenced October 2016 and completed in February 2018. The take up of phone parking is now more than <b>84%</b> . Of the remaining income from the new pay and display machines, <b>90%</b> is by card. This has led to a reduction of cash receipts and the risk of theft on-street.
Permits Income	(4,496)	(147)	Whilst housing estate permits are excluded from these figures, as more estates have introduced controls enforceable by Civil Enforcement Officers, some residents have chosen to purchase an on-street permit as opposed to an estate permit. Having not been increased in price for some years, the real cost of permits has reduced.
Penalty Charge Notices (PCNs) Income	(14,594)	(274)	2018/19 saw the full year effect of a major recruitment exercise during 2017, when <b>11</b> Civil Enforcement Officers were recruited to return the service to a full establishment (58 FTEs). There was also an increase in income recovery in relation to PCNs during this financial year in consequence of the clearance of a backlog of challenges/letters and improved response times together with increased Enforcement Agent collection rates.
Parking Bay Suspensions Income	(3,260)	851	The number of Parking Suspension requests has significantly dropped over the last 2 years. This is dictated by outside factors such as property development levels, house moves, utility works etc. Our policy is to try to minimise the scale and duration of parking suspensions as much as possible due to the negative impact on residents due to the loss of parking spaces.

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
Towaways and Removals Income	(251)	(6)	
Other Parking Related income	0	(44)	
<b>Total CPA income</b>	<b>(37,144)</b>	<b>(1,692)</b>	
CPA Expenditure	14,107	(707)	There has been significant reduction in costs of approximately <b>£560,000</b> arising from the roll out of phone parking and the introduction of new mainly card-only pay and display machines. These include cash collection costs, contract costs, maintenance, and credit/debit card processing costs. There was also a <b>£77,000</b> underspend on staff costs and <b>£28,000</b> underspend on Transport Costs.
<b>TOTAL</b>	<b>(23,037)</b>	<b>(2,400)</b>	

**SOCIAL CARE**  
**Variance Analysis by Departmental Division**

Departmental division	Revised budget 2018/19 £000	Year end variance £000	Explanation of major variances (over £100,000)
Care and Assessment	22,210	(970)	The underspend is due to the tight departmental controls and monthly monitoring of the budget and mitigation plans. Also, social care was able to re-charge Bi-Borough for its usage of beds in two nursing home contracts that H&F host, (£1,329,000). However, this is partly offset by the continued demand on this social care budget resulting from discharging people from hospital much earlier and with a high degree of complexity. This resulted in a net overspend of £359,000.
Learning Disability	12,617	681	Overspend due to additional activity in residential care placements and transitional service users for Children's services. As both adults and children's services continue to improve the transition for younger people with disabilities into adult service, such overspends should cease. As, for example, planning a young person's care at an earlier stage means that they are more likely to stay in - borough in supported accommodation, rather than an out of borough residential placement.
Mental Health	6,985	298	Overspend is due to an increase of 3 net new placements from April 2018 and 7 additional Supported Living placements. There is a continued tight operational and strategic plan in place to address the overspend over the next year. Joint working with the Clinical Commissioning Group is also in progress.
In-House Services	2,753	(25)	




## APPENDIX 1

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Community Independence & Hospital Service	1,793	(76)	
Resources	5,893	0	
Directorate & Support Service	819	(1)	
Commissioning	411	94	
<b>Total</b>	<b>53,481</b>	<b>1</b>	The department outturned with a broadly breakeven position which is a significant improvement to the month 9 projection of £502,000 overspend. The mitigating actions to manage the overspend and the 2018/19 savings of £2,446,000 were both achieved. The department managed this position with the use of the new funding from the Improved Better Care Fund of £7,050,769 (the second year of a three year funding programme) and ASC Winter pressures grant of £918,381 to manage these pressures.

**CENTRALLY MANAGED BUDGETS**  
**Variance analysis by departmental division**

Departmental division	Revised budget 2018/19	Year end variance	Explanation of Major Variances (over £100,000)
	£000	£000	
Corporate & Democratic Core	3,708	(408)	Underspend on bank charges due to action to recover a previous overcharge on credit card fees.
Housing Benefits	(639)	(49)	
Levies	1,570	(48)	
Net Cost of Borrowing	282	(91)	
Other Corp Items	16,992	(1,022)	Adverse variance of £341,000 on land charges income due to reduced activity. Underspend on civic accommodation Business Rates of £468,000. Underspend on dual running of SAP/Agresso resulted in a favourable variance of £573,000. Underspend on corporate legal budgets of £190,000. Reduced charges from HRA for General Fund use of Area Offices of £112,000.
Pensions & redundancy	11,201	(261)	Underspend on the unfunded pension costs arising from historical redundancy decisions.
<b>Sub -Total</b>	<b>33,114</b>	<b>(1,879)</b>	
		(3,743)	Unused unallocated contingency (£2,767,000) and centrally held pay award inflation (£975,000) not distributed to departments.
<b>Total</b>	<b>33,114</b>	<b>(5,622)</b>	

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>1 July 2019</b></p>	
<p><b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2018/19 (OUTTURN)</b></p>	
<p><b>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</b></p>	
<p><b>Open report</b></p>	
<p><b>Classification:</b> For Decision <b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> ALL</p>	
<p><b>Accountable Director:</b> Hitesh Jolapara, Strategic Director of Finance and Governance</p>	
<p><b>Report Author:</b> Emily Hill, Assistant Director, Corporate Finance Andrew Lord, Head of Strategic Planning and Monitoring Ariana Murdock, Principal Accountant</p>	<p><b>Contact Details:</b> Email: <a href="mailto:Andrew.lord@lbhf.gov.uk">Andrew.lord@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

The H&F vision includes being ruthlessly financially efficient. We need to always confirm that spend fits our Council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.

- 1.1. This report provides a summary of the Council's Capital Programme out-turn for the financial year 2018-19. Total capital expenditure for the year was £55.7m and headline General Fund capital debt at the year-end was £78.2m.
- 1.2. This report also seeks approval for fourth-quarter 2018-19 budget variations. A net decrease of £36.2m (£25.1m General Fund, £11.1m Housing) to the 2018-19 capital budget (as approved at the end of the third quarter) is proposed, largely due to budget reprofiling and the setting aside of resource to future years.

- 1.3. The 2018-19 accounts, which underpin figures in this report, remain subject to audit. The audit is anticipated to be finalised in June 2019.
- 1.4. The Council needs to consider its VAT partial exemption calculation, and the risk of breaching the partial exemption threshold, which would likely cost the Council between £2m-£3m. Capital projects represent the bulk of this risk. As at the end of 2018-19 the threshold remains below 5 per cent, however there is a risk that in 2019-20 the partial exemption threshold will be a breached if mitigating action is not taken. Further details on VAT partial exemption are included in section 14 and Appendix 4.

## **2. RECOMMENDATIONS**

- 2.1. To note the capital outturn for the year.
- 2.2. To approve proposed technical budget variations to the capital programme as summarised in Table 1 and detailed in Appendix 2.

## **3. REASONS FOR DECISION**

- 3.1. This report seeks revisions to the Capital Programme which require the approval of Cabinet in accordance with the Council's financial regulations.

## **4. CAPITAL PROGRAMME 2018-19 – OUTTURN AND Q4 VARIATIONS**

- 4.1. Capital expenditure for 2018-19 totalled £55.7m. This compared to the original budget of £113.4m and a forecast of £91.9m at quarter 3. Key areas of capital spend during the year included:
  - £16m to acquire land required for the Council's West King Street Renewal scheme
  - £12m on the Council's social housing stock
  - £7m on the boroughs' highways, including upgrading pay and display machines and LED lighting columns
  - £4m on buybacks required as part of the Earl's Court Conditional Land Sale Agreement
  - £2m on the borough's schools
  - £2m on upgrading the Council's ICT infrastructure
  - £1m on the borough's parks.
- 4.2. An analysis of spend by department<sup>1</sup> is shown in Table 1 below with further detail available in Appendix 1. Table 1 also shows the proposed fourth-quarter budget variations. A full analysis of elements of the programme funded from internal Council resource is included in section 6.

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<sup>1</sup> The Council has restructured its departments to deliver future savings. The outturn report for 2018-19 is based on the structures and naming conventions used during 2018-19 rather than the new structures in place for 2019-20.

**Table 1 – LBHF Capital Programme 2018-23 with proposed 2018-19 Q4 variations:**

	Analysis of Movements (Revised budget to Q4)					Outturn 2018/19 £'000	Next Year Programme			Indicative Future Years Analysis			Total Budget (All years) £'000
	Revised Budget 2018/19 (Q3) £'000	Slippages from/(to) future years £'000	Addition/(Reduction) £'000	Transfers £'000	Total Variations £'000		2019/20 Original Budget £'000	Slippages, Additions and Reductions £'000	2019/20 Revised Budget £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
<b>CAPITAL EXPENDITURE</b>													
Children's Services	9,901	(7,235)	(526)	-	(7,761)	2,140	6,833	7,405	14,238	3,738	2,238	2,238	24,592
Adult Social Care	615	(400)	-	-	(400)	215	1,922	400	2,322	300	-	-	2,837
Residents' Services	20,005	(8,793)	123	-	(8,670)	11,335	10,146	8,793	18,939	6,272	7,208	7,208	50,962
Finance & Governance	9,090	(5,087)	-	-	(5,087)	4,003	-	5,261	5,261	-	-	-	9,264
General Fund Schemes under Growth & Place management	21,065	(3,238)	29	-	(3,209)	17,856	35,434	3,255	38,689	40,051	48,642	12,759	157,997
<b>Sub-total (General Fund)</b>	<b>60,676</b>	<b>(24,753)</b>	<b>(374)</b>	<b>-</b>	<b>(25,127)</b>	<b>35,549</b>	<b>54,335</b>	<b>25,114</b>	<b>79,449</b>	<b>50,361</b>	<b>58,088</b>	<b>22,205</b>	<b>245,652</b>
Growth & Place-HRA Programme	16,948	(5,602)	864	-	(4,738)	12,210	42,011	1,249	43,260	42,246	35,446	28,000	161,162
Growth & Place -Decent Neighbourhoods Programme	14,258	(6,035)	(296)	-	(6,331)	7,927	24,701	221	24,922	26,979	23,280	13,767	96,875
<b>Sub-total Growth &amp; Place (HRA)</b>	<b>31,206</b>	<b>(11,637)</b>	<b>568</b>	<b>-</b>	<b>(11,069)</b>	<b>20,137</b>	<b>66,712</b>	<b>1,470</b>	<b>68,182</b>	<b>69,225</b>	<b>58,726</b>	<b>41,767</b>	<b>258,037</b>
<b>Total Expenditure</b>	<b>91,882</b>	<b>(36,390)</b>	<b>194</b>	<b>-</b>	<b>(36,196)</b>	<b>55,686</b>	<b>121,047</b>	<b>26,584</b>	<b>147,631</b>	<b>119,586</b>	<b>116,814</b>	<b>63,972</b>	<b>503,689</b>
<b>CAPITAL FINANCING</b>													
<b>Specific/External Financing:</b>													
Government/Public Body Grants	11,776	(6,409)	(338)	(395)	(7,142)	4,634	8,873	7,420	16,293	4,965	4,685	4,395	34,972
Grants and Contributions from Private Developers (includes S106/CIL)	16,013	(8,829)	(44)	-	(8,873)	7,140	11,132	5,689	16,821	18,068	23,463	9,184	74,676
Leaseholder Contributions (Housing)	4,250	(1,700)	-	-	(1,700)	2,550	4,507	1,700	6,207	3,871	4,240	4,014	20,882
<b>Sub-total - Specific Financing</b>	<b>32,039</b>	<b>(16,938)</b>	<b>(382)</b>	<b>-</b>	<b>395</b>	<b>(17,715)</b>	<b>24,512</b>	<b>14,809</b>	<b>39,321</b>	<b>26,904</b>	<b>32,388</b>	<b>17,593</b>	<b>130,530</b>
<b>Mainstream Financing (Internal):</b>													
Capital Receipts - General Fund	5,390	(3,362)	-	-	(3,362)	2,028	-	3,536	3,536	-	-	3,456	9,020
Capital Receipts - Housing*	14,009	(7,096)	858	(4,098)	(10,336)	3,673	13,625	3,942	17,567	16,602	11,745	4,450	54,037
Revenue funding - General Fund	582	-	-	(582)	(582)	-	521	(521)	-	-	-	-	-
Major Repairs Reserve (MRR) [Housing]	9,436	(1,264)	-	-	(1,264)	8,172	23,354	613	23,967	15,921	16,668	17,300	82,028
Earmarked Reserves (Revenue)	3,021	(2,125)	42	839	(1,244)	1,777	6,443	2,212	8,655	4,747	521	521	16,221
<b>Sub-total - Mainstream Funding</b>	<b>32,438</b>	<b>(13,847)</b>	<b>900</b>	<b>(3,841)</b>	<b>(16,788)</b>	<b>15,650</b>	<b>43,943</b>	<b>9,782</b>	<b>53,725</b>	<b>37,270</b>	<b>28,934</b>	<b>25,727</b>	<b>161,306</b>
<b>Internal Borrowing</b>	<b>27,405</b>	<b>(5,605)</b>	<b>(324)</b>	<b>4,236</b>	<b>(1,693)</b>	<b>25,712</b>	<b>52,592</b>	<b>1,993</b>	<b>54,585</b>	<b>55,412</b>	<b>55,492</b>	<b>20,652</b>	<b>211,853</b>
<b>Total Capital Financing</b>	<b>91,882</b>	<b>(36,390)</b>	<b>194</b>	<b>-</b>	<b>(36,196)</b>	<b>55,686</b>	<b>121,047</b>	<b>26,584</b>	<b>147,631</b>	<b>119,586</b>	<b>116,814</b>	<b>63,972</b>	<b>503,689</b>

\*Capital Receipts include use of brought forward Housing receipts

4.3. A net variation to the 2018-19 programme of **£(36.2)m** is proposed, decreasing total budgeted expenditure from £91.9m to £55.7m. Of the proposed net variation, £(36.4)m relates to budget reprofiling to future financial years. The budget reprofiling includes £7m due to a review of the Bridge Academy scheme, £2m IT investment due to revised timing of the Desktop strategy implementation, £4m of HRA schemes, £3.5m use of capital receipts to fund Invest to Save schemes, £2m Fire Safety works and £2m Affordable Housing Delivery Framework. A detailed analysis of proposed variations for approval is included at Appendix 2.

4.4. A net variation to the 2019-20 programme of **£26.6m** is proposed. This is mainly attributable to reprofiling of Housing budgets to future years.

4.5. The capital programme presented here for 2018-19 and 2019-20 is based on approved projects and known funding allocations. These currently exclude any other large projects which might be approved in future years. The 2019-20 budget will be updated in the first quarter monitor for 2019-20. The indicative future years analysis (2020+) will be updated as pipeline schemes are 'firmed-up'; these future years remain subject to approval in future capital programmes. Departments such as Children's Services, whose capital programme has traditionally depended on external specific grants, will be updated as and when future grants are confirmed.

4.6. Future CFR and MRP values will be revised once the full costing and financing of future projects is known.

## 5. CAPITAL FINANCE REQUIREMENT (CAPITAL DEBT)

5.1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. The General Fund Headline<sup>2</sup> CFR (excluding schools' windows borrowing) was **£70.85m** at the end of 2018-19. The increase of £20.37m in CFR in comparison to 2017-18 is mainly due to purchase of 207 King Street (£16m) as part of the West King Street Renewal site compilation, new IT Desktop Strategy scheme (£1.8m) and a decision to apply general fund capital receipts generated in 2018-19 to fund Invest to Save expenditure under Flexible Use of Capital Receipts dispensation (£2m), as approved by the Cabinet in February 2019. Table 2 below presents the forecast CFR position.

**Table 2 – General Fund CFR at Q4 2018-19 (including future years forecast)**

GENERAL FUND CFR ANALYSIS	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
CFR EXCLUDING SCHOOLS WINDOWS AND JOINT VENTURE LOAN	£m	£m	£m	£m	£m	£m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>47.25</b>	<b>50.48</b>	<b>70.85</b>	<b>83.65</b>	<b>89.19</b>	<b>97.89</b>
Revenue Repayment of Debt (MRP)	(0.17)	(0.22)	(0.37)	(0.77)	(0.86)	(0.98)
Mainstream Programme (Surplus)/Shortfall	3.41	20.59	13.18	6.31	9.56	4.65
<b>Closing Capital Finance Requirement (CFR)</b>	<b>50.48</b>	<b>70.85</b>	<b>83.65</b>	<b>89.19</b>	<b>97.89</b>	<b>101.56</b>
SCHOOLS WINDOWS	£m	£m	£m	£m	£m	£m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>3.57</b>	<b>6.63</b>	<b>7.38</b>	<b>10.80</b>	<b>11.87</b>	<b>11.40</b>
Revenue Repayment of Debt (MRP)	(0.09)	(0.27)	(0.30)	(0.43)	(0.47)	(0.46)
Internal Borrowing (Schools Window Replacement)	3.14	1.02	3.72	1.50	-	-
<b>Closing Capital Finance Requirement (CFR)</b>	<b>6.63</b>	<b>7.38</b>	<b>10.80</b>	<b>11.87</b>	<b>11.40</b>	<b>10.94</b>
JOINT VENTURE	£m	£m	£m	£m	£m	£m
<b>Opening Capital Finance Requirement (CFR)</b>	-	-	-	<b>30.00</b>	<b>59.40</b>	<b>88.21</b>
Revenue Repayment of Debt (MRP)	-	-	-	(0.60)	(1.19)	(1.76)
Borrowing	-	-	30.00	30.00	30.00	-
<b>Closing Capital Finance Requirement (CFR)</b>	-	-	<b>30.00</b>	<b>59.40</b>	<b>88.21</b>	<b>86.45</b>
<b>Total Headline Capital Finance Requirement (CFR)</b>	<b>57.11</b>	<b>78.23</b>	<b>124.45</b>	<b>160.46</b>	<b>197.50</b>	<b>198.94</b>
Finance leases/PFI/ Deferred costs of disposal	10.33	9.78	8.73	7.93	7.13	6.33
<b>Total Closing CFR</b>	<b>67.44</b>	<b>88.01</b>	<b>133.18</b>	<b>168.39</b>	<b>204.63</b>	<b>205.27</b>

5.2. The HRA CFR is shown in Table 3 below:

**Table 3 – HRA CFR at Q4 2018-19 (including future years forecast)**

HRA CFR Forecast	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m
Closing Forecast HRA CFR (excluding deferred costs of disposal)	204.85	204.85	212.54	230.14	246.07	262.07
Deferred Costs of Disposal	5.42	5.62	6.45	7.47	9.66	-
<b>Closing Forecast HRA CFR (including deferred costs of disposal)</b>	<b>210.26</b>	<b>210.46</b>	<b>218.99</b>	<b>237.61</b>	<b>255.73</b>	<b>262.07</b>

5.3. Housing 2018-19 CFR (excluding accumulated deferred costs of disposals) remains unchanged in comparison to 2017-18. An in-year borrowing requirement of £4.1m was offset using £4.1m of capital receipts to repay debt.

<sup>2</sup> Excludes items such as finance leases and PFIs, the MRP cost of which is funded through revenue budgets.

## 6. GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

- 6.1. The General Fund mainstream programme cuts across the departmental programmes and represents schemes which are funded from internal Council resources. It is effectively the area of the programme where the Council has the greatest discretion. The mainstream programme is summarised in Table 4.
- 6.2. The 2018-19 mainstream programme has decreased by £8.7m in comparison to Q3 forecast budget of £31.3m. This is mainly due to reprofiling current capital schemes to future years.
- 6.3. General Fund Capital receipts for 2018-19 were £5.56m. A summary of actual and forecast receipts is included at Appendix 3.
- 6.4. As at the end of 2018-19, £0.34m of deferred disposal costs have been accrued in respect of anticipated General Fund disposals. These costs are netted against the receipt when received (subject to certain restrictions). Should a sale not proceed these costs must be written back to revenue.

**Table 4 – General Fund Mainstream Programme 2018-23 with proposed 2018-19 Q4 variations**

	Revised Budget 2018/19 (Q3) £'000	Variations (Q4) £'000	Outturn 2018/19 £'000	2019/20 Original Budget £'000	Slippages, Additions and Reductions £'000	2019/20 Revised Budget £'000	Indicative Budget 2020/21 £'000	Indicative Budget 2021/22 £'000	Indicative Budget 2022/23 £'000	Total Budget (All years) £'000
<b>Approved Expenditure</b>										
<b>Ad Hoc Schemes:</b>										
Hammersmith Town Hall Refurbishment*	-	-	-	577	-	577	2,714	5,034	3,575	11,900
EdCity regeneration	-	94	94	-	23	23	-	-	-	117
Invest to Save-Flexible Use of Capital Receipts	5,390	(3,362)	2,028	-	3,536	3,536	-	-	-	5,564
Acquisition of Cinema Site	16,137	(77)	16,060	2	77	79	-	-	-	16,139
Desktop Strategy [F&G]	3,293	(1,535)	1,758	-	1,535	1,535	-	-	-	3,293
Carnwath Road [RES]	-	-	-	1,870	-	1,870	-	-	-	1,870
<b>Rolling Programmes:</b>										
Disabled Facilities Grant [ASC]	303	(303)	-	652	(652)	-	-	-	-	-
Planned Maintenance/DDA Programme [RES]	2,706	(2,451)	255	3,568	2,451	6,019	1,564	2,500	2,500	12,838
Footways and Carriageways [RES]	3,054	(760)	2,294	2,030	760	2,790	2,030	2,030	2,030	11,174
Parks Programme [RES]	410	(282)	128	-	282	282	-	-	-	410
<b>Total Mainstream Programmes</b>	<b>31,293</b>	<b>(8,676)</b>	<b>22,617</b>	<b>8,699</b>	<b>8,012</b>	<b>16,711</b>	<b>6,308</b>	<b>9,564</b>	<b>8,105</b>	<b>63,305</b>
<b>Financing</b>										
Capital Receipts	5,390	(3,362)	2,028	-	3,536	3,536	-	-	3,456	9,020
Increase/(Decrease) in Internal Borrowing	25,903	(5,314)	20,589	8,699	4,476	13,175	6,308	9,564	4,649	54,285
<b>Total Financing</b>	<b>31,293</b>	<b>(8,676)</b>	<b>22,617</b>	<b>8,699</b>	<b>8,012</b>	<b>16,711</b>	<b>6,308</b>	<b>9,564</b>	<b>8,105</b>	<b>63,305</b>

\* Hammersmith Town Hall Refurbishment figure contains only mainstream element of funding (£11.9m). The remaining £33.7m of the total approved budget is funded from CIL and therefore has no impact on GF CFR.

- 6.5. The mainstream programme presented in table 4 does not include the £90m on-lending from the Council to the King Street West Regeneration Joint Venture which is forecast to be paid over three years from 2019/20, however the CFR figures in table 2 do take into account the borrowing requirement in relation to the loan.
- 6.6. The Capital Programme 2019-2023, presented at Full Council in February 2019, has approved a change of funding of £0.45m of Disabled Facilities Grant (DFG) budget for 2019/20 and future years, to be funded from DFG

grant instead of mainstream resources. This has been reflected in 2019/20 and future DFG budgets.

## 7. HOUSING CAPITAL PROGRAMME OVERVIEW

7.1. Housing Capital expenditure for 2018-19 totalled £20.1m. The expenditure and resource analysis of the Housing Programme is summarised in Table 5 below:

**Table 5 – Housing Capital Programme 2018-23 with proposed 2018-19 Q4 variations**

	2018/19 Revised Budget (Q3) £'000	Total Variations (Q4) £'000	Outturn 2018/19 £'000	2019/20 Original Budget £'000	Slippages, Additions and Reductions £'000	2019/20 Revised Budget £'000	Indicative 2020/21 Budget £'000	Indicative 2021/22 Budget £'000	Indicative 2022/23 Budget £'000
<b>Approved Expenditure</b>									
HRA Schemes	16,948	(4,738)	12,210	42,011	1,249	43,260	42,246	35,446	28,000
Decent Neighbourhood Schemes	14,258	(6,331)	7,927	24,701	221	24,922	26,979	23,280	13,767
<b>Total Housing Programme - Approved Expenditure</b>	<b>31,206</b>	<b>(11,069)</b>	<b>20,137</b>	<b>66,712</b>	<b>1,470</b>	<b>68,182</b>	<b>69,225</b>	<b>58,726</b>	<b>41,767</b>
<b>Available and Approved Resource</b>									
Capital Receipts - Unrestricted	7,885	(6,654)	1,231	3,099	3,979	7,078	6,340	4,380	4,450
Capital Receipts - RTB (141)	6,124	(3,709)	2,415	10,526	(219)	10,307	10,262	7,365	-
Major Repairs Reserve (MRR)	9,436	(1,264)	8,172	23,354	613	23,967	15,921	16,668	17,300
Contributions Developers (S106)	716	83	799	7,860	(2,945)	4,915	10,731	9,855	-
Repayment of NHHT loan	270	(270)	-	270	-	270	270	290	-
Contributions from leaseholders	4,250	(1,700)	2,550	4,507	1,700	6,207	3,871	4,240	4,014
Use of reserves (Fire Safety EMR)	2,525	(1,653)	872	6,443	1,304	7,747	4,226	-	-
Internal Borrowing	-	4,098	4,098	10,653	(2,962)	7,691	17,604	15,929	16,003
<b>Total Funding</b>	<b>31,206</b>	<b>(11,069)</b>	<b>20,137</b>	<b>66,712</b>	<b>1,470</b>	<b>68,182</b>	<b>69,225</b>	<b>58,726</b>	<b>41,767</b>

7.2. The Decent Neighbourhoods Programme contains the Council's Housing Capital Receipts which must be used for Housing or Regeneration purposes and shows how the Council plans to reinvest those receipts in housing and regeneration.

7.3. The 2018-19 Housing Capital Programme has been fully funded, with no increase in borrowing required.

7.4. The full year spend includes £1.6m of expenditure related to Health and Safety, of which £1m was on specific fire safety capital works as detailed in table 6 below.

**Table 6 – Compliance and Health and Safety spend 2018-19**

<b>Decent Neighbourhoods Programme Capital Monitoring - 2018/19</b>					
<b>HRA Capital Programme: Specific Compliance and Health &amp; Safety Spend</b>					
<b>2018-19 Full Year Outturn</b>					
<b>Health and Safety related spend included in the minor works programme plus Estate CCTV</b>	<b>Original Full Year Budget</b>	<b>Revised Budget at previous year outturn</b>	<b>2018/19 Q3 Revised Budget</b>	<b>Forecasted variance to original budget</b>	<b>Actual Spend 2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>APPROVED SCHEMES</b>					
Fire safety Improvements	1,700	2,462	688	(1,312)	113
Fire Safety Plus Capital Works	15,000	3,000	2,525	(13,807)	872
Warden Call System Upgrade	882	1,018	4	(878)	4
Roseford, Woodford, Shepherds extract systems		26	26	26	27
Edward Woods communal extract system	200	300		(200)	
Estate CCTV	180	470	926	580	617
Melrose Terrace controlled access		33			
Controlled Access continuing programme	750	833		(750)	
<b>Total</b>	<b>18,712</b>	<b>8,141</b>	<b>4,169</b>	<b>(16,341)</b>	<b>1,633</b>



- 7.5. Full Council agreed to set aside a budget of £20m to fund the programme on 18 October 2017. The Council incurred £872,000 of capital expenditure against this budget in 2018/19, with cumulative capital expenditure to date since 2017/18 of £2.016m.
- 7.6. In 2018/19 the total Fire Safety *capital* budget envelop of £20m was reduced by £3.6m as earmarked reserve funding set up for the scheme was required to cover the *revenue* costs for fire warden salaries. Further assessment of the scheme at the outturn has indicated that these costs could be covered by existing revenue budget funding and therefore the Fire Safety capital budget for 2019/20 and future years has been increased by £3.2m.
- 7.7. The 2019/20 HRA capital programme and Decent Neighbourhoods Programme are subject to review as part of the Asset Management Strategy Delivery Plan. In addition, a number of schemes are under consideration and the programme will be updated as changes are approved. Budgets for EdCity and Hartopp and Lannoy schemes, approved by Cabinet on 29 April 2019, will be added to the programme in the 2019/20 first quarter monitoring report.
- 7.8. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital Programme:
- The proposed programme for 2019/20-2022/23 relies on £25.5m of S106 receipts of which £8m is yet to be received
  - The delivery of affordable rented housing must proceed sufficiently to make use of Right to Buy (RTB) One for One receipts which would otherwise have to be repaid to the Ministry of Housing, Communities and Local Government (MHCLG). At the point of outturn the GLA held £12m of RtB receipts that the council transferred to them during 2018/19. This is the equivalent of £41m of capital expenditure delivered by the Council (or Housing Associations if grant funded by Council RTB receipts). Under the agreement between the council and GLA this must be spent within three years, i.e. throughout 2021/22. Whilst completely at the discretion of the GLA the council can request an extension to the three years which it would need to make a case for by having an approved and in progress programme in place.
  - Both the HRA capital programme and Decent Neighbourhood Programme are subject to variation and potential growth during 2019/20. Any additional budget requirement will likely need to be funded by borrowing which will have an impact on revenue budgets due to the additional interest charges.
- 7.9. Table 7 displays the amount of Right to Buy (RTB) receipts that need to be used each quarter in 2019/20 to avoid them being returned. These RTB receipts can fund 30% of the total cost of eligible expenditure each quarter the table showing the eligible expenditure required each quarter to enable the 30% RTB receipts contribution to be used. Currently the GLA has agreed to ring fence any RTB receipts and interest returned by the Council it receives from the government and make them available as Affordable Housing grant for a three-year rolling delivery programme.

**Table 7 – Right-to Buy receipts and expenditure forecast 2019-20**

Quarter RTB 1-4-1 Received	2016/17 Q1	2016/17 Q2	2016/17 Q3	2016/17 Q4
End Quarter RTB 1-4-1 to be used by	2019/20- Q1	2019/20- Q2	2019/20- Q3	2019/20- Q4
	£	£	£	£
<b>RTB 1-4-1 Receipts to be spent 2019/20</b>	1,477,912	3,309,504	2,099,689	2,701,879
<b>Equivalent Eligible Expenditure 2019/20</b>	4,926,375	11,031,680	6,998,963	9,006,263

## **8. EQUALITY IMPLICATIONS**

- 8.1. There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and, as such, the recommendations relating to an increase in capital allocations, will not impact directly on any group with protected characteristics, under the terms of the Equality Act 2010.
- 8.2. Implications verified and completed by: Peter Smith, Head of Policy & Strategy, Tel: 020 8753 2206.

## **9. LEGAL IMPLICATIONS**

- 9.1. There are no direct legal implications in relation to this report.
- 9.2. Implications completed by: Rhian Davis, Assistant Director of Legal and Democratic Services, Tel: 020 8753 2729.

## **10. FINANCIAL IMPLICATIONS**

- 10.1. This report is wholly of a finance nature.
- 10.2. Implications verified by: Emily Hill, Assistant Director, Corporate Finance, Tel: 020 8753 3145.

## **11. IMPLICATIONS FOR BUSINESS**

- 11.1. The Council's Capital Programme represents significant expenditure within the Borough and consequently, where supplies are sourced locally, may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.
- 11.2. Projects contained in the capital programme are approved on individual basis and the business implications for each of them are considered in more detail in their specific reports.
- 11.3. Implications completed by: Albena Karameros, Economic Development Team, Tel:07739 316 957.

## **12. RISK MANAGEMENT**

- 12.1. In the initial stages of any development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views and interest of residents and stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal). Construction companies and developers contracting with the Council which experience financial instability may also pose a significant risk. They may not be able to raise sufficient finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible
- 12.2. Large scale capital projects can operate in environments which are complex, turbulent, and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating the slow emerging risks which can escalate rapidly are all necessary components of good capital programme risk management.
- 12.3. The report identifies a number of risks which may impact on the future funding of the Housing Capital Programme, where in some cases, mitigations have yet to be identified, increases in internal borrowing (and associated revenue financing implications) and the potential for the Council to breach the VAT partial exemption threshold arising from approval of further capital schemes. It is important that strong corporate and directorate oversight and monitoring of these risks is maintained and appropriate ongoing assurances provided to councillors on the management of these risks.
- 12.4. The impact to councils of the Grenfell Tower fire is yet to be fully established. It is certain that many councils are/ will be undertaking property reviews to determine the levels of improvements required to ensure fire safety arrangements within their buildings meet both the expectations of the residents and that they comply with building regulations and other statutory duties. The H&F Fire Safety Plus Programme is an excellent scheme that provides residents with assurance on safety. The Regulatory Reform (Fire Safety) Order 2005 places specific duties placed on the Council as the Responsible Person for its buildings to assess the risk from fire and put in measures to control those risks.
- 12.5. The Dame Judith Hackitt independent review of fire safety, following the Grenfell tragedy, recognises that High Rise Residential Buildings (10 Storeys and above) are a special risk where layers of fire protection must be put in place so as to reduce the risk to as low as reasonably possible, however

reducing the risk for all residential accommodation is fundamental. This process is on-going and must be continually reviewed at least annually.

- 12.6. All works must comply with the Construction (Design and Management) Regulations. The Council must appoint a Principal Designer and Principal Contractor with the necessary and demonstrable expertise and competence.
- 12.7. Proposals set out in this report seek to comply with the Council's legal duties.
- 12.8. Implications completed by: David Hughes, Director of Audit, Risk and Insurance, Tel: 020 7361 2389 and Richard Buckley, Head of Environmental Health (Residential) & Corporate Safety Tel: 020 8753 3971.

### **13. PROCUREMENT IMPLICATIONS**

- 13.1. There are no immediate procurement implications arising from this report. The corporate Procurement team will advise and support service departments on their major capital procurements as and when such support is required, including consideration of whether and how any social value, local economic and community benefits might be obtained from these.
- 13.2. Implications completed by: Joanna Angelides on behalf of Simon Davis. Tel: 020 7361 2586.

### **14. VAT IMPLICATIONS**

- 14.1. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold. Capital projects represent the bulk of this risk. A breach would likely cost the Council between £2-£3m per year whilst in breach. The Council remained below the threshold in 2018-19 however there remains a risk of breaching the threshold in future years if the position is not carefully managed on an ongoing basis, particularly in light of potentially significant capital schemes in the future. Further detail on the Council's partial exemption is included in Appendix 4.
- 14.2. Implications verified/completed by: Chris Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

### **15. IT IMPLICATIONS**

- 15.1. The original cabinet paper for the Desktop Strategy IT TRANSITION PHASE 4 ASSURING SERVICE CONTINUITY – DESKTOP STRATEGY AND SOLUTION OPTIONS was approved 5 March 2018. In that paper the decision as to whether a proportion of the costs would be capitalised was left open to fit in with the council's overall capitalisation strategy.
- 15.2. This capitalisation paper included £3.7m for the Desktop Strategy, to cover one-off equipment and infrastructure costs.

- 15.3. The Desktop (Tech-tonic) programme is being implemented but due to its complexity delivery will be completed in 2019/20.
- 15.4. The programme will deliver significant savings up to £1.2m annually.
- 15.5. Implications completed by: Veronica Barella, Chief Information Officer, Tel: 020 8753 2927

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

None.

**LIST OF APPENDICES:**

- Appendix 1 – Detailed capital budget, spend and variation analysis by department
- Appendix 2 – Analysis of budget variations
- Appendix 3 – Capital receipts forecast
- Appendix 4 - VAT partial exemption

## Detailed capital budget, spend and variation analysis by department

Children's Services	Current Year Programme						Next Year Programme			Indicative Future Years Analysis			
	Analysis of Movements (Revised budget to Q4)						2019/20 Original Budget	Slippages, Additions and Reductions	2019/20 Revised Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
	Revised Budget 2018/19 (Q3)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Outturn 2018/19							
<b>Scheme Expenditure Summary</b>													
Schools Organisational Strategy	7,711	(6,877)	164	-	(6,713)	998	2,704	7,047	9,751	-	-	-	10,749
Schools Window Replacement Project	1,500	(477)	-	-	(477)	1,023	3,240	477	3,717	1,500	-	-	6,240
School Maintenance Programme	-	119	-	-	119	119	889	(119)	770	2,238	2,238	2,238	7,603
Other Capital Schemes	690	-	(690)	-	(690)	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>9,901</b>	<b>(7,235)</b>	<b>(526)</b>	<b>-</b>	<b>(7,761)</b>	<b>2,140</b>	<b>6,833</b>	<b>7,405</b>	<b>14,238</b>	<b>3,738</b>	<b>2,238</b>	<b>2,238</b>	<b>24,592</b>
<b>Capital Financing Summary</b>													
<b>Specific/External or Other Financing</b>													
Capital Grants from Central Government	6,460	(5,068)	(526)	-	(5,594)	866	3,262	5,238	8,500	2,238	2,238	2,238	16,080
Grants and Contributions from Private Developers (includes S106)	1,941	(1,690)	-	-	(1,690)	251	331	1,690	2,021	-	-	-	2,272
<b>Sub-total - Specific or Other Financing</b>	<b>8,401</b>	<b>(6,758)</b>	<b>(526)</b>	<b>-</b>	<b>(7,284)</b>	<b>1,117</b>	<b>3,593</b>	<b>6,928</b>	<b>10,521</b>	<b>2,238</b>	<b>2,238</b>	<b>2,238</b>	<b>18,352</b>
<b>Borrowing - school windows</b>	<b>1,500</b>	<b>(477)</b>	<b>-</b>	<b>-</b>	<b>(477)</b>	<b>1,023</b>	<b>3,240</b>	<b>477</b>	<b>3,717</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>6,240</b>
<b>Total Capital Financing</b>	<b>9,901</b>	<b>(7,235)</b>	<b>(526)</b>	<b>-</b>	<b>(7,761)</b>	<b>2,140</b>	<b>6,833</b>	<b>7,405</b>	<b>14,238</b>	<b>3,738</b>	<b>2,238</b>	<b>2,238</b>	<b>24,592</b>

## Appendix 1

### Adult Social Care Services

Current Year Programme							Next Year Programme			Indicative Future Years Analysis			
Analysis of Movements (Revised budget to Q4)													
Revised Budget 2018/19 (Q3)	<i>Slippages from/(to) future years</i>	<i>Additions/ (Reductions)</i>	<i>Transfers</i>	<i>Total Transfers/ Virements</i>	Outturn 2018/19	2019/20 Original Budget	<i>Slippages, Additions and Reductions</i>	2019/20 Revised Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Scheme Expenditure Summary</b>													
Extra Care New Build project (Adults' Personal Social Services Grant)	-	-	-	-	-	957	-	957	-	-	-	957	
Transforming Care (Winterbourne Grant)	-	-	-	-	-	300	-	300	-	-	-	300	
Social Care Capital Grant	615	(400)	-	-	(400)	665	400	1,065	300	-	-	1,580	
<b>Total Expenditure</b>	<b>615</b>	<b>(400)</b>	-	-	<b>(400)</b>	<b>1,922</b>	<b>400</b>	<b>2,322</b>	<b>300</b>	-	-	<b>2,837</b>	
<b>Capital Financing Summary</b>													
<b>Specific/External or Other Financing</b>													
Capital Grants from Central Government	615	(400)	-	-	(400)	1,622	400	2,022	300	-	-	2,537	
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	300	-	300	-	-	-	300	
<b>Sub-total - Specific or Other Financing</b>	<b>615</b>	<b>(400)</b>	-	-	<b>(400)</b>	<b>1,922</b>	<b>400</b>	<b>2,322</b>	<b>300</b>	-	-	<b>2,837</b>	
<b>Total Capital Financing</b>	<b>615</b>	<b>(400)</b>	-	-	<b>(400)</b>	<b>1,922</b>	<b>400</b>	<b>2,322</b>	<b>300</b>	-	-	<b>2,837</b>	

## Appendix 1

### Residents' Services

	Current Year Programme					Next Year Programme			Indicative Future Years Analysis			Total Budget (All years) £'000	
	Analysis of Movements (Revised budget to Q4)					2019/20 Original Budget £'000	Slippages, Additions and Reductions £'000	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000		
	Revised Budget 2018/19 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000								Outturn 2018/19 £'000
<b>Scheme Expenditure Summary</b>													
Planned Maintenance/DDA Programme	2,706	(2,451)	(138)	-	(2,589)	117	3,568	2,451	6,019	1,564	2,500	2,500	12,700
Footways and Carriageways	3,054	(760)	-	-	(760)	2,294	2,030	760	2,790	2,030	2,030	2,030	11,174
Transport For London Schemes	3,107	(697)	265	-	(432)	2,675	2,157	697	2,854	2,157	2,157	2,157	12,000
Controlled Parking Zones	54	(37)	-	-	(37)	17	275	37	312	275	275	275	1,154
Column Replacement	524	(152)	-	-	(152)	372	246	152	398	246	246	246	1,508
Carnwath Road	-	-	-	-	-	-	1,870	-	1,870	-	-	-	1,870
LED Lighting Replacement Programme	1,019	(77)	-	-	(77)	942	-	77	77	-	-	-	1,019
P&D Upgrade and Pay by Phone	1,132	(217)	-	-	(217)	915	-	217	217	-	-	-	1,132
Other Capital Schemes	4,120	(2,076)	362	-	(1,714)	2,406	-	2,076	2,076	-	-	-	4,482
Parks Expenditure	2,867	(1,545)	(366)	-	(1,911)	956	-	1,545	1,545	-	-	-	2,501
Shepherds Bush Common Improvements	503	(481)	-	-	(481)	22	-	481	481	-	-	-	503
Recycling	19	(19)	-	-	(19)	-	-	19	19	-	-	-	19
CCTV	900	(281)	-	-	(281)	619	-	281	281	-	-	-	900
<b>Total Expenditure</b>	<b>20,005</b>	<b>(8,793)</b>	<b>123</b>	<b>-</b>	<b>(8,670)</b>	<b>11,335</b>	<b>10,146</b>	<b>8,793</b>	<b>18,939</b>	<b>6,272</b>	<b>7,208</b>	<b>7,208</b>	<b>50,962</b>
<b>Capital Financing Summary</b>													
<b>Specific/External or Other Financing</b>													
Grants and Contributions from Private Developers (includes S106)	10,201	(4,407)	36	-	(4,371)	5,830	-	4,407	4,407	-	-	-	10,237
Capital Grants and Contributions from GLA Bodies	2,961	(611)	225	-	(386)	2,575	2,157	695	2,852	2,157	2,157	2,157	11,898
<b>Sub-total - Specific or Other Financing</b>	<b>13,162</b>	<b>(5,018)</b>	<b>261</b>	<b>-</b>	<b>(4,757)</b>	<b>8,405</b>	<b>2,157</b>	<b>5,102</b>	<b>7,259</b>	<b>2,157</b>	<b>2,157</b>	<b>2,157</b>	<b>22,135</b>
<b>Mainstream Financing (Internal Council Resource)</b>													
Capital Receipts	-	-	-	-	-	-	-	-	-	-	-	3,456	3,456
General Fund Revenue Account (revenue funding)	582	-	-	(582)	(582)	-	521	(521)	-	-	-	-	-
Use of Reserves	89	(282)	-	582	300	389	-	718	718	521	521	521	2,670
<b>Sub-total - Mainstream Funding</b>	<b>671</b>	<b>(282)</b>	<b>-</b>	<b>-</b>	<b>(282)</b>	<b>389</b>	<b>521</b>	<b>197</b>	<b>718</b>	<b>521</b>	<b>521</b>	<b>3,977</b>	<b>6,126</b>
<b>Borrowing</b>	<b>6,172</b>	<b>(3,493)</b>	<b>(138)</b>	<b>-</b>	<b>(3,631)</b>	<b>2,541</b>	<b>7,468</b>	<b>3,494</b>	<b>10,962</b>	<b>3,594</b>	<b>4,530</b>	<b>1,074</b>	<b>22,701</b>
<b>Total Capital Financing</b>	<b>20,005</b>	<b>(8,793)</b>	<b>123</b>	<b>-</b>	<b>(8,670)</b>	<b>11,335</b>	<b>10,146</b>	<b>8,793</b>	<b>18,939</b>	<b>6,272</b>	<b>7,208</b>	<b>7,208</b>	<b>50,962</b>



## Appendix 1

### Finance & Governance

Current Year Programme							Next Year Programme			Indicative Future Years Analysis			
Analysis of Movements (Revised budget to Q4)													
Revised Budget 2018/19 (Q3) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Outturn 2018/19 £'000	2019/20 Original Budget £'000	Slippages, Additions and Reductions £'000	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	Total Budget (All years) £'000	
<b>Scheme Expenditure Summary</b>													
Invest to Save - Flexible Use of Capital Receipts	5,390	(3,362)	-	-	(3,362)	2,028	-	3,536	3,536	-	-	-	5,564
Desktop Strategy	3,700	(1,725)	-	-	(1,725)	1,975	-	1,725	1,725	-	-	-	3,700
<b>Total Expenditure</b>	<b>9,090</b>	<b>(5,087)</b>	<b>-</b>	<b>-</b>	<b>(5,087)</b>	<b>4,003</b>	<b>-</b>	<b>5,261</b>	<b>5,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,264</b>
<b>Capital Financing Summary</b>													
Mainstream Financing (Internal Council Resource)													
Use of Reserves (HRA Contribution)	407	(190)	-	-	(190)	217	-	190	190	-	-	-	407
Capital Receipts	5,390	(3,362)	-	-	(3,362)	2,028	-	3,536	3,536	-	-	-	5,564
<b>Sub-total - Mainstream Funding</b>	<b>5,797</b>	<b>(3,552)</b>	<b>-</b>	<b>-</b>	<b>(3,552)</b>	<b>2,245</b>	<b>-</b>	<b>3,726</b>	<b>3,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,971</b>
<b>Borrowing</b>	<b>3,293</b>	<b>(1,535)</b>	<b>-</b>	<b>-</b>	<b>(1,535)</b>	<b>1,758</b>	<b>-</b>	<b>1,535</b>	<b>1,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,293</b>
<b>Total Capital Financing</b>	<b>9,090</b>	<b>(5,087)</b>	<b>-</b>	<b>-</b>	<b>(5,087)</b>	<b>4,003</b>	<b>-</b>	<b>5,261</b>	<b>5,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,264</b>

# Appendix 1

## Growth and Place General Fund Managed Schemes

	Current Year Programme					Next Year Programme			Indicative Future Years Analysis			Total Budget (All years) £'000	
	Revised Budget 2018/19 (Q3) £'000	Analysis of Movements (Revised budget to Q4)				2019/20 Original Budget £'000	Slippages, Additions and Reductions £'000	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000		
		Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000								Outturn 2018/19 £'000
<b>Scheme Expenditure Summary</b>													
Disabled Facilities Grant	1,014		(320)	-	(320)	694	1,102	-	1,102	-	-	-	1,796
Sands End Community Centre	1,132	(1,024)	-	-	(1,024)	108	1,925	1,041	2,966	-	-	-	3,074
Lyric Theatre Development	548	-	(153)	-	(153)	395	-	-	-	-	-	-	395
Acquisition of Land at 207 King St	16,137	(77)	-	-	(77)	16,060	2	77	79	-	-	-	16,139
Hammersmith Town Hall Refurbishment *	2,011	(2,011)	-	-	(2,011)	-	2,137	2,011	4,148	10,051	18,642	2,159	35,000
HTH Refurbishment -Fit Out	-	-	-	-	-	-	-	-	-	-	-	10,600	10,600
West King Street Regeneration-JV Partnership Loan	-	-	-	-	-	-	30,000	-	30,000	30,000	30,000	-	90,000
EdCity/Ark swift redevelopment	-	(206)	369	-	163	163	-	206	206	-	-	-	369
Nourish Project (Good Growth Fund)	-	-	133	-	133	133	-	-	-	-	-	-	133
Macbeth Centre GLA Community Kitchen	91	-	-	-	-	91	-	-	-	-	-	-	91
Macbeth Centre Arts Project	132	80	-	-	80	212	268	(80)	188	-	-	-	400
<b>Total Expenditure</b>	<b>21,065</b>	<b>(3,238)</b>	<b>29</b>	<b>-</b>	<b>(3,209)</b>	<b>17,856</b>	<b>35,434</b>	<b>3,255</b>	<b>38,689</b>	<b>40,051</b>	<b>48,642</b>	<b>12,759</b>	<b>157,997</b>
<b>Capital Financing Summary</b>													
<b>Specific/External or Other Financing</b>													
Capital Grants from Central Government	711	-	(17)	-	(17)	694	450	652	1,102	-	-	-	1,796
Grants and Contributions from Private Developers (includes S106)	1,144	(884)	-	-	(884)	260	1,381	526	1,907	-	-	-	2,167
Community Infrastructure Levy (CIL)	2,011	(2,011)	-	-	(2,011)	-	1,560	2,011	3,571	7,337	13,608	9,184	33,700
Capital Grants/Contributions from Non-departmental public bodies	648	(100)	(153)	(395)	(648)	-	678	475	1,153	-	-	-	1,153
Capital Grants and Contributions from GLA Bodies	111	40	133	-	173	284	134	(40)	94	-	-	-	378
<b>Sub-total - Specific or Other Financing</b>	<b>4,625</b>	<b>(2,955)</b>	<b>(37)</b>	<b>(395)</b>	<b>(3,387)</b>	<b>1,238</b>	<b>4,203</b>	<b>3,624</b>	<b>7,827</b>	<b>7,337</b>	<b>13,608</b>	<b>9,184</b>	<b>39,194</b>
<b>Mainstream Financing (Internal Council Resource)</b>													
Capital Receipts (GF)	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Receipts (HRA)	-	(183)	210	-	27	27	-	183	183	-	-	-	210
Use of Reserves (GF)	-	-	42	257	299	299	-	-	-	-	-	-	299
<b>Sub-total - Mainstream Funding</b>	<b>-</b>	<b>(183)</b>	<b>252</b>	<b>257</b>	<b>326</b>	<b>326</b>	<b>-</b>	<b>183</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>509</b>
<b>Borrowing (Internal Borrowing-GF)</b>	<b>16,440</b>	<b>(100)</b>	<b>(186)</b>	<b>138</b>	<b>(148)</b>	<b>16,292</b>	<b>31,231</b>	<b>(552)</b>	<b>30,679</b>	<b>32,714</b>	<b>35,034</b>	<b>3,575</b>	<b>118,294</b>
<b>Total Capital Financing</b>	<b>21,065</b>	<b>(3,238)</b>	<b>29</b>	<b>-</b>	<b>(3,209)</b>	<b>17,856</b>	<b>35,434</b>	<b>3,255</b>	<b>38,689</b>	<b>40,051</b>	<b>48,642</b>	<b>12,759</b>	<b>157,997</b>

## Appendix 1

### Growth and Place (HRA) Capital Programme

	Current Year Programme					Next Year Programme			Indicative Future Years Analysis				
	Analysis of Movements (Revised budget to Q4)												
	Revised Budget 2018/19 (Q3)	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Outturn 2018/19	2019/20 Original Budget	Slippages, Additions and Reductions	2019/20 Revised Budget	2020/21 Budget	2021/22 Budget	2021/22 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Scheme Expenditure Summary</b>													
<i>HRA Schemes:</i>													
Other HRA Capital Schemes	14,423	(3,949)	864	-	(3,085)	11,338	35,568	(55)	35,513	32,009	35,446	28,000	142,306
Fire Safety Plus	2,525	(1,653)	-	-	(1,653)	872	6,443	1,304	7,747	10,237	-	-	18,856
<b>Subtotal HRA</b>	<b>16,948</b>	<b>(5,602)</b>	<b>864</b>	<b>-</b>	<b>(4,738)</b>	<b>12,210</b>	<b>42,011</b>	<b>1,249</b>	<b>43,260</b>	<b>42,246</b>	<b>35,446</b>	<b>28,000</b>	<b>161,162</b>
<i>Decent Neighbourhood Schemes:</i>													
Earls Court Buy Back Costs	5,270	-	(1,646)	-	(1,646)	3,624	2,424	(24)	2,400	5,520	6,061	13,767	31,372
Earls Court Project Team Costs	618	-	(200)	-	(200)	418	835	-	835	1,016	2,191	4,438	8,898
Housing Development Project	587	(536)	-	-	(536)	51	2,549	261	2,810	642	-	-	3,503
Stanhope Joint Venture	1,141	(540)	(114)	-	(654)	487	10,352	(4,297)	6,055	15,330	14,078	-	35,950
Other HRA	108	-	(6)	-	(6)	102	-	-	-	-	-	-	102
Affordable Housing Delivery Framework	3,000	(2,395)	18	-	(2,377)	623	4,476	1,717	6,193	5,487	3,141	-	15,444
Property Acquisition (Other Buybacks)	4,152	(2,564)	1,452	-	(1,112)	3,040	4,900	1,112	6,012	-	-	-	9,052
White City Estate Regeneration	-	-	-	-	-	-	-	1,452	1,452	-	-	-	1,452
<b>Subtotal Decent Neighbourhoods</b>	<b>14,876</b>	<b>(6,035)</b>	<b>(496)</b>	<b>-</b>	<b>(6,531)</b>	<b>8,345</b>	<b>25,536</b>	<b>221</b>	<b>25,757</b>	<b>27,995</b>	<b>25,471</b>	<b>18,205</b>	<b>105,773</b>
<b>Total Expenditure</b>	<b>31,824</b>	<b>(11,637)</b>	<b>368</b>	<b>-</b>	<b>(11,269)</b>	<b>20,555</b>	<b>67,547</b>	<b>1,470</b>	<b>69,017</b>	<b>70,241</b>	<b>60,917</b>	<b>46,205</b>	<b>266,935</b>
<b>Adjustment for deferred costs</b>	<b>(618)</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>200</b>	<b>(418)</b>	<b>(835)</b>	<b>-</b>	<b>(835)</b>	<b>(1,016)</b>	<b>(2,191)</b>	<b>(4,438)</b>	<b>(8,898)</b>
<b>Total Net Expenditure</b>	<b>31,206</b>	<b>(11,637)</b>	<b>568</b>	<b>-</b>	<b>(11,069)</b>	<b>20,137</b>	<b>66,712</b>	<b>1,470</b>	<b>68,182</b>	<b>69,225</b>	<b>58,726</b>	<b>41,767</b>	<b>258,037</b>
<b>Capital Financing Summary</b>													
<i>Specific/External or Other Financing</i>													
Contributions from leaseholders	4,250	(1,700)	-	-	(1,700)	2,550	4,507	1,700	6,207	3,871	4,240	4,014	20,882
Grants and Contributions from Private Developers (includes S106)	716	163	(80)	-	83	799	7,860	(2,945)	4,915	10,731	9,855	-	26,300
Capital Grants/Contributions from Non-departmental public bodies	270	(270)	-	-	(270)	-	270	-	270	270	290	-	830
<b>Sub-total - Specific or Other Financing</b>	<b>5,236</b>	<b>(1,807)</b>	<b>(80)</b>	<b>-</b>	<b>(1,887)</b>	<b>3,349</b>	<b>12,637</b>	<b>(1,245)</b>	<b>11,392</b>	<b>14,872</b>	<b>14,385</b>	<b>4,014</b>	<b>48,012</b>
<i>Mainstream Financing (Internal Council Resource)</i>													
Capital Receipts (HRA)	14,009	(6,913)	648	(4,098)	(10,363)	3,646	13,625	3,759	17,384	16,602	11,745	4,450	53,827
Major Repairs Reserve (MRR) / Major Repairs Allowance	9,436	(1,264)	-	-	(1,264)	8,172	23,354	613	23,967	15,921	16,668	17,300	82,028
Use of Reserves (Fire Safety EMR)	2,525	(1,653)	-	-	(1,653)	872	6,443	1,304	7,747	4,226	-	-	12,845
<b>Sub-total - Mainstream Funding</b>	<b>25,970</b>	<b>(9,830)</b>	<b>648</b>	<b>(4,098)</b>	<b>(13,280)</b>	<b>12,690</b>	<b>43,422</b>	<b>5,676</b>	<b>49,098</b>	<b>36,749</b>	<b>28,413</b>	<b>21,750</b>	<b>148,700</b>
<b>Borrowing (Internal Borrowing-HRA)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,098</b>	<b>4,098</b>	<b>4,098</b>	<b>10,653</b>	<b>(2,961)</b>	<b>7,692</b>	<b>17,604</b>	<b>15,928</b>	<b>16,003</b>	<b>61,325</b>
<b>Total Capital Financing</b>	<b>31,206</b>	<b>(11,637)</b>	<b>568</b>	<b>-</b>	<b>(11,069)</b>	<b>20,137</b>	<b>66,712</b>	<b>1,470</b>	<b>68,182</b>	<b>69,225</b>	<b>58,726</b>	<b>41,767</b>	<b>258,037</b>

## Analysis of budget variations

Variation by department	Amount £000
<b>Children's Services</b>	
School's organisation strategy – budget reprofiling to 2019/20 in respect of: <ul style="list-style-type: none"> <li>Bridge Academy £(5,533)k – project under review</li> <li>Other external grant funded schemes £(1,180)k due to project delays</li> </ul>	(6,713)
Schools Windows Replacement Project – budget reprofiling due to project delays	(477)
Other schemes: <ul style="list-style-type: none"> <li>Reduction in Short Breaks Grant (£42,000) transferred to SCHORG/Queens Manor</li> <li>EFA 2-year olds grant project (£648,000) not going ahead, £525,000 grant funding allocated to this project will be used for Phase 1 School Regeneration</li> </ul>	(690)
School maintenance programme – additional spend authorised by Director Delegated Decision using budget envelope set aside for 2019/20	119
<b>Total Children's Services variations</b>	<b>(7,761)</b>
<b>Social Care</b>	
Social care capital grant – budget reprofiling due to delay in projects	(400)
<b>Total Social Care variations</b>	<b>(400)</b>
<b>Residents Services</b>	
TFL funded schemes – budget reprofiling of £(697,000) due to project delays and addition of £265,000 to reflect additional funding received	(432)
Footways and Carriageways – budget reprofiling due to delayed start of works	(760)
Controlled Parking Zones – budget reprofiling to future years	(37)
Planned Maintenance/DDA Programme – £(2,451,000) budget reprofiling due to delays in progressing projects and £(138,000) budget adjustment to correct previous capitalisation against Lyric Theatre	(2,589)
Column Replacement – budget reprofiling to future years	(152)
LED Replacement Programme – budget slipped to 2019/20 for residual works	(77)
Pay and Display Upgrade and Pay by Phone scheme – budget reprofiling to 2019/20 due to delays in equipment installation	(217)
Budget reprofiling on Other Capital Schemes – £362,000 additional budget mainly in relation to various S106 schemes and £(2,100,000) budget reprofiling to future years	(1,714)
Recycling – budget reprofiling due to the project delays	(19)
Parks Programme – budget reprofiling to future years due to phasing and project delays (£1,545,000) and £(366,000) of reduction in budget to reflect funding received	(1,911)
Public CCTV – budget reprofiling to next year due to delays in equipment installations	(281)
Shepherds Bush Common Improvements – budget reprofiling mainly due to old Ginglik Club works whilst decision made on its future	(481)
<b>Total Resident's Services variations</b>	<b>(8,670)</b>
<b>Finance and Governance</b>	
Desktop Strategy – delay in device rollout and implementation due to additional resilience testing required beyond the initial timetabled period	(1,725)
Capitalisation of Invest to Save projects under Flexible Use of Capital Receipts dispensation (as approved by Cabinet and Full Council in February 2019) – budget reprofiling to reflect the actual spend capitalised in 2018/19 and the amount of GF capital receipts carried forward to 2019/20	(3,362)
<b>Total Finance and Governance variations</b>	<b>(5,087)</b>

## Appendix 2

Variation by department	Amount £000
<b>General Fund schemes under housing management</b>	
Disabled Facilities Grant – reduction in budget funded from mainstream resources	(320)
Sands End Community Centre – budget reprofiling due to project delays	(1,024)
Lyric Theatre Development – project completed – no future project costs expected	(153)
Acquisition of Land at 207 King St – budget reprofiling to cover any residual legal costs	(77)
Hammersmith Town Hall Refurbishment – budget reprofiling due to project delays	(2,011)
EdCity/Ark swift redevelopment – new budget of £369,000 approved via Leader’s Urgency Decision in Jan 2019 – budget reprofiling to reflect the actual 2018/19 spend	163
Nourish Project (Good Growth Fund) – new budget approved via Leader’s Urgency Decision in June 2018	133
Macbeth Centre Arts Project – 2019/20 budget brought forward to reflect in year spend	80
<b>Total General Fund schemes under housing management variations</b>	<b>(3,209)</b>
<b>Housing</b>	
HRA schemes – budget reprofiling to future years of £(3,949,000) due to project delays and re-phasing and an additional budget requirement of £864,000, predominantly for capitalised repairs.	(3,085)
Fire Safety Plus – budget reprofiling to future years due to delays in works	(1,653)
Other HRA Buybacks – variance as a result of budget reprofiling to 2019/20	(1,112)
Additional £1,452,000 budget in relation to the acquisition of White City Health Centre approved in March 2019 but slipped to 2019/20 due to ongoing negotiations	0
Earls Court – reduction due to actual number of buybacks being lower than forecast	(1,646)
Housing Development Projects <ul style="list-style-type: none"> <li>• Spring Vale - £496,000 due to start on site delay</li> <li>• 23 Barons Court – £40,000 delay on settlement of final accounts.</li> </ul>	(536)
Other HRA projects – to reflect actual spend on completed project	(6)
Stanhope Joint Venture – budget reprofiling on Edith Summerskill House redevelopment £(95,000) and Watermeadow demolition costs £(445,000) and reduction of £(114,000) Edith Summerskill demolition costs being lower than initially estimated	(654)
Affordable Housing Delivery Framework – budget reprofiling due to project delays	(2,377)
<b>Total Housing variations</b>	<b>(11,069)</b>
<b>Total 2018-19 variations</b>	<b>(36,196)</b>
<b>2019-20 Funding variations</b>	
Net budget reprofiling from 2018-19 (covered by above variations)	36,390
Housing – budget reprofiling to future years (2020+) of various existing schemes due to reprogramming and re-phasing	(10,167)
Increase in budgets to reflect additional external funding receivable for Queens Manor (£170,000) and Sands End (£17,000) and higher residual amount of brought forward General Fund capital receipts (£174,000) due to actual 2018/19 costs of disposals being lower than forecast	361
<b>Grand Total 2019-20 variations</b>	<b>26,584</b>

### Appendix 3 – General Fund forecast capital receipts

Financial Year	Previous Forecast £'000s	Movement/ Slippage £'000s	2018/19 Outturn £'000s
<b>2018/19</b>			
Carry forward receipts from 2017/18	930	-	930
Overage payments and miscellaneous receipts	4,646	-	4,646
Cost of Sales (4%)	(186)	174	(12)
Carry forward to 2019/20	-	(3,536)	(3,536)
<b>Total 2018/19</b>	<b>5,390</b>	<b>(3,362)</b>	<b>2,028</b>
<b>2019/20</b>			
Brought forward receipts from 2018/19	-	3,536	3,536
<b>Total 2019/20</b>	<b>-</b>	<b>3,536</b>	<b>3,536</b>
<b>2020/21</b>			
<b>Total 2020/21</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021/22</b>			
<b>Total 2021/22</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022/23</b>			
<b>Total 2022/23</b>	<b>3,456</b>	<b>174</b>	<b>3,456</b>
<b>Total All Years</b>	<b>8,846</b>	<b>348</b>	<b>9,020</b>

## Appendix 4 – VAT Partial Exemption

### 1. Partial exemption overview

- 1.1. In general, businesses cannot recover the VAT incurred on purchases made in connection with VAT exempt activities, for example, capital expenditure on properties which are let or leased are exempt from VAT. However, under Section 33 of the VAT Act 1994, local authorities are able to recover this VAT so long as it forms “an insignificant proportion” of the total VAT incurred (input tax) in any year, taken to be 5% or less. Crucially, the de minimis limit is not an allowance, if the 5% threshold is exceeded then all the exempt input tax is lost, not just the excess. The cost to the Council of a breach would be in excess of £2m.

### 2. LBHF Partial Exemption


- 2.1 The Council's input tax forecast for 2018-19 (across all expenditure) was £38m. This results in a partial exemption threshold for the Council of £1.9m (being 5% of £38m). The overall input tax incurred by the Council is projected to fall in the medium term due to factors such as the return of some of the previously outsourced services in-house. A reduction in the overall input tax incurred will, in turn, reduce the Council's partial exemption threshold.
- 2.3 When calculating the exempt input tax annually, the Council considers its revenue and capital activities separately. Revenue activities are more constant, their contribution to exempt input tax is projected to remain at £2m (the impact on the threshold being the VAT incurred on this amount, i.e. £0.4m). Exempt input tax relating to capital activities is more volatile and each project must be considered and judged individually. The Council has a number of capital projects, both in train and in the pipeline, which could have significant partial exemption implications and finance officers are working closely with colleagues working on these projects to ensure that these risks are identified and mitigated where possible.
- 2.3 Land and lease transactions can give rise to exempt supply. Capital projects involving these usually give rise to exempt input tax, although wherever possible the Council uses its VAT policy (see section 3) to mitigate this.

### 3. VAT Policy

- 3.1 The following policy is in place to manage the partial exemption position:

- In all cases of new or reprofiled projects, the VAT team should be consulted in advance.
- Projects should be 'opted-to-tax' where this option is available and is of no financial disadvantage to the Council.

# Agenda Item 7

<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>1 JULY 2019</b>	 hammersmith & fulham
<b>HOUSING REVENUE ACCOUNT 2018/19 OUTTURN</b>	
<b>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification - For Information</b>	
<b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Director:</b> Hitesh Jolapara – Strategic Director, Finance and Governance Jo Rowlands – Strategic Director for the Economy department	
<b>Report Author:</b> Danny Rochford – Head of Finance (The Economy) Firas Al-Sheikh – Head of Financial Investment & Strategy	<b>Contact Details:</b> Tel: 020 8753 4023 / 4790 Email: <a href="mailto:danny.rochford@lbhf.gov.uk">danny.rochford@lbhf.gov.uk</a> <a href="mailto:firas.al-sheikh@lbhf.gov.uk">firas.al-sheikh@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. The Housing Revenue Account (HRA) provisional outturn variance for 2018/19 is an underspend of £3.779m. This is equivalent to 4.6% of the gross expenditure budget. This compares with a forecast underspend of £4.490m as reported to Cabinet on 1 April 2019 in the Corporate Revenue Monitor for month 9. A detailed explanation of the elements that make up the underspend can be found in Appendix 1.
- 1.2. Expenditure on Health and Safety in 2018/19 was £7.992m against a total budget of £13.114m.
- 1.3. This includes Fire Safety Plus capital works of £0.872m against a budget for 2018/19 of £2.525m and revenue expenditure on Fire Safety of £3.972m against a budget of £4.080m. These fire safety works are proceeding in 2019/20 following the end of the Council's contract with its previous repairs and planned maintenance provider. Fire safety costs in some areas are also awaiting to outcomes of national reviews into fire safety. Urgent fire safety costs have been prioritised.



- 1.4. HRA earmarked reserves are held to cover specific future plans. They primarily relate to the revenue contributions needed to fund the Council's Fire Safety Plus<sup>1</sup> programme (£12.0m), the potential refund to tenants of water charge commission as a result of the Southwark Council judgement (£11.0m)<sup>2</sup> and the inherent risk of abortive costs on regeneration and development projects (£6.4m). HRA reserves increased during the year by £2.117m (of which £1.795m was an increase in non-cashable reserves). At 31 March 2019, HRA general reserves were £11.890m and HRA earmarked reserves were £42.101m (of which £33.1m is cashable and £9.0m is non-cashable). A detailed breakdown of reserves is included in Table 2 of this report.
- 1.5. The total housing capital programme expenditure for the year 2018/19 is £20.137m.
- 1.6. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This report forms part of the conclusion of the Council's budgetary control cycle for 2018/19.

## **2. RECOMMENDATIONS**

- 2.1. To note the HRA provisional underspend of £3.779m, which is after the transfer of £5.302m of underspends to HRA reserves.
- 2.2. To note the Housing capital programme outturn of £20.137m.

## **3. REASONS FOR DECISION**

- 3.1. To confirm the financial position for the Housing Revenue as at 31 March 2019. This report outlines the provisional revenue outturn position, income and expenditure for 2018/19 for the Housing Revenue Account, and the consequent effect on the Council's levels of Housing Revenue Account general and earmarked reserves. Also, this report outlines the provisional capital outturn position for 2018/19 for the Council's housing capital programme which is known as the Decent Neighbourhoods Programme.

## **4. HOUSING REVENUE ACCOUNT OUTTURN**

- 4.1. The HRA provisional underspend is £3.779m. This position is after the transfer of £5.302m of underspends to HRA reserves.

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<sup>1</sup> The Fire Safety Plus Programme was endorsed in July 2017 by Full Council. Full Council agreed to set aside a budget of £20m to fund the programme on 18 October 2017, £12.845m of which is funded from the Fire Safety Plus earmarked reserve. Following capital expenditure on Fire Safety in 2018/19 of £0.872m, this balance has reduced to £11.973m.

<sup>2</sup> This is in respect of a court case that was successfully brought by tenants against the London Borough of Southwark regarding the water charges that the Council passed onto them from Thames Water.

- 4.2. The sources of the additional funds transferred to reserves are primarily an underspend on the budgeted bad debt provision for rental income for Council homes as a result of a better than forecast rent collections and funds released from revenue provisions for risk not required during the year.
- 4.3. Overall, HRA Reserves have increased by £2.117m. This is attributable to the underspend of £3.779m, the budgeted appropriation from the HRA General Reserve of £1.835m, a transfer to specific earmarked reserves of £5.302m, an increase in the non-dwellings impairment reserve of £1.795m and drawdowns against earmarked reserves of £6.924m. Table 1 below summarises the movement on the HRA General Reserve.

**Table 1: 2018/19 Housing Revenue Account Outturn**

Housing Revenue Account	£m
<b>Total reserves including earmarked reserve at 31 March 2018</b>	<b>(51.874)</b>
Budgeted appropriation	1.835
HRA surplus (underspend)	(3.779)
Drawdowns from earmarked reserves in the year	6.924
Revenue contributions to specific earmarked reserves	(5.302)
Increase in non-dwellings impairment reserve	(1.795)
<b>HRA total reserve including earmarked reserves 31 March 2019</b>	<b>(53.991)</b>

- 4.4. The detailed reasons for the underspend are explained in Appendix 1. More detail on the current reserves position and transfers between reserves is set out below.

## 5. RESERVES<sup>3</sup> AND PROVISIONS<sup>4</sup>

- 5.1. Two types of reserves are held within the HRA: **general reserves** and **earmarked reserves**.
- 5.2. **HRA general reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in conjunction with the level of HRA general reserves held. A prudent level of reserves is important to support long term investment planning in the context of a property portfolio of 17,000 properties with an existing use value of £1.3 billion.

<sup>3</sup> Reserves are amounts set aside which are for future policy purposes or to cover contingencies and risks. Earmarked reserves are for specific expenditure or projects.

<sup>4</sup> A provision is an amount set aside for liabilities anticipated in the future which cannot always be accurately quantified. A provision is for a present obligation as the result of a past event.

- 5.3. The level of HRA general reserves has been revised in line with this approach and the current level is equivalent to approximately nine weeks rent<sup>5</sup>.
- 5.4. Our level of HRA general reserves is benchmarked with other central London Authorities, as shown in Appendix 2. Based on 31 March 2018 levels, relative to revenue turnover, only two of the 12 central London Authorities have general reserves lower than the Council's general reserves at 31 March 2019.
- 5.5. **HRA earmarked reserves** are funds set aside to cover specific plans that are not covered by normal budgets (such as the investment in fire safety plus) and risks that are considered highly likely to happen (such as welfare reform and the regeneration reserve). The Council's level of HRA earmarked reserves is also benchmarked in Appendix 2.
- 5.6. Relative to revenue turnover we hold the third highest level of earmarked reserves out of the 12 central London Authorities. This is primarily because of the large sums we have set aside to fund the Fire Safety Plus Programme and to cover the Southwark Water case risk.
- 5.7. The Council's **total HRA reserves** need to be viewed in the context of the longer-term position set out in section 7 of this report. Reserves are currently at a higher level than predicted as capital expenditure has been lower than budgeted. Expenditure on planned work to Council Homes in the year has been £12.21m compared to a revised budget of £16.95m which included Fire Safety Plus, reported to Cabinet in February 2019. This underspend has meant we haven't made the revenue contributions to capital that we expected.

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<sup>5</sup> Gross rent plus tenant service charges

**Table 2: Earmarked and general reserve at 31 March 2019<sup>6</sup>**

<b>Reserve</b>	<b>Balance at 31/3/18</b>	<b>Proposed movement</b>	<b>Proposed Balance at 31/3/19</b>
Transformation Reserve	(1,292)	36	(1,256)
IT Recharges	(250)	217	(33)
Regeneration Reserve	(6,413)	61	(6,352)
Utilities	(10,750)	(250)	(11,000)
Sheltered Housing Enhanced Service	(227)	123	(104)
Parking Charges Review	(606)	500	(106)
Community Pot	(60)	(17)	(77)
HRA Council Tax	(54)	-	(54)
HRA Office Reorganisations	(150)	-	(150)
Hampshire IBC	(300)	-	(300)
Recycling hub loop extension	(76)	28	(48)
Protecting the future of Council Home	(215)	52	(163)
Welfare Reform	(1,500)	-	(1,500)
Fire Safety Plus	(12,845)	872	(11,973)
HRA General Reserve	(9,946)	(1,944)	(11,890)
<b>Cashable Reserves</b>	<b>(44,684)</b>	<b>(322)</b>	<b>(45,006)</b>
Non Dwellings Impairment	(7,190)	(1,795)	(8,985)
<b>Non-Cashable Reserves</b>	<b>(7,190)</b>	<b>(1,795)</b>	<b>(8,985)</b>
<b>Total Reserves</b>	<b>(51,874)</b>	<b>(2,117)</b>	<b>(53,991)</b>

5.8. The main movements on earmarked reserves are:

- Although revenue expenditure of £3.99m has been incurred on fire wardens and funded from the Fire Safety Plus reserve, it has been possible to reimburse the reserve for this from other underspends within the HRA. The net reduction in the reserve of £0.872m to £11.973m relates to Fire Safety Plus capital works costs. The (£11.973m) set aside will contribute towards the costs of the Fire Safety Plus programme in 2019/20 and in future years.
- The write-off of capitalised expenditure of £0.941m on Jepson House and Becklow Gardens and the write off of deferred costs of £0.164m associated with Earls Court are partially offset by a contribution from the HRA underspend of (£1.045m) to maintain the Regeneration reserve at a similar level to that of last year (£6.352m). This balance covers just over two thirds of the risk of abortive and other potential write-off costs on the Council's major development and regeneration projects that are still in progress as at 31 March 2019.

<sup>6</sup> The Welfare Reform reserve is money set aside to help us support residents to manage their money so they can afford to pay their rent as the roll out of Universal Credit continues.

- 5.9. A number of **provisions** are held to provide for financial obligations that the HRA may need to meet. These are set out at Appendix 3.

## **6. VIREMENTS**

- 6.1. To produce the final accounts to the statutory deadline of 31 July, a number of actions are required that normally need Cabinet approval (final budget carry forwards, use of reserves, budget virements, level of bad debt provision etc.).
- 6.2. To meet the deadline, Cabinet delegated decision making in relation to these issues to the Strategic Director of Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.

## **7. LONGER TERM OUTLOOK**

- 7.1 Despite the underspend and the transfer of underspends to reserves, the financial context for the HRA going forward for 2019/20 remains challenging.
- 7.2 This new financial year will see the last of four years of 1% social housing rent reductions and further pressure on revenue budgets due to continued investment in the housing service. Whilst the removal of the HRA borrowing cap provides opportunities for investment borrowing may be constrained by the need to maintain a financially sustainable business plan for the HRA in the longer term. Cabinet agreed in March 2018 for temporary growth of £4.1m to support the interim repairs delivery model following the termination of the Council's repairs contract.
- 7.3 Delivering a balanced budget in 2019/20 will depend upon the careful management of risks and other emerging pressures, the achievement of increased income targets for commercial rents and parking, attainment of annual savings of £0.1m and the containment of inflationary pressures and agreed budget growth of £1.94m.
- 7.4 The balanced budget presented to Cabinet in February 2019 was based upon a drawdown of £0.222m<sup>7</sup> from the HRA General Reserve and without any revenue contribution to capital. The latest capital forecasts show that no revenue contribution is needed in the short term as forecast capital expenditure has reduced. However, the business plan shows that there remains a requirement for significant revenue contributions to capital costs in the medium term.
- 7.5 In addition the HRA faces a number of other significant risks to its financial stability in the longer term.

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<sup>7</sup> This is before the approval from Cabinet to draw down a further £4.1m from the HRA General Reserve for the costs of the interim repairs delivery model in 2019/20.

- 7.6 These risks include the Government’s programme of **Welfare Reform**, which is expected to have a significant impact on the Council’s ability to collect rental income and will result in increased bad debt charges to the HRA. Current expectations are that the natural migration (applicable to clients with a change of circumstances) will be supplanted by the wider managed migration which will commence with a pilot in Harrogate this year. The full managed process across the country is forecast to be completed by December 2023. Our very effective rent collection strategy and a slower Universal Credit roll out than anticipated meant that this year we didn’t need to use £2.0m of the £2.7m 2018/19 budget for bad debts, but in view of the approaching risk, we have again for 2019/20 included an allowance for this risk in the budget by allowing £2.2m for bad debts.
- 7.7 Another key risk relates to the **repayment of Right to Buy receipts**: £9.6m of retained Right to Buy one for one receipts<sup>8</sup> (RtB 1-4-1 receipts) must be used in 2019/20 or be passed (along with interest) to the GLA and held in a borough-specific ring-fenced account. The GLA holds this funding for three years, with the Council directing how the funding would be spent against an agreed programme. This can be spent on council projects or given to registered providers and the Council needs to ensure that plans are in place to use these by the relevant deadlines. To date the GLA are holding £10.1m of the Council’s RtB receipts which need to be spent by the following dates:

**Table 3: RtB receipts held by GLA and deadline for use**

<b>RtB Receipts Held by GLA (net of interest), £m</b>	<b>Deadline for Council to Claim</b>
2.18	30th June 2020
4.80	30th September 2020
3.12	31st December 2020
2.27	31st March 2021
<b>12.37</b>	

- 7.8 The HRA Asset Management Strategy, which was approved at Cabinet on 3 December 2018, sets out the priorities for investment in the Council’s stock, with fire safety and health and safety compliance of primary importance. This will require significant future investment to maintain and replace these assets. In the coming months, officers will

<sup>8</sup> These are the additional retained right to buy receipts that the Council gets to keep due to the 2012 agreement with the then Department for Communities and Local Government. These receipts can only be used on developing or acquiring additional affordable rented homes and can only contribute towards 30% of the cost of works delivered or acquisitions completed. There is a 3-year time limit to use the receipts, after which they are returned to Ministry for Housing, Communities & Local Government.

set out detailed investment plans and there is a risk that the new plans may exceed the currently available funding and could result in the need to delay or change the specification of other works and projects within the capital programme or to review opportunities within the HRA business plan.

- 7.9 Other risks include, but are not limited to, the impact on income if the number of Right to Buy disposals increases above 20 per annum, the rules relating to accounting for impairment and revaluation losses leading to an adverse financial impact on the HRA, unpredicted events resulting in additional repairs and maintenance costs, additional fire safety costs, other changes in central Government policy such as those restricting rent levels, increases in corporate service level agreement charges (including the increased costs of additional staff members on the establishment of the call centre and DLO and decant premises), market risks on costs associated with re-procurement and recruitment as well as the risk to commercial and advertising income of market changes.
- 7.10 The strategic financial objectives for the HRA include being ruthlessly financially efficient. The implementation of a culture of ruthless financial efficiency is ensuring that budget holders and finance officers work together to embed tighter financial discipline to squeeze more value from our assets and contracts - there will be a focus on this as part of the management of the interim repairs delivery model and the longer-term solution for repairs and maintenance. Officers will maximise commercial and investment opportunities such as through the creation of a long-term investment plan for residents' homes and the development of affordable housing. By continuing to seek opportunities to raise additional income, find further efficiencies which do not impact on service delivery and to build financial acumen and leadership among budget holders, this will mitigate against the risks and challenges facing the HRA in the years to come.

## **8. CAPITAL OUTTURN**

- 8.1 Total capital expenditure on the Housing Programme for the financial year was £20.1m against an original budget of £31.2m reported to Cabinet in February 2019.
- 8.2 A summary of capital expenditure and capital financing is included below. Further details can be found in the Capital Programme Monitor and Budget Variations 2018/19 (outturn) report that is also going to July Cabinet.

**Table 4 - Capital expenditure and funding summary 2018/19**

	<b>2018/19 Revised Budget (Q3)</b>	<b>Total Variations (Q4)</b>	<b>Outturn 2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Approved Expenditure</b>			
Decent Neighbourhood Schemes	14,258	-6,331	7,927
HRA Schemes	16,948	-4,738	12,210
<b>Total HRA Capital Expenditure</b>	<b>31,206</b>	<b>-11,069</b>	<b>20,137</b>
<b>Available and Approved Resource</b>			
Capital Receipts - Unrestricted	7,885	(6,628)	1,257
Capital Receipts - RTB (141)	6,124	(3,709)	2,415
Major Repairs Reserve (MRR)	9,436	(1,264)	8,172
Contributions Developers (S106)	716	83	799
Repayment of NHHT loan	270	(270)	-
Contributions from leaseholders	4,250	(1,700)	2,550
Use of reserves (Fire Safety EMR)	2,525	(1,653)	872
Internal Borrowing	-	4,072	4,072
<b>Total HRA Capital Funding</b>	<b>31,206</b>	<b>-11,069</b>	<b>20,137</b>

8.3 The Decent Neighbourhood Schemes variance is explained as follows:

- There was an underspend on Earls Court buybacks of £1.6m as the project team were not approached by as many leaseholders with a demonstrable need to sell as predicted.
- There was budget reprofiling to future years of £2.4m on the Affordable Housing Delivery Framework schemes of grant funded Housing Association sites. £2m of this was down to no further sites being identified and progressed from quarter 3. The remaining £0.4m is due to a combination of works at Emlyn Gardens not progressing as quickly as anticipated and the delay in finalising the lease and grant funding agreement for the Fulham North office site.
- £1.1m of the property acquisition budget has been re-allocated to the White City Regeneration budget to allow for the purchase of a Health Centre on the Estate owned by NHS Property Services which is now expected to complete in 2019/20 due to ongoing negotiations.
- The Spring Vale development contract award has to be made by Cabinet rather than the initially planned Cabinet Member Decision as the budget requirement had increased - hence start on site and £0.5m of works slipping to 2019/20.

8.4 The variance on the HRA schemes is mainly down to budget reprofiling as schemes have not progressed as quickly as anticipated due to the ongoing compliance checks required for health and safety works and the requirement to procure alternative contractors for the schemes that were previously to be undertaken by Mitie. Some of the budget reprofiling was offset by scheme overspends as well as a £0.7m overspend on capitalised responsive repairs.

8.5 The funding variances are mainly due to the aforementioned budget reprofiling however the two largest variations of capital receipts (-£6.6m)



and internal borrowing (+£4.1M) is also down to a change in accounting policy. The Ministry for Housing, Communities and Local Government have advised that housing capital receipts cannot be combined with RtB receipts. Therefore, where this was previously budgeted for, capital receipts have been replaced with internal borrowing. However, the council can use available housing capital receipts to pay off the internal borrowing. As there are sufficient housing capital receipts to do this there has been a net nil impact on overall borrowing.

## **9. CONSULTATION**

9.1. With Departments and Strategic Leadership Team.

## **10. EQUALITY IMPLICATIONS**

10.1. Cabinet is asked to note the outturn of the Housing Revenue Account for 2018/19. It is not asked to make any decisions nor take any action, hence there are no equality implications arising from this report.

10.2. Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 102613

## **11. LEGAL IMPLICATIONS**

11.1 The Council has an obligation to keep a Housing Revenue Account (HRA), a landlord account, recording expenditure and income arising from the provision of housing accommodation. Part IV of the Local Government and Housing Act 1989 (“the Act”) provides that it is a “ring-fenced” account of certain defined transactions, relating to local authority housing, within the General Fund. Section 76 of the Act places a duty on the Council to budget to prevent a debt balance on the HRA and to implement and review the budget.

11.2 Implications completed by: Janette Mullins, Acting Chief Solicitor (Litigation and Social Care), tel: 0208 753 2744

## **12. FINANCIAL IMPLICATIONS**

12.1. This report is of a financial nature and the financial implications are contained within, which is subject to audit review.

12.2. Implications verified by: Emily Hill, Assistant Director, Corporate Finance, telephone 020 8753 3145.

## **13. IMPLICATIONS FOR BUSINESS**

13.1. There are no implications for local businesses.

13.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.

#### **14. COMMERCIAL IMPLICATIONS**

- 14.1. There are no direct commercial implications in this report.
- 14.2. Implications verified by: Joanna Angelides, tel: 020 8753 2586.

#### **15. IT IMPLICATIONS**

- 15.1. There are no IT implications contained within this report.
- 15.2. Completed by: Veronica Barella, Chief Information Officer, tel; 020 8753 2927.

#### **16. RISK MANAGEMENT**

- 16.1. The report provides details of the main risks associated with the Housing Revenue Account as referenced in section 7 of the body of the report. Revenue reports provide assurance that the risks are monitored so as to ensure that the Council continues delivering high quality customer services and increasing customer satisfaction with services provided in accordance with management of Corporate Risks 11, maintaining reputation and service standards, meeting our community needs and expectations and 14 Compliance with our statutory duties including health and safety and our Council Priority Building shared prosperity.
- 16.2. Implications verified by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587.

#### **17. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
	Revenue budget monitoring reports 2018/19 – published	Gary Ironmonger Tel: 0208 753 2109	Finance & Governance

#### **LIST OF APPENDICES**

- Appendix 1 HRA 2018/19 Revenue Outturn
- Appendix 2 HRA Reserves Benchmarking
- Appendix 3 HRA Provisions

## DEPARTMENTAL ANALYSIS – HOUSING REVENUE ACCOUNT (HRA) 2018/19 REVENUE OUTTURN

## Variance analysis by departmental division

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Housing Income	(76,841)	0	<p>An underspend of (£2.0m) on the bad debt provision for rental income for Council homes as a result of the Rent Income team's very effective rent collection, helped by slightly slower roll out of Universal Credit than expected. This has been largely transferred (£1.8m) to the Council's Fire Safety Plus reserve which sets aside funds for future works.</p> <p>An increase in income from commercial properties (£210,000) and from parking on estates (£55,000) is offset by lower than expected income from garages of £138,000 and advertising hoardings of £36,000, lower commission from Thames Water of £111,000, a shortfall against budget of leasehold service charges of £114,000 and other minor variances of £66,000.</p>
Finance and Resources	8,266	314	This includes underspends resulting from the release of balances no longer required (£340,000), legal costs (£173,000) and staffing costs (£115,000). These underspends are offset by an increase in the provision for housing service risks of £942,000 which mostly relates to the need to provide for the Fire Safety Plus programme and strategic regeneration and housing development projects.
Housing Management	5,256	(17)	

Departmental division	Revised budget 2018/19	Year end variance	Explanation of major variances (over £100,000)
	£000	£000	
Property Services & Compliance	3,055	279	As a result of reprofiling of housing capital programme budgets, it has not been possible to capitalise staffing costs causing an overspend of £279,000.
Housing Repairs & Voids	14,820	424	The use of other repairs contractors has increased to meet demand as the MITIE contract was been winding down and until the interim repairs model was implemented and fully operational, resulting in an overspend of £167,000 on housing repairs related expenditure. Also, an increase in the number of housing disrepair cases has resulted in the need to increase the disrepair provision by £257,000.
Adult Social Care	48	0	
Safer Neighbourhoods	664	40	
Place	7,405	(219)	This relates mainly to delays in recruitment to vacant posts (£75,000), lower than expected costs of running the Edward Woods Hub office (£37,000), an underspend on expenditure on play sites (£73,000), and other minor variances (£34,000).
Growth	275	207	An increase in valuation costs for the Homebuy service of £70,000 is due to a change in the way internal legal and property services charge for their time. Additionally, the variance includes the costs associated with the affordable housing related element of the Education City regeneration project of £133,000 <sup>9</sup> plus other minor variances of £4,000.
Operations	2,891	211	This relates to additional costs associated with asset management and mobilisation of the interim repairs delivery model.
Direct Delivery	1,438	275	As a result of reprofiling housing capital programme budgets, it has not been possible to capitalise staffing costs causing an overspend.

<sup>9</sup> A Leader's Urgency report approved the £133,000 to be funded from the HRA General Reserve. All of the variances shown in this report are ultimately funded from or will contribute to the HRA General Reserve.

<b>Departmental division</b>	<b>Revised budget 2018/19</b>	<b>Year end variance</b>	<b>Explanation of major variances (over £100,000)</b>
	<b>£000</b>	<b>£000</b>	
Capital Charges	23,610	(716)	The charge for depreciation this year was lower than budgeted by (£279,000) following the annual revaluation of the Council's homes as at 31st March 2018. The interest payable on housing debt was lower than budget by (£139,000) and the interest receivable on housing balances was higher than expected by (£298,000) due to an improved interest rate of 0.72% (up from a forecast of 0.45%) and lower than expected internal borrowing.
SLA recharges	6,385	(17)	
Revenue Contribution to Capital	4,563	(4,560)	A revenue contribution to capital was not necessary due to a low level of capital spend within the HRA capital programme. This was mainly due to many schemes being in the planning phase and the time taken to gain the necessary approvals under the Council's Standing Orders. There has also been a degree of uncertainty and a need for compliance checks to inform the planned programme especially around the long-term Fire Safety Plus programme.
<b>(Contribution to)/ Appropriation from HRA General Reserve</b>	<b>1,835</b>	<b>(3,779)</b>	

## APPENDIX 2: HRA RESERVES BENCHMARKING


Other Councils have not yet published their 31 March 2019 accounts so the table below is based on 31 March 2018. It will be updated as soon as other Councils' results are available.

Local Housing Authority	Turnover 2017/18	General Reserve at 31st March 2018	General Reserve as a % of Turnover	Earmarked Reserve at 31st March 2018	Earmarked Reserve as a % of Turnover	Total HRA Reserve	Total HRA Reserve as a % of Turnover
	£m	£m	%	£m	%	£m	%
<b>Central London Local Housing Authorities</b>							
Wandsworth	139.5	132.8	95%	200.3	144%	333.1	239%
Lewisham	90.2	70.2	78%	38.5	43%	108.7	120%
Westminster	103.5	25.4	25%	9.2	9%	34.5	33%
Tower Hamlets	91.0	47.6	52%	5.5	6%	53.1	58%
Islington	192.8	17.5	9%	113.9	59%	131.4	68%
RBKC	54.9	19.9	36%	0.6	1%	20.4	37%
Lambeth	177.5	10.8	6%	44.4	25%	55.1	31%
Hackney	140.9	10.2	7%	20.2	14%	30.4	22%
Camden	184.2	31.1	17%	18.8	10%	49.9	27%
Greenwich	119.6	18.6	16%	10.6	9%	29.2	24%
Southwark	254.5	20.0	8%	10.9	4%	30.9	12%
H&F 2018/19	81.4	11.89	15%	42.1	52%	54.0	66%
H&F 2017/18	81.9	9.95	12%	42.0	51%	52.0	63%
Notes							
1. The Earmarked Reserve figure includes the Major Repairs Reserve for all authorities with the exception of Westminster, RBKC and Hackney							
2. A key reason for the higher reserves level in H&F is due to the £4.563m budgeted revenue contribution to capital expenditure not being needed in 2018/19. £9.0m of the Council's HRA Earmarked Reserves are non-cashable.							

### APPENDIX 3: HRA PROVISIONS

	Disrepair £000s	Legal defence £000s	Disputed costs £000s	R&M disputed costs £000s	Total £000s
<b>Balance at 31 March 2018</b>	<b>(128)</b>	<b>(65)</b>	<b>(554)</b>	<b>0</b>	<b>(747)</b>
Additional provisions	(268)	0	0	(1,905)	(2173)
Amounts used	20	0	0	0	20
Unused amounts reversed	0	0	0	0	0
<b>Balance at 31 March 2019</b>	<b>(376)</b>	<b>(65)</b>	<b>(554)</b>	<b>(1,905)</b>	<b>(2,900)</b>

# Agenda Item 8

<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>1 JULY 2019</b>	
<b>TREASURY OUTTURN REPORT 2018/19</b>	
<b>Report of the Cabinet Member for Finance and Commercial Services: Councillor Max Schmid</b>	
<b>Open report</b>	
<b>Classification: For Decision</b>	
<b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Director:</b> Hitesh Jolapara – Strategic Director of Finance and Governance	
<b>Report Author:</b> Patrick Rowe, Acting Treasury Manager	<b>Contact Details:</b> Tel: 020 7641 6159 E-mail: <a href="mailto:prowe@westminster.gov.uk">prowe@westminster.gov.uk</a>

## 1. EXECUTIVE SUMMARY

1.1. The purpose of this report is to:

- present the Council's annual Treasury Management Outturn report for 2018/19 in accordance with the Council's treasury management practices. It is a regulatory requirement for this outturn report to be presented to Council by the 30 September of each year.

1.2. Treasury management comprises:

- managing the Council's borrowing to ensure funding of the Council's future capital programme is at optimal cost;
- investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return, while ensuring security and liquidity.

1.3. This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:



- a review of the Council's investment portfolio for 2018/19 to include the treasury position as at 31 March 2019;
- a review of the Council's borrowing strategy for 2018/19;
- a review of compliance with Treasury and Prudential Limits for year to 2018/19.
- an economic update for 2018/19.

1.4 During 2018/19, the Council has complied with all elements of the Treasury Management Strategy Statement (TMSS).

## 2. RECOMMENDATIONS

2.1. That this report be noted.

## 3. INTRODUCTION AND BACKGROUND

3.1. Treasury management in this context is defined as:

The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.<sup>1</sup>

3.2. This annual treasury report covers:

- the treasury position as at 31 March 2019;
- the borrowing strategy for 2018/19;
- the borrowing outturn for 2018/19;
- compliance with treasury limits and prudential indicators;
- investment strategy for 2018/19; and
- investment outturn for 2018/19.

## 4. TREASURY POSITION AT YEAR END

4.1. The Council's debt, all held with the Public Works Loan Board (PWLB), and investment positions at the beginning and end of the year were as follows:

	31 March 2019 (£m)	Rate (%)	31 March 2018 (£m)	Rate (%)
General Fund (GF)	36.36	4.77	37.14	4.89
Housing Revenue Account (HRA)	176.48	4.77	180.27	4.89
<b>Total Borrowing</b>	<b>212.84</b>	<b>4.77</b>	<b>217.41</b>	<b>4.89</b>
Total Cash Invested	326.40	0.95	339.35	0.53
Net Cash Invested	<b>113.56</b>		<b>121.94</b>	

<sup>1</sup> Treasury Management Policy Statement adopted by Cabinet on the 31 January 2012 and continues to be adhered to.

- 4.2. The table below shows the allocation of interest paid and received during the year:

	<b>Interest Paid £m</b>	<b>Interest Received £m</b>	<b>Net £m</b>
General Fund (GF)	1.73	-1.77	-0.04
Housing Revenue Account (HRA)	8.76	-0.34	8.42
Other*	-	-0.33	-0.33
<b>Total</b>	<b>10.49</b>	<b>-2.44</b>	<b>8.05</b>

\* Other – Interest paid on balances held for Section 106 and other deposits.

- 4.3. Following the implementation of the self-financing initiative for housing, the Housing Revenue Account (HRA) is responsible for servicing 83.5% of the Council's external debt and the General Fund is responsible for the remaining 16.5%.

- 4.4. The table below shows the split of investments by duration as at 31 March 2019:

<b>Maturity Period</b>	<b>Call (£m)</b>	<b>Fixed (£m)</b>	<b>MMF (£m)</b>	<b>Total (£m)</b>
Liquidity	56.00		57.90	113.90
< 1 Month		5.00		5.00
1 – 3 Months		13.00		13.00
3 – 6 Months		45.00		45.00
6 – 12 Months		132.50		132.50
1 – 3 Years		17.00		17.00
<b>Total</b>	<b>56.00</b>	<b>212.50</b>	<b>57.90</b>	<b>326.40</b>

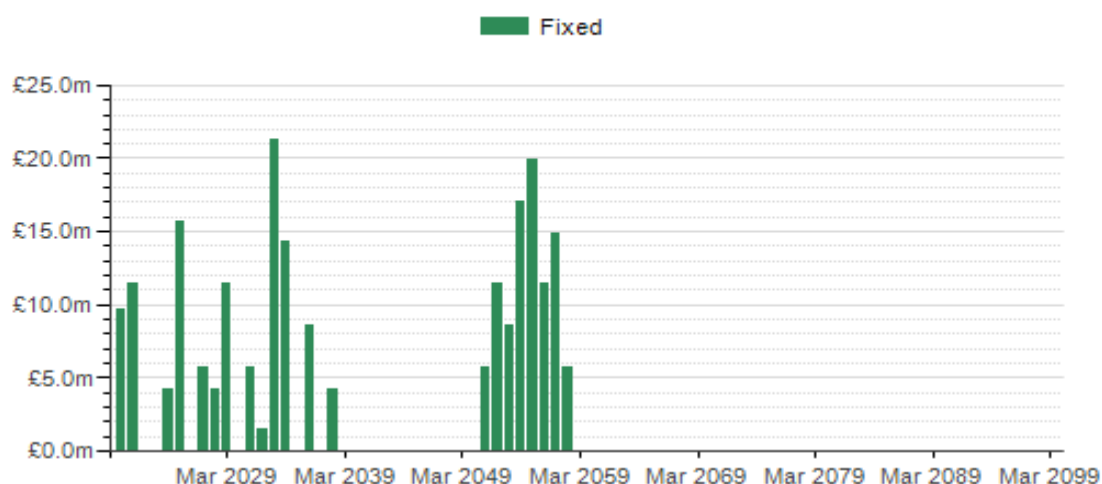
### **The Treasury Management Strategy for 2018/19**

- 4.5. The Treasury Management Strategy Statement (TMSS) for 2018/19 was approved by the Council on 21 February 2018.
- 4.6. Taking into account the worldwide economic climate, it was considered appropriate to keep investments short-term and only invest with highly rated or UK Government backed institutions, resulting in relatively low returns compared with borrowing rates.
- 4.7. Due to the level of cash balances held by the Council at the start of the year (£339 million at 31 March 2018), it was anticipated that there would not be any need to borrow externally during 2018/19.

## Treasury Borrowing

- 4.8. No new long-term borrowing was undertaken during the year. Public Works Loans Board (PWLB) debt maturing during the year, which was not refinanced, totalled £3.8 million with an average nominal interest rate of 8.9%. This resulted in a reduction in debt to £212.8 million and the average interest rate reduced from 4.89% to 4.77%.
- 4.9. All of the Council's loans are at a fixed rate of interest. The table below shows the debt profile as at 31 March 2018:

### Loan Maturities by Type



- 4.10. During 2018/19, most PWLB rates were on a general downward trend and reached lows for the year at the end of March.

### 4.11. Housing Revenue Account (HRA) Self Financing

- 4.12. In 2018/19, the HRA PWLB debt of £176.5 million remained below the HRA Capital Financing Requirement (CFR) of £210.46 million, which generates internal borrowing of £33.96 million. This difference does not, as yet, exceed the value of HRA working balances of £35.5m. As such, the HRA could be considered to be borrowing from itself. Moving forwards, a policy will need to be considered concerning the charging of interest in the event that the HRA is internally borrowing from the general fund. HRA reserves and working capital, in excess of the internal borrowing, represents cash balances on which interest is allocated from the general fund.

## Capital Financing Requirement (CFR)

4.13. As at 31 March 2019, the Council had an under-borrowed position<sup>2</sup>. This means that the capital borrowing need was not fully funded by the existing external loan debt and the balance is funded by cash reserves (known as internal borrowing).

### The Closing Capital Financing Requirement analysed between General Fund and Housing Revenue Account.

£'m	31 <sup>st</sup> March 2018 CFR	31 <sup>st</sup> March 2018 EXTERNAL DEBT	31 <sup>st</sup> March 2019 CFR	31 <sup>st</sup> March 2019 EXTERNAL DEBT
GF CFR (Excluding DSG funded Schools Windows borrowing)	50.48	-	70.85	-
GF CFR (DSG funded Schools Windows borrowing)	6.63	-	7.38	-
<b>Total GF Headline CFR</b>	<b>57.11</b>	-	<b>78.23</b>	-
Finance leases/PFI	10.33	-	9.78	-
<b>Total Closing GF CFR</b>	<b>67.44</b>	<b>37.14</b>	<b>88.01</b>	<b>36.36</b>
HRA TOTAL	204.85	-	204.85	-
Deferred Disposal Costs	5.42	-	5.62	-
<b>HRA CFR Total Including Deferred Disposal Costs</b>	<b>210.27</b>	<b>180.27</b>	<b>210.46</b>	<b>176.48</b>
<b>TOTAL CFR/DEBT</b>	<b>277.71</b>	<b>217.41</b>	<b>298.47</b>	<b>212.84</b>

NB: The 'headline' CFR shown above is the consistent with capital reports. The annual accounts disclose CFR of £298.47 million due to the inclusion of PFI, finance leases and deferred cost of disposal.

	General Fund £m	Housing Revenue Account £m	Total £m
<b>Capital Expenditure 2018/19</b>	(35.55)	(20.14)	<b>(55.69)</b>
<b>Financed by:</b>			
Government & Public Body Grants	4.65	-	<b>4.65</b>
S106 & Other Contributions	6.34	0.80	<b>7.14</b>
Leaseholder Contributions	-	2.55	<b>2.55</b>
Capital Receipts	2.05	3.65	<b>5.70</b>
Major Repairs Reserve (MRR)	-	8.17	<b>8.17</b>
Earmarked Reserve (revenue)	0.91	0.87	<b>1.78</b>
Internal Borrowing	21.6	4.10	<b>25.70</b>
<b>Total Capital Financing</b>	<b>35.55</b>	<b>20.14</b>	<b>55.69</b>

## Annual Investment Strategy for 2018/19

<sup>2</sup> The Capital Financing Requirement (CFR) represents the underlying cumulative need to borrow for the past, present and future (up to 2 years in advance) amounts of debt needed to fund capital expenditure (net of receipts). Debt can be met not only from external loans but also by the temporary use of internally generated cash from revenue balances i.e. internal borrowing.

4.14. At the start of the year, over half of the Council's treasury investment portfolio (£185 million) was held in fixed term deposits with other local authorities, bank notice accounts and enhanced cash funds. Due to market rates remaining relatively low in the tradeable instruments sector, this strategy was maintained with a greater amount allocated to other Local Authority borrower's.

4.15. The Treasury Management Strategy allowed investment in the following areas:

- no limit with the UK Government (DMO) deposits, UK gilts, Repos and T/Bills.
- up to a maximum of £100 million per counterparty in supra-national banks, European agencies and covered bonds debt on a buy to hold basis with maturity dates of up to five years, Transport for London (TfL) and the Greater London Authority (GLA) bonds for up to three years;
- a limit of £30 million to be invested with any UK Local Authority (subject to internal counterparty approval by the Tri-Borough Director of Treasury and Pensions);
- no more than £30 million to be invested with any individual Money Market Fund;
- any financial instrument held with a UK bank limited to £70 million depending on Credit rating and Government ownership above 25 per cent (limit of £50 million was implemented);
- any financial instrument held with a Non-UK bank limited to £50 million.

#### **Investment Outturn for 2018/19**

4.16. The investments outstanding at 31 March 2019 amounted to £319 million invested in short-term deposits. This compares with £323 million short-term investments at 1 April 2018.

4.17. The table below provides a breakdown of the cash deposits, together with comparisons from the previous year:

<b>(£m)</b>	<b>31/03/16</b>	<b>31/03/17</b>	<b>31/03/18</b>	<b>31/03/19</b>
Liquid Deposits	0.90	2.35	-	-
Money Market Funds	33.70	38.10	83.85	57.9
Notice Accounts	19.90	33.00	70.00	56.00
Custodian Held Assets	204.74	208.06	30.00	-
Term Deposits	40.00	45.00	115.50	212.5
Enhanced Cash Fund	-	-	39.88	-
<b>Total</b>	<b>299.24</b>	<b>326.51</b>	<b>339.23</b>	<b>326.4</b>

4.18. The table below provides a breakdown of the cash investments, split between General Fund and Housing Revenue Accounts:

#### **General Fund and Housing Revenue Account**

(£m)	31/03/16	31/03/17	31/03/18	31/03/19
General Fund (GF)	253.60	311.90	292.63	290.90
Housing Revenue Account (HRA)	45.60	14.60	46.60	35.50
<b>Total</b>	<b>299.20</b>	<b>326.50</b>	<b>339.30</b>	<b>326.40</b>

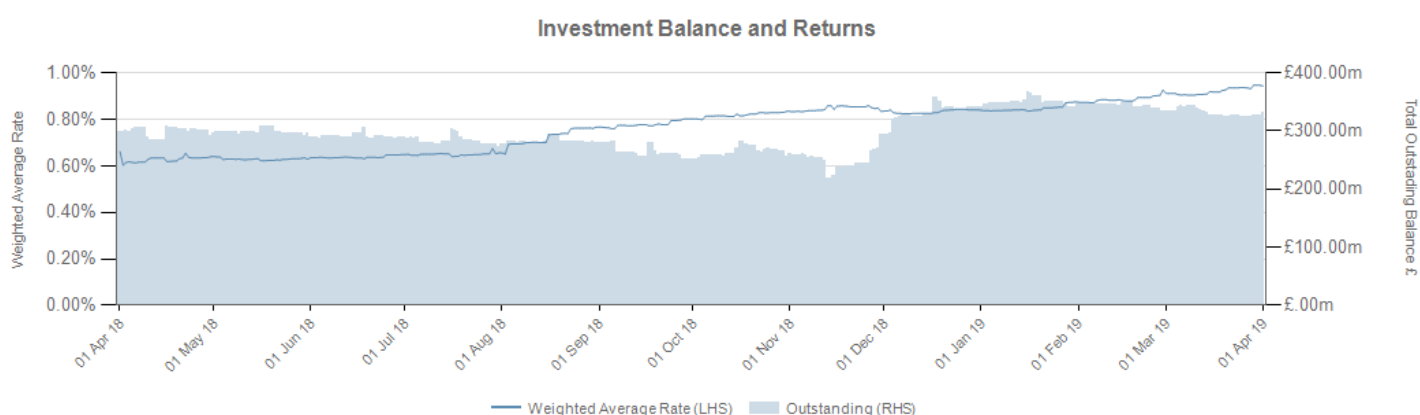
4.19. The investment balances during the year together with the average return are shown in the diagram below. Cash balances varied between £217 million and £366 million reflecting the timing of the Council's income (council tax, non-domestic rates, government grants and capital receipts, etc) and expenditure (precept payments, payroll costs, supplier payments and capital projects).

4.20. The average return achieved on investments managed internally for the year was 0.78 per cent compared to the average 7-day money market rate (uncompounded) of 0.51 per cent. The total interest received of £2.4 million (compared with a weighted average of 0.44 per cent and a total interest £1.42 million for 2017/18). Interest rates remained low throughout the year; the Council follows a low risk strategy and does not seek potential higher returns which would increase counterparty risk.

## 5. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

5.1. During the financial year the Council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement. The outturn for Treasury Management Prudential Indicators is shown in **appendix A**.

5.2. Non Treasury related Prudential Indicators are set and monitored as part of the



Council's Budget process.

## 6. CONSULTATION

6.1. N/A.

## **7. EQUALITY IMPLICATIONS**

7.1. N/A.

## **8. LEGAL IMPLICATIONS**

8.1. There are no legal implications arising from this report.

8.2. Implications drafted by Rhian Davies, Assistant Director of Legal and Democratic Services. 07827 663794

## **9. FINANCIAL IMPLICATIONS**

9.1. The report is wholly of financial nature.

## **10. RISK MANAGEMENT**

10.1. The effective understanding, control and management of the many aspects of risk associated with treasury management is essential to achieving the council's objectives. Risk management is therefore embedded throughout treasury guidance, policies and practices. It is vitally important to remember that risk is constant, even doing nothing does not avoid or minimise risks. Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances. In adopting a policy of managing Treasury risk, a council is determining its level of risk acceptance. The key challenge is to understand, identify, monitor and manage risks in a planned and effective way.

10.2. Local authorities are required to report annually to full council on their treasury management strategy (TMS) before the start of the year, which sets the objectives and boundaries for its approach to treasury activity.

10.3. The authority supplements this with treasury management practice schedules (TMPs), which set out the practical arrangement to achieve those objectives. The TMPs inform the day-to-day practices applied to manage and control treasury activities.

10.4. These are the most prominent risks that the council seeks to manage:

### **Credit and counterparty risk**

Managing risk to principal sums deposited by setting a counterparty policy in respect of organisations it may deposit funds with, including restrictions to entity/banking group limits, instruments and methods used, and term of deposits.

### **Liquidity risk**

Ensuring sufficient (though not excessive) cash resources are available to achieve business and service objectives, including understanding the immediate and medium-term cash flow profile, being able to react to change in forecasts or the economic outlook, and putting arrangements in place to safeguard public services.

### **Interest rate risk**

Managing exposure to interest rate volatility, including the use of instruments and methods that provide stability and cost certainty, retaining flexibility to react to change in authorities and the economic outlook, and limiting lender options to increases.

The following are further risks that an authority seeks to manage:

### **Refinancing risk**

Managing the maturity profile of investment and loan portfolios, as well as keeping under consideration options to repay loans/recall investments where favourable, including time-limits for loan/investment maturity, the regular review of settlement opportunities, and avoiding overreliance on any single source of financing.

### **Legal and regulatory risk**

Ensuring that treasury activities comply with statutory powers and regulatory requirements, including ability to demonstrate compliance, evidence of authority to transact, and where possible, seeking to minimise the impact of any future legislative or regulatory changes.

### **Fraud, error and corruption, and contingency management**

Identification of circumstances that may expose the authority to fraud, error and corruption, including systems to detect suspicious activity, procedures to deal with occurrences, and contingent arrangement to ensure service objectives are fulfilled.

### **Market risk**

Managing the impact of a change in the economic climate including limiting exposure to instruments that may be subject to adverse market fluctuations, revaluation of financial instruments in times of market stress, and seeking to protect the authority from the effects of economic market volatility.

10.5. Implications verified by Michael Sloniowski Risk Manager tel 020 8753 2587.

## **11. IMPLICATIONS FOR BUSINESS**



12.1 N/A.

**12. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

12.1. There are no procurement implications from the report. Verified by Andra Ulinov  
tel 07776 672876

**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 – Treasury Management Prudential indicators

**APPENDIX A**


**LBHF – TREASURY MANAGEMENT PRUDENTIAL INDICATORS  
2018/19**

During the year the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 21 February 2018.

Indicator	2018/19 Approved Limit	2018/19 Actual		Indicator Met?
Capital Financing Requirement	£322m	£210.46m		Met
Authorised Limit for external debt <sup>3</sup>	£345m	£212.84m		Met
Operational Dept Boundary <sup>4</sup>	£290m			Met
Interest Rate Exposure	Lower Limit	Upper Limit	Actual at 31 Mar 2019	Indicator Met?
Fixed Rate Debt	£0m	£345m	£212.84m	Met
Variable Rate Debt	£0m	£69m	£0m	Met
Maturity Structure of Borrowing				
Under 12 Months	0%	15%	4.56%	Met
12 Mths to within 24 Mths	0%	15%	5.36%	Met
24 Mths to within 5 years	0%	60%	2.01%	Met
5 years to within 10 years	0%	75%	17.42%	Met
Over 10 years	0%	100%	70.65%	Met

<sup>3</sup> The Authorised Limit is the maximum requirement for borrowing taking into account maturing debt, capital programme financing requirements and the ability to borrow in advance of need for up to two years ahead.

<sup>4</sup> The Operational Boundary is the expected normal upper requirement for borrowing in the year.

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>1 JULY 2019</b></p>	
<p><b>PLANNING OBLIGATIONS DRAW DOWN REPORT 2018/19</b></p>	
<p><b>Report of the Cabinet Member for Finance and Commercial Services - Councillor Max Schmid and the Cabinet Member for the Economy - Councillor Andrew Jones</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b> <b>Key Decision: Yes</b></p>	
<p><b>Consultation:</b> All departments</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director for the Economy</p>	
<p><b>Report Author:</b> Joanne Woodward, Chief Planning &amp; Economic Development Officer</p>	<p><b>Contact Details:</b> Tel: 020 8753 4429 E-mail: <a href="mailto:Joanne.Woodward@lbhf.gov.uk">Joanne.Woodward@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. The Council is required to use funds received from planning obligations to address the impact of developments carried out.
- 1.2. This report sets out the recommended use of funds received through Section 106 agreements and received as a result of the CIL schedules in force in the borough. It seeks authority for the drawdown of these funds for projects which have been delivered in 2018/19.
- 1.3. The spending program for 2018/19 reflects the terms of the relevant s106 agreements and supports delivery of the Council's priorities set out in the corporate Business Plan, Industrial Strategy and adopted Local Plan.

## 2. RECOMMENDATIONS

- 2.1. That officers be authorised to drawdown Section 106 and CIL monies as set out in section 4 of this report, to fund expenditure of **£14,167,432** including **£288,946** of monitoring and administration costs.

### **3. REASONS FOR DECISION**

- 3.1 The Council enters into agreements with developers and land owners under Section 106 (S106) of the Town and Country Planning Act 1990 to enable mitigation of impacts of development and to enable delivery of necessary social and physical infrastructure.
- 3.2 For a Council to enter into an agreement under S106 of the Town and Country Planning Act, the obligations need to comply with the tests set out in Regulation 122 of the Community Infrastructure Regulations 2010. All obligations must be:
- Necessary to make the development acceptable in planning terms;
  - Relevant to the development being permitted; and
  - Reasonable in all other respects.
- 3.3 Funds received pursuant to S106 agreements must be used for the purposes specified in those agreements or, where there is flexibility within the terms of the agreement, for purposes that comply with the tests set out above.
- 3.4 In addition to S106, the Council has a Community Infrastructure Levy (CIL) charging schedule in force and has been collecting monies as a charging authority as well as on behalf of the Mayor. The Council is required to use 15% of the borough CIL on projects in agreement with the Community, and then the remainder towards Infrastructure needed to support development in the Borough together with its operation, maintenance and repair.
- 3.4 This report seeks authority for the 2018/19 spend of monies received from S106 obligations and CIL for the purposes set out in this report.

### **4. THE 2018/19 DRAWDOWN**

- 4.1 All drawdown requests set out in this report have been assessed by the S106/CIL Officer Board to ensure they meet the identified purpose within the s106 agreement and the tests within the legislation. In reaching its recommendation, the Board also ensures the proposal supports the delivery of the Council's Local Plan, Business Plan 2018-2022 objectives and the Industrial Strategy. The following schedules summarise the projects that have been completed in 2018/19 and the relevant s106 agreement for which approval of the drawdown of funds is sought.

#### **4.2 Community Safety Initiatives**

**£3,046,812** towards Community safety initiatives such as CCTV installation and enhanced policing projects to address increased crime/fear of crime arising from new developments and population growth. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
506	Britannia House, 1-11 Glenthorne Road	432,957
716	Fulham Reach	167,177
722	Chelsea Creek, Imperial Road	11,082
744	Site of The Former Favourite Public House	45,202
777	Land Bounded by Harbour Avenue and Lots Road	28,099
798	Service Station on Du Cane Road	412,500
799	Parsons Green Club	140,396
843	Thames Tidal Tunnel (TTT)	1,028,500
892	Sunberry Day Centre - Land North of Westfield Shopping Centre	780,899

#### 4.3 Parks Projects

**£860,967** to fund parks projects necessary to improve parks in the borough and/or increase their capacity necessary to support increasing and changing population. Projects include the Ravenscourt Park masterplan, Wormholt Park refurbishment, St Paul's Park Improvements and the ecology garden at South Park. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
468	Empress State Building	2,840
506	Britannia House, 1-11 Glenthorne Road	76,979
710	248 Hammersmith Grove	73,992
712	Janet Adegoke Leisure Centre	8,642
722	Chelsea Creek, Imperial Road	11,062
730	Farm Lane Trading Estate	69,138
739	Ravenscourt House, 3 Paddenswick Road	33,595
784	282 - 292 Goldhawk Road	93,350
801	Riverside Studios and Queens Wharf	57,000

828	176 - 182 Goldhawk Road	20,481
830	271-281 King Street	83,628
843	Thames Tidal Tunnel (TTT)	117,346
867	M&S White City Site	111,821
892	Sunberry Day Centre - Land North of Westfield Shopping Centre	101,093

#### 4.4 **Housing Projects**

**£619,266** towards the delivery of affordable housing projects in the borough, including initiatives at various sites including, Fulham North Housing office, Ed City, Flora Gardens, Edith Summerskill House and 50 Commonwealth Avenue. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
777	Land Bounded by Harbour Avenue and Lots Road AKA Chelsea Island	414,997
794	London House, 100 New King's Road	21,149
867	M&S White City Site	183,120

#### 4.5 **Economic Development Projects**

**£741,684** towards economic development and training and skills projects in the borough including North End Road market and Place-Making Activities and the establishment of a Growth and Innovation partnership with Imperial College. This is to be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
691	Woodlands, 80 Wood Lane	90,432
733	Earls Court, Seagrave Road	569,768
804	77 - 89 Glenthorne Road London	15,810
843	Thames Tidal Tunnel (TTT)	58,238
867	M&S White City Site	7,436

#### 4.6 Highway Works

**£4,325,585** towards highway projects in the borough directly required because of developments taking place, including Harbour Avenue highway improvement works, Ariel Way/ Wood Lane Highway Works and various Street Czar projects. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
458	Chelsea Village	2,835
478	Site at Wandsworth Bridge Rd/Townmead Rd junction	4,700
506	Britannia House, 1-11 Glenthorne Road	23,683
716	Fulham Reach	22,817
722	Chelsea Creek, Imperial Road	9,832
723	26 Sullivan Road and 92-116, Carnwath Road	6,026
733	Earls Court, Seagrave Road	309,362
740	Stewart's Garages, 72 Farm Lane	83,746
743	84 - 90B Fulham High Street	95,981
777	Land Bounded by Harbour Avenue and Lots Road	110,936
799	Parsons Green Club	25,370
801	Riverside Studios and Queens Wharf	53,694
802	7 - 9 Wyfold Road, London	19,714
830	271-281 King Street	105
832	Land North of Westfield Shopping Centre	390,562
843	Thames Tidal Tunnel (TTT)	859,144
862	Bechtel House	39,774
867	M&S White City Site	27,956
868	58 - 76 Willow Vale	5,571
877	Nomis Studios	4,249

884	Stamford Bridge Grounds	246,911
917	Land known as the M & S White City site at 54 Wood Lane	915,229
296 (+ 629 and 630)	Westfield	110,154
S278	Seagrave Road / Lillie Square	864,166
S278	Wood Lane Streetscape Improvement	93,068

#### 4.7 **Arts and Culture**

**£68,767** towards Arts and Culture Development in the borough, including Bush Theatre improvements and Arts Strategy projects. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
506	Britannia House, 1-11 Glenthorne Road	26,504
733	Earls Court, Seagrave Road	15,000
877	Nomis Studios, 45 - 53 Sinclair Road	2,263
CIL	Bush Theatre	25,000

#### 4.8 **Social Inclusion Projects**

**£33,067** towards social inclusion projects to address the increased needs generated by population growth and change in the borough, including the expansion of the Social Inclusion Unit and funding for a Crisis Navigator - to support residents affected by the rollout of the Universal Credit scheme in Hammersmith & Fulham. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
843	Thames Tidal Tunnel (TTT)	3,233
861	London House, 100 New King's Road	23,255
296 (+ 629 and 630)	Westfield	6,579



#### 4.9 **Libraries and Community Centres**

**£361,944** towards Libraries and Community Centres/ improved facilities to increase capacity and extend provision, including projects at the Macbeth centre and Sands End Community centre. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
862	Bechtel House 245 Hammersmith Road	155,832
884	Stamford Bridge Grounds, Fulham Road	206,112

#### 4.10 **Schools / Education**

**£250,767** towards Schools / Education projects, including the TBAP Bridge project to enhance the curriculum offer to Hammersmith & Fulham students at the Bridge Academy. To be funded from: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
506	Britannia House, 1-11 Glenthorne Road	30,644
721	51 Townmead Road	220,123

#### 4.11 **Environmental Monitoring**

**£269,627** towards waste disposal / environmental protection and on-site monitoring for air quality, land contamination and environmental health.

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
733	Earls Court, Seagrave Road	10,000
777	Land Bounded by Harbour Avenue and Lots Road London AKA Chelsea Island	107,017
795	Earl's Court 2 Exhibition Centre, Lillie Bridge Rail Depot	111,255
843	Thames Tidal Tunnel (TTT)	20,100
867	M&S White City Site, 54 Wood Lane	21,255

#### 4.12 **Services of the Council**

Several new developments have resulted in additional pressures and costs to the Council of operating services that it would otherwise not have needed to operate. Authority is sought for **£3,300,000** to be recovered from S106 being made up of the following: -

<b>S106 Ref No.</b>	<b>Site</b>	<b>Amount (£)</b>
722	Chelsea Creek, Imperial Road	1,650,000
777	Land Bounded by Harbour Avenue and Lots Road	825,000
843	Thames Tidal Tunnel (TTT)	825,000

- 4.13 **Monitoring and Management Costs** - The cost to planning of monitoring and managing S106 and CIL contributions. Authority is sought to draw down **£288,946** for monitoring and managing obligations costs from S106 funds specifically for this purpose and interest. Authority is also sought to draw down the operation costs of CIL from the 4% administrative expenses.

#### 5. **CONSULTATION**

- 5.1. The projects funded form part of the service plans for each of the services of the Council.

#### 6. **EQUALITY IMPLICATIONS**

- 6.1 It is not anticipated that the approval of the drawdown of Section 106 and CIL monies (as set out in the Recommendations) will impact negatively on protected groups under the Equality Act 2010.
- 6.2 *Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.*

#### 7. **LEGAL IMPLICATIONS**

- 7.1 Regulation 122 of the CIL Regulations and Paragraph 56 of the National Planning Policy Framework ("NPPF") which requires planning obligations to be:
- Necessary to make the development acceptable in planning terms;
  - Directly related to the development; and
  - Fairly and reasonably related in scale and kind to the development.
- 7.2 Section 106(1) of Town and Country Planning Act 1990 as amended, states a person may to enter into an agreement containing these planning obligations. Section 106(1)(d) allows the Local Authority to require sums on a specified date or dates periodically to be paid to the Authority as an obligation in the agreement.

- 7.3 Section 216 (2) of the Planning Act 2008 and regulation 59 of the CIL Regulations (as amended by the 2012 and 2013 Regulations), the levy can be used to fund a wide range of infrastructure, including transport, flood defenses, schools, hospitals, open spaces, sporting and recreational facilities and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities covered in paragraphs 4.2 – 4.13 of the report. Charging authorities may not use the levy to fund affordable housing.
- 7.4 Section 1 of the Localism Act 2011 grants Councils a General Power of Competence whereby a Local Authority has power to do anything that individuals generally may do, including the use of funds received from planning obligations to address the impact of developments carried out in the borough.
- 7.5 The Council has entered into a significant number of Section 106 agreements. Section 106 Funds can only lawfully be applied in accordance with the terms of each specific agreement, as approved by the Planning Applications Committee. Officers will need to ensure that the funding proposals as set out in this Report are permitted under the terms of each individual Section 106 agreement to include any subsequent variation/s to those agreements agreed between the parties.
- 7.6 Funds received from the S106 agreements and interests generated from the must be used for the purposes specified in the agreements. The interests of from the contributions must be used for the same purpose as the obligations requiring the fees were paid.
- 7.7 *Implications verified/completed by:* Emmanuel Amponsah, Solicitor 07788418743.

## **8. FINANCIAL IMPLICATIONS**

- 8.1. The report requests the drawdown of **£14,167,432** of S106 and Borough CIL contributions to cover relevant and eligible expenditure incurred during the financial year 2018/19, including monitoring costs. These drawdowns are against balances of funds received by developers and held by the Council.
- 8.2. The monitoring costs of **£288,946** will be funded from available S106 and Borough CIL balances. This will be funded from interest earned on S106 agreements (**£179,829**) and from Borough Community Infrastructure Levy funds (**£109,117**).
- 8.3. Implications completed by: Trina Tali-Zekaj, Principal Accountant (Planning), Finance and Governance, 020 8753 2946 and Danny Rochford, Head of Finance (The Economy), Finance and Governance, 020 8753 4023.

*Implications verified by: Emily Hill, Assistant Director, Corporate Finance, 020 8753 3145.*

## **9. IMPLICATIONS FOR BUSINESS**

- 9.1. Initiatives supported via the economic development and related strands contain support for local SMEs, including local procurement opportunities and access to wider business support. Hence, the investment of S106 funds into economic development initiatives is deemed to provide positive impact for local businesses.
- 9.2. Planning colleagues are working closely with the Economic Development Team to secure S106 funding for local employment and business initiatives and support their implementation.
- 9.3. *Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8385.*

## **10. RISK MANAGEMENT**

- 10.1 To ensure appropriate governance and oversight for the use of s106 funds received and to demonstrate ruthless financial efficiency, a s106 Board has been established (including the Strategic Director of Finance and Governance and the Assistant Director of Legal and Governance) which makes recommendations on allocations for approval by the relevant Cabinet member/Cabinet as appropriate under the scheme of delegation. There is a clear protocol in place setting out how proposals for use of s106 are to be justified and are compliant with the specific s106 agreement which it is proposed to utilise.
- 10.2 *Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 07817 507695.*

## **11. COMMERCIAL IMPLICATIONS**

- 11.1 Monies which are received from a developer which arise from the terms of an Agreement under section 106 can only be expended by the Council strictly in accordance with the terms of the Agreement.
- 11.2 The proposed expenditure outlined in the report must be in accordance with the relevant Agreements.
- 11.3 All expenditure shall follow the rules and regulations set out in CSOs and PCR2015.
- 11.4 *Implications verified/completed by: Joanna Angelides, Procurement Consultant, tel. 020 8753 2586.*

## **12. IT IMPLICATIONS**

- 12.1 No IT implications are considered to arise from this report as it requests authorisation for officers to draw down on Section 106 and CIL monies as set out in the report. Should this not be the case, for example, by requiring new


systems to be procured or existing systems to be modified; or, should this change, for example, by considering how information technology could be deployed to assist with the monitoring of these monies; IT Services should be consulted.

- 12.2 IM implications: (the) Privacy Impact Assessment(s) (PIA) for any personal data processing activities affected by this report need to be updated to reflect any changes to the way that data is processed and stored. This will ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented. If (a) PIA(s) is/are not yet in place to cover the relevant data processing activities, one/these will need to be completed.
- 12.3 Any contracts arising from this report will need to include H&F's data protection and processing schedule if this is not yet the case. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 12.4 Any suppliers engaged as a result of this report will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.
- 12.5 *Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel. 0208 753 5748.*

### **13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

# Agenda Item 10

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>1 JULY 2019</b></p>	
<b>PROCUREMENT STRATEGY FOR NOURISH HUB REFURBISHMENT WORKS</b>	
<b>Report of Cabinet Member for the Economy – Councillor Jones</b>	
<b>Open report</b>	
<b>Classification: For decision</b> <b>Key Decision: Yes</b>	
<b>Consultation:</b> Procurement team	
<b>Wards Affected:</b> Shepherds Bush Green	
<b>Accountable Director:</b> Strategic Director for The Economy – Jo Rowlands	
<b>Report Author:</b> Labab Lubab Partnership and Strategy Manager	<b>Contact Details:</b> Tel: 020 753 4203 E-mail: <a href="mailto:labab.lubab@lbff.gov.uk">labab.lubab@lbff.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for the Procurement Strategy and Business Case for the Nourish Hub works, and for the appropriate delegations to proceed with the appointment of a contractor to deliver a community kitchen and community hub at 25 St Ann's Road, London W11 4ST (the "Nourish Hub").
- 1.2. The project is being delivered as part of the Council's bid to the Greater London Authority's Good Growth Fund. These works are required to deliver proposals for refurbishment and fit out of the Nourish Hub.
- 1.3. The Nourish Hub aims to bring disused space on the Edwards Woods estate back to life by using the facility to provide an opportunity for the local community to engage in nutritional education and for the cooking and serving of food on a 'pay as you feel' basis.
- 1.4. The vision for the Nourish Hub is to provide a democratic social space, that is welcoming to all. Once in operation, the Hub will identify and help tackle social isolation through inclusive participation, volunteering, training and job

opportunities. As a community focused kitchen, it will also play a key role in promoting healthy eating and meeting the Council's public health objectives.

## **2. RECOMMENDATIONS**

- 2.1. To approve the Nourish Hub Procurement Strategy and Business Case, as defined in Appendix 1, leading to the procurement of a works contractor to deliver refurbishment works and fit out for the Nourish Hub, using an open process.
- 2.2. To delegate to the Strategic Director for the Economy, in consultation with the Cabinet Member for Economy, the decision to award and enter into contract with the preferred bidder, up to a value of £980,000.

## **3. REASONS FOR RECOMMENDATIONS**

- 3.1. In April 2018, the Council successfully bid for funding to the GLA's Good Growth Fund to bring disused space on the Edwards Woods estate back to life by using the facility to provide an opportunity for the local community to engage in nutritional education and for the cooking and serving of food on a 'pay as you feel' basis.
- 3.2. The funding agreement with the GLA was finalised in December 2018, and a design team was appointed to develop design proposals for the Nourish Hub.
- 3.3. The services of a works contractor are now required to deliver proposals for refurbishment and fit out of the Nourish Hub.
- 3.4. The works will be procured using an open procedure, to ensure that maximum value for money is obtained for this project and meaningful opportunities are given to competent local bidders.
- 3.5. The costs associated with this contract are to be funded from grant funding received from the GLA's Good Growth Fund, and match funded from the Council's S106 funding.
- 3.6. The Funding Agreement with the Greater London Authority requires the Nourish Hub to be delivered by the end of Financial Year 2019 / 20.

## **4. PROPOSAL AND ISSUES**

### ***Strategic context***

- 4.1. Food poverty is now a major feature of our society as evidenced by the increased reliance on food banks. The UK sits is the seventh richest country in the world, yet many people are still struggling with food insecurity. Alongside children, parents of families living in deprivation bear the brunt of increasing living costs while trying to manage in a world of welfare reform. Over 8% people admitted to skipping meals to provide for the rest of the household (Food Foundation, 2017).

- 4.2. At the same time, food waste is a growing issue throughout the UK. It is estimated that we throw away over 7 million tonnes of food every year, the majority of which is fit for consumption (Food Standards Agency, 2017). On average, households are throwing away over £470 worth of food every year even though poverty is harshly impacting more and more households every year.
- 4.3. To help address this issue, in 2018, the Council committed to delivering the Nourish project, and we successfully secured funding from the Mayor's Good Growth Fund initiative.
- 4.4. The Council committed its own resources and obtained £1.1m in funding from the Greater London Authority (GLA) to bring disused space on the Edwards Woods estate back to life by using the facility to provide an opportunity for the local community to engage in nutritional education, the cooking and serving of food on a '*pay as you feel*' basis thereby ensuring rescued food is repurposed to feed the hungry while maintaining the dignity of all. This initiative will help combat food insecurity and tackle school holiday hunger by providing nutritious meals every day. This project complements other Council initiatives such as piloting the free breakfast club offer and universal free school meals proposal all work in tandem demonstrating the Council's commitment to become the most compassionate council.
- 4.5. The other part of the Nourish project delivers on another Council's priority - to be the greenest borough in the country. The Nourish project's greening initiatives at Edward Woods and White City estates will enhance green spaces across the two estates, which will become multi-functional Green Infrastructure by accommodating appropriate Sustainable Drainage Schemes and enhanced air quality through improving planting.
- 4.6. The project will also deliver streetscape and business shopfront improvements on Bloemfontein Road (White City) and St Ann's Road (Edwards Woods), enhancing business and overall street attractiveness (fitting with new immediate and local new developments), increasing accessibility, footfall, resilience and profitability.

### ***Nourish Hub***

- 4.7. The London Borough of Hammersmith and Fulham (LBHF) has committed to providing the residents of White City and Edward Woods Estates with a 'Nourish Hub' as part of the Nourish Project and Good Growth Fund bid to the GLA. (*Leader's Urgency Report: Good Growth Fund - NOURISH Project, approved on 8 June 2018*).
- 4.8. The Council's 2017 Industrial Growth Strategy '*Economic Growth for Everyone*' includes several commitments that are addressed by the Nourish project; such as 'Addressing under-utilised council land and assets', 'Improve town centers and public realm', 'Discover, enable and promote "mean-while" uses to make the most of temporarily vacant or underused land by 2019'



- 4.9. As part of the bid to the GLA for funding for the Nourish project, it was proposed that commercial units at 25 St Ann’s Road - which have been vacant for almost 2 years and have been marketed unsuccessfully - should be transformed into a community kitchen.
- 4.10. The Nourish Hub will re-activate this disused space in the Edward Woods Estate back into use through the refurbishment of the interior areas to deliver a café, training kitchen and flexible working areas, as well as improvements to the frontage of the units.
- 4.11. The Hub will be operated by UK Harvest, a national not-for-profit perishable food rescue operation that collects quality excess food from commercial outlets and delivers it, direct and free of charge, to charities. UKHarvest are in the process of entering into a sub-grant agreement with the Council, and the GLA grant to the Council is based on their operating the Nourish Hub.
- 4.12. A design team was appointed in March 2019, to develop designs for the Nourish Hub. The designs are currently under development and will be informed by consultation events and workshops with stakeholders taking place between April and June 2019.
- 4.13. It is expected that the procurement of a works contractor will commence in July 2019, with an expected appointment in late August 2019.
- 4.14. The estimated contract value is £980,000.

**Scope of works required**

- 4.15. The scope of works includes services of a works contractor to:
- Carry out the internal refurbishment of the units at 25 St Ann’s Road, London W11 4ST (“the Units”)
  - deliver a new shopfront to the Units, which may include new fascia, upgraded frontages and light touch works
  - Upgrade the public realm in front of and around the Units
  - Supply, deliver and install any required fixtures, fittings and furniture for the Units, some of which may be fabricated off-site

**Project programme**

4.16. Detailed below is the project programme for delivering the Nourish Hub.

	2019												2020		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Procurement design team	█	█													
Development of designs			█	█											
Planning determination					█	█									
Preparation of tender documents					█	█									
Procurement - works contractor							█	█							
Construction of Nourish Hub									█	█	█	█	█	█	█
Nourish Hub launch															█

## **5. OPTIONS AND ANALYSIS OF OPTIONS**

5.1. The options considered were the following:

- Option 1: do nothing
- Option 2: deliver by an internal service
- Option 3: deliver by a framework
- Option 4: open tender process

5.2. See Appendix 1 for the analysis of options above.

## **6. CONSULTATION**

6.1. Delivery of the Nourish Hub will include continuous consultation on nutritional education with residents, schools, educational facilities and local community groups and charities. The purpose of the consultation is to ensure that officers engage with as many people as possible. This will allow the Nourish project to evolve and develop to ensure it tackles issues such as food waste, food insecurity, school holiday hunger and early learning around nutrition and the positive impact good nutrition can have on life experiences and life chances.

6.2. Consultation activities will take place in schools, community centres, educational establishments, statutory organisations and departments and with local charities / forums representing local communities and to access those organisations who support our most vulnerable people. Our ultimate aim is to improve life chances and provide opportunities for all to take responsibility and ownership of their lives and their environment.

6.3. During the consultation, the Council and its partners will take part in scheduled events being run by stakeholders/partners these could include TRA meetings and LBHF Love Where You Live events.

6.4. The team will also be working closely across the Council, engaging with colleagues in Public Health to ensure that approaches to food poverty and hunger are joined up.

6.5. Officers have undertaken project-specific community consultation events on 27<sup>th</sup> April and 11<sup>th</sup> May, which gave local stakeholders opportunities to view and feedback on emerging proposals to maximise benefits to the local area. Further engagement events will be planned as proposals develop.

6.6. Engagement is on-going with key stakeholders and partners via the Project Steering Group and regular Design Team Meetings. Meetings are also scheduled with specific local organisations, such as the Edward Woods TRA, Community Centre, local retailers and various religious groups.

## **7. EQUALITY IMPLICATIONS**

- 7.1. It is not anticipated that there will be any negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010, from the approval of the Procurement Strategy and Business Case for the Nourish Hub works, and the appointment of a contractor to deliver a community kitchen and community hub at Edward Woods Estate.
- 7.2. *Implications completed by to Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.*

## 8. LEGAL IMPLICATIONS

- 8.1. This report is recommending approval of the Nourish Hub Procurement Strategy and Business Case outlined in **Appendix 1**.
- 8.2. The proposed contract is below the EU threshold for works and consequently the procurement strategy needs to reflect the requirements of Contract Standing Orders only.
- 8.3. Under Contract Standing Order 10, the requirement for non-housing works contracts is that either a framework is used, or there is a tender process advertised via capital E-sourcing. Here the latter approach is being adopted for the reasons set out in the Strategy.
- 8.4.
- 8.5. Legal Service is able to support the department by providing terms and conditions for use in the procurement and commenting on other tender documents. This can be progressed while the design is being finalised so that there is no delay, in light of the risk to the external funding if the Hub is not completed by the end of the financial year.
- 8.6. Under Contract Standing Orders 17.2, the Cabinet Member is the appropriate decision-maker for awarding the contract, though it should be noted that if the recommended award exceeds the estimated contract value by more than 10% then a Cabinet decision is required.
- 8.7. *Legal Implications completed by Deborah Down, senior associate with Sharpe Pritchard solicitors on secondment to the Council.*  
[ddown@sharpepritchard.co.uk](mailto:ddown@sharpepritchard.co.uk)

## 9. FINANCIAL IMPLICATIONS

- 9.1. The report is recommending the approval of the Nourish Hub Procurement Strategy and Business Case outlined in **Appendix 1**. This entails going through a tender process to appoint a contractor to deliver the refurbishment works and fit out for the Nourish Hub. The tender evaluation process will be weighted 30% towards price. This will consist of a fixed price being submitted within the allocated budget of £0.980m.
- 9.2. The report also seeks approval to delegate to the Cabinet member for Economy and the Arts the following. Authority to award a contract to the preferred bidder, up to a value of the allocated budget of £0.980m.

- 9.3. Funding of £0.980m has been secured which comprises of £0.555m capital funding from the GLA and £0.425m from the Council S106 match funding. This S106 match funding of £0.425m has been secured from within the £1.829m S106 (Kings Mall Car Park £0.696m and BBC Television Centre £1.133m) set aside for the Nourish overall project.

### **Risks**

- 9.4. Procurement and development delays would increase the risk of the Council not being able to draw down from the GLA funding if the Nourish capital element of the project is not completed within the two year timescale of the GLA funding agreement which is currently due to end June 2020.
- 9.5. The Tender Exercise process will help mitigate the risk of delivering the Nourish project on time and within budget as the Council are seeking to appoint experienced work contractors with a track record on projects of a similar scale and type.
- 9.6. All expenditure where funding is to be claimed from the GLA will need to be monitored to ensure it is eligible under the terms and conditions of the GLA funding agreement.
- 9.7. A financial assessment of potential contractors will be undertaken as part of the tender process per the Council's requirements.
- 9.8. Tender bids will need to stay within the allocated budget of £0.980m otherwise this could result in delays in the procurement process and delivering the Nourish project.

### **Tax Implications**

- 9.9. This report is not recommending anything that requires property transactions and therefore there will be no stamp duty land tax implications.
- 9.10. Nourish is a government funded community project and the Council is the beneficiary of the work, the grant funding is therefore not subject to VAT. If the Council manages the contract for the works, then VAT can be recovered under VAT Act 1994 Section 33.
- 9.11. *Implications completed by: Comie Campbell, Head of Finance (Interim), tel 020 8753 5538.*
- 9.12. *Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.*

## **10. IMPLICATIONS FOR LOCAL BUSINESS**

- 10.1. As the work will be procured through open tender via the Council's process, suitable local businesses will have the opportunity to bid for this work. There is

also good potential to create local employment and skills opportunities. The project will utilise the Local Supply Chain project to engage local businesses.

- 10.2. *Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.*

## **11. COMMERCIAL IMPLICATIONS**

- 13.1 The approval of the Procurement Strategy and Business Case set out at Appendix 1, such a Strategy is a requirement for all contracts in excess of £100,000. The procurement strategy proposed is in line with the Council's Contracts Standing Orders (CSOs). The strategy considered all steps in the procurement cycle.
- 13.2 The value of the contract is under the statutory threshold for works. As a result, full PCR 2015 conditions do not apply. The tender must however ensure equality, non-discrimination, transparency, proportionality and competition.
- 13.3 The tender opportunity will be advertised in Contracts Finder and the Council's e-tendering platform, capitalEsourcing.
- 13.4 *Implications verified/completed by: Andra Ulianov, Head of Procurement, 07776672876.*

## **12. SOCIAL VALUE CONSIDERATIONS**

- 12.1. This contract offers opportunities to leverage social value outcomes for local residents and businesses.
- 12.2. Contractors will be asked to identify and commit to providing opportunities for achieving social value outcomes through this commission. This could include, for example, working with young people, providing employment opportunities and making a positive environmental contribution.
- 12.3. Details of the Social Value considerations identified under the requirements of the Public Services (Social Value) Act 2012 are given in Appendix 1 (see Paragraph 6). Social value will represent 10% of the Quality Envelope.
- 12.4. *Implications verified/completed by: Andra Ulianov, Head of Contracts and Procurement, 07776672876*

## **13. IT IMPLICATIONS**

- 13.1. There are no direct IT implications resulting from the proposal in this report. However, the H&F IT Services team could be consulted to discuss the technical IT requirements for the flexible co-working space for freelancers and entrepreneurs (noted in the Procurement Strategy and Business Case).
- 13.2. *Implications verified/completed by: Karen Barry, Strategic Relationship Manager, 0208 753 3481.*

## **14. RISK MANAGEMENT**

- 14.1. The Client Team incorporating officers from Planning (including Policy, Regeneration and Urban Design and Conservation) and Highways will work closely with the appointed contractor to ensure the proposals put forward adhere to draft Corporate Plan, Local Plan and other Council objectives and policies.
- 14.2. There is a working group and a Project Board in place to regularly monitor these risks and escalate as appropriate. The Nourish Project contributes positively to the Council delivering Social Value in the local area through the procurement. Tendering is undertaken so as to ensure the Council achieves best value services at the best cost for its local taxpayers in accordance with Being Ruthlessly Financially Efficient.
- 14.3. *Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance on 07817 507695.*

## **15. OTHER IMPLICATIONS**

- 15.1. None.

## **16. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

Leader's Urgency Report: Good Growth Fund - NOURISH Project – Approved on 8 June 2018 (published).

## **LIST OF APPENDICES**

Appendix 1 – Nourish Hub Works Contractor Procurement Strategy and Business Case

**REPORT RELATING TO BUSINESS CASE; PROCUREMENT STRATEGY; and PROJECT MANAGEMENT AND GOVERNANCE FOR;**

**Nourish Hub Works Contractor**

**BUSINESS CASE**

**1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED**

The agreement with the Greater London Authority described in the body of the report includes the commitment to develop a community kitchen and associated uses in the vacant units at 25 St Ann's Road ("the Nourish Hub").

In order to deliver this output, the Council is required to appoint a works contractor who will carry out the refurbishment and fit out works.

**2. FINANCIAL INFORMATION**

The funding allocation within the agreement with the GLA for the construction and delivery of the Nourish Hub is £980,000, of which £555,000 is grant funding from the GLA and £425,000 match funding from the Council.

**3. OPTIONS APPRAISAL AND RISK ASSESSMENT**

The services of a works contractor are required to deliver proposals for refurbishment and fit out of the Nourish Hub. The options to deliver those services are set out below:

**Option A: Do nothing**

Failure to appoint a works contractor will result in the loss of grant funding from the Greater London Authority, which in turn will not enable the Council to realise the benefits that the Nourish Hub will bring to residents of the Edward Woods estate and surrounding area.

**Option B: Internal services**

The Council intends to seek tenders from experienced works contractors to deliver the works required to the Nourish Hub. This service cannot be provided from an internal Council department and must therefore be sought externally.

**Option C: Framework services**

The list below sets out the frameworks considered which include construction and refurbishment services.

- Southern Construction Framework – Major works only
- Scape Framework – Major works only

- Pagabo Framework – Works up to £10m
- Southern Housing Group – Major works only
- London Development Panel – Major works only

The nature of the works required is not suitable for most of the frameworks listed above, with the exception of the Pagabo framework, due to the relatively small size of the contract and the nature of the works which could potentially span a number of disciplines and trades. The use of the Pagabo framework is limited to one contractor with an extremely limited track record on the type of works required. The value of the works makes it more suitable for local contractors.

#### **Option D: Open Tender**

It is therefore considered that a tendering exercise for a contract must be carried out. A restricted procedure cannot be delivered within the available timescales.

#### **4. THE MARKET**

The appointment of an experienced works contractor with a track record with projects of a similar type and scale is critical to ensure the successful and value-for-money delivery of the Nourish Hub improvements.

The availability of contractors for this type of works is limited as this type of contract is unlikely to be attractive to the large number of contractors who only do more major contracts. This availability is further impacted by the fact that the Greater London Authority is currently funding a number of projects with very similar timescales and budgets.

An open tender will however encourage a larger number of bidders. Any risk of a low response due to the opportunity not coming to the attention of smaller local contractors can be addressed by the Council's architect engaging with the local market in smaller contractors.

### **PROCUREMENT STRATEGY**

#### **5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION**

A Standard JCT Intermediate Building Contract (IC) 2016 contract will be used for this appointment.

The scope of works includes services of a works contractor to:

- Carry out the internal refurbishment of the units at 25 St Ann's Road, London W11 4ST
- Deliver a new shopfront to the Nourish Hub, which may include new fascia, upgraded frontages and light touch works
- Upgrade the public realm in front of and around the Nourish Hub
- Supply, deliver and install any required fixtures, fittings and furniture for the Nourish Hub, some of which may be fabricated off-site

The detailed specification for works is under development.



The contract timescales are set out below:

- Construction start: 1<sup>st</sup> September 2019
- Construction end: 31<sup>st</sup> January 2020

## **6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS**

Social benefits will be set out in tender document. This may include a requirement to actively participate in the achievement of social and/or environmental policy objectives relating to recruitment, training, supply chain initiatives, sustainability and local labour. Assessment of social value will continue throughout the procurement and delivery process.

Added social value will be weighted at 10% in the evaluation process.

Some benefits that the project could bring long-term good to the Borough include, but are not limited to:

- Provision of a new facility for local community
- Creating skills and training opportunities (e.g. apprenticeships or on the job training);
- Creating employment opportunities for workless residents including the long-term unemployed or NEETs (those not in education, employment or training);
- Offering work experience and learning opportunities for students and young adults;
- Providing career advice and information for young people;
- Offering curriculum support to schools and colleges on careers relating to services delivered by contractors;
- Providing additional opportunities for individuals or groups facing greater social or economic barriers.
- Creating supply chain opportunities for SMEs and social enterprises;
- Developing the capacity of local SMEs;
- Creating opportunities to develop third sector organisations.
- Encouraging community engagement with groups of individuals who might otherwise feel disengaged;
- Enabling the delivery of initiatives targeting hard to reach groups;
- Promoting greater environmental sustainability;
- Contributing toward the Council's carbon reduction targets.

The project manager will ensure on-going engagement with Council's relevant teams to ensure that social value outcomes are appropriately implemented and measured throughout the lifetime of the project.

## **7. OTHER STRATEGIC POLICY OBJECTIVES**

The project fits with the wider objectives of the Mayor of London's Good Growth Fund:

- Empowering people
- Making better places
- Growing prosperity

## **8. STAKEHOLDER CONSULTATION**

Engagement is on-going with key stakeholders and partners via the Project Steering Group and regular Design Team Meetings. Meetings are also scheduled with specific local organisations, such as the Edward Woods TRA, Community Centre, local retailers and various religious groups.

Community consultation events are scheduled for 27 April and 11 May. These will give local stakeholders opportunities to view and feedback on emerging proposals to maximise benefits to the local area.

The Cabinet Member for Economy and the Arts will be informed when the procurement is about to commence and at each milestone during the procurement process leading up to appointment.

## 9. PROCUREMENT PROCEDURE

The preferred approach to mitigate the market risks set out in Section 4 of this document, is to carry out an open procurement process. This will allow all bidders to express interest. A minimum standards envelope will ensure all contractors considered have a relevant track record of projects of a similar scale and type and meet the Authority’s minimum requirements (e.g. insurance).

The tenders will be administered through the Council’s tendering portal, capitalEsourcing and advertised in Contracts Finder.

## 10. CONTRACT AWARD CRITERIA

The procurement will be carried out as a single-stage process, with an evaluation criterion of 70:30 quality - price ratio. Tenderers will be asked to provide a fixed price.

The evaluation criteria and reasoning for the recommendation is as follows:

<b>Quality criteria</b>	<b>Weighting: 70%</b>	
Criteria	Rationale	Weighting
Approach to maintain quality and innovate during delivery	The quality of the project is critical to its success. This question will focus on the bidders’ approach to remaining true to the design of the project, and identifying opportunities to improve it. This could be, for example, through the application of innovative construction methods, proposals for achieving savings, or reducing future maintenance costs.	40%
Project management and resourcing	The Council must have full confidence that the selected contractor has the necessary resources and project management skills to deliver the project.	25%

Programme and risks	The project needs to be delivered within a determined timescale. This section will seek to identify any potential risks that could cause delays, as well as opportunities for more efficient delivery of the outputs.	25%
Social Value	Contractors will be asked to identify and commit to providing opportunities for achieving social value outcomes through this commission. This could include, for example: working with young people in certain areas of the project, providing employment opportunities and applying innovative sustainable practices to reduce waste.	10%
<b>Quality total</b>		<b>100%</b>
<b>Price</b>		<b>Weighting: 30%</b>
Submit detailed pricing for this project.	The Authority will be seeking a fixed price to give the Council full confidence that the project can be achieved within the allocated budget.	100%
<b>Price total</b>		<b>100%</b>

## **PROJECT MANAGEMENT AND GOVERNANCE**

### **11. PROJECT MANAGEMENT**

A project manager for the scheme is in place to manage the project through to delivery. The project manager reports into the Nourish Board, chaired by the Assistant Director for Growth.

The role of the Nourish board is to monitor the delivery of the Nourish scheme as a whole including budget, risks and timescales; to sign-off key documents; to approve expenditure and to ensure the project objectives are delivered.

The tender evaluation panel for this contract will be comprised of the following:

- The scheme project manager
- A representative from the GLA
- A Nourish Board representative

### **12. INDICATIVE TIMETABLE**


The procurement process and estimated timescales for each stage will be as follows:

<b>Stage</b>	<b>Description</b>	<b>Timescales</b>
1	Development of specification and ITT documents	June 2019
2	Advertise tender opportunity and Issue ITT	8 July 2019
3	Deadline for clarifications	26 July 2019
4	Return date for tenders via eSourcing Portal	2 August 2019
5	Evaluation of tenders	5 – 16 August 2019
6	Council approvals for appointment	19 – 30 August 2019
7	Contract start	2 September 2019

### **13. CONTRACT MANAGEMENT**

The contract will be managed by the Project Manager. Performance criteria for the contract will be set-out in detail in the tender documentation though will be based upon meeting the project objectives. The Council's standard terms and conditions will be considered as part of the contract issued by the Council.

This project will operate a pre-contract and post-contract change control process that will begin once the outcomes; programme and budget have been formally agreed. The change control process will be administered by the Project Manager and overseen by the Project Sponsor.

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>1 JULY 2019</b></p>	
<p style="text-align: center;"><b>CONTRACT EXTENSION TO ALLOW CONTINUATION OF THE STEP UP TO SOCIAL WORK TRAINING PROGRAMME</b></p>	
<p><b>Report of the Cabinet Member for Children and Education – Councillor Larry Culhane</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b> <b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director:</b> Steve Miley, Director of Children’s Services</p>	
<p><b>Report Authors:</b> Fenix Cornejo, Step Up Programme Manager Craig Holden, Commissioning &amp; Transformation Lead</p>	<p><b>Contact Details:</b> <a href="mailto:craig.holden@lbhf.gov.uk">craig.holden@lbhf.gov.uk</a> <a href="mailto:fenix.cornejo@lbhf.gov.uk">fenix.cornejo@lbhf.gov.uk</a></p>

## 1 EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the extension of the existing contract with the University of Hertfordshire to work with Hammersmith & Fulham Council to deliver the Step Up to Social Work Programme.
- 1.2 Fully funded by central government via a grant from the Department for Education (DfE), the programme trains Children’s Services social workers so that, at the end of the course, they gain a Post-Graduate Diploma with the opportunity to obtain credits towards a Master’s degree in Social Work. The result is that participating local authorities are better able to attract and retain well-qualified children’s social workers at a time when this is proving difficult nationally (see Appendix 1 for copy of grant confirmation letter).
- 1.3 The contract for this programme is let by Hammersmith & Fulham Council on behalf of the West London Alliance (WLA). The contract commenced on 21 July 2017 and will run for six-years, until August 2023 at a total value of c.£1,100,000 (an average of £380,000 per cohort).

- 1.4 The first successful two-year draw down of that contract is due to expire on the 25 June 2019. The next cohort, 'Cohort 6', is due to start in January 2020 and has recruited 42 students at a total grant-funded value of £478,000. In order to proceed with the delivery of the programme, Cabinet approval is sought for a continuation of the contract.

## **2 RECOMMENDATIONS**

It is recommended that Cabinet:

- 2.1 Approves the continuation of the contract between the Council and the University of Hertfordshire in respect of the delivery of the Step Up to Social Work programme for a further period of 2 years from 26<sup>th</sup> June 2019 at a total value of £478,000.
- 2.2 Delegates the decision to approve a further two-year extension until August 2023, permitted under the contract, to the Director of Children's Services in consultation with the Cabinet Member for Children and Education, and receive a report updating Cabinet on the progress and performance of the programme over the previous two years.

## **3 REASONS FOR DECISION**

- 3.1 Hammersmith & Fulham Council is the lead authority for the "Step Up" programme on behalf of a West London partnership arrangement (the WLA), which comprises of the following eight authorities:
- Brent
  - Ealing
  - Hammersmith & Fulham (lead borough)
  - Harrow
  - Hillingdon
  - Hounslow
  - Kensington and Chelsea
  - Westminster
- 3.2 The contract for the Step Up to Social Work programme runs for six-years, until August 2023, with break clauses at two-year intervals. After each two-year segment, continuation of the contract is at the discretion of the Council and is dependent on:
- a) continued funding of the programme by the DfE
  - b) satisfactory performance by the provider.

Both of these requirements have been satisfied.

### **The Step Up programme**

- 3.3 As with every other London authority the eight boroughs within the West London Social Work Partnership have experienced difficulties in the recruitment and retention of children's social workers.

- 3.4 Funded by DfE, the Step Up programme is a 14-month Post Graduate Diploma in Social Work with the option to top up to a Master's Degree, which has been specifically designed as an innovative way to train social workers. The programme has significantly greater employer input into the course design and content in comparison with other qualifying social work programmes. Students are contracted to work with their host authority and upon successful completion of the course will be expected to continue their employment for two years with the Council they are paired with.
- 3.5 Since its inception in 2011, the development, delivery and outcomes of the programme have been good. 100% of the graduates that completed the programme in April 2019 are now working in front line children's social work teams across all participating authorities.
- 3.6 The figures for recruitment and retention gathered through the west London data group indicate that there is an ongoing need for highly skilled front-line social workers. DfE commissioned research shows that 84% of cohort 1 graduates from the programme were still in practice after three years.
- 3.7 In the WLA we have had five Step Up cohorts with 154 trainees overall, 28 of whom completed the programme in April 2019. We have a 78% retention rate for the WLA Step Up programme across the eight boroughs for cohorts 1-4.

<b>Cohort</b>	<b>Number of students</b>	<b>Date</b>
Cohort 1	33	2011
Cohort 2	27	2013
Cohort 3	33	2015
Cohort 4	33	2017
Cohort 5	28	2019

- 3.8 In Hammersmith & Fulham 18 graduates of this scheme are working in Social Services with a further five recently completed in April 2019. Reports of the graduates' performance are extremely positive, and it is considered that they are well prepared for front line social work.
- 3.9 The programme has also been validated nationally. The review of social work education commissioned by the DfE views the programme very highly, as does the first national evaluation of the programme completed in June 2013 by Baginsky and Teague and the further evaluation by Durham University in 2018 by Smith, Venn, Carpenter & Patsios.

#### **4 PROPOSAL AND ISSUES**

- 4.1 Step Up to Social Work is a 14-month tailored, employer-led Post Graduate Diploma in Social Work which has been specifically designed as an innovative way to train social workers. Beginning in Cohort 5, the WLA Social Work Partnership further supports participants by extending the training and funding to a Master's Degree in Social Work.

- 4.2 The original procurement required the contract be let to an appropriate education provider to deliver a Step Up to Social Work Health and Care Professions Council (HCPC) validated 16-month programme to around 30-35 students. The University of Hertfordshire was deemed to be successful and has re-validated the programme with the Social Work Regulatory body for a further 42 students in Cohort 6 which is set to begin in January 2020.
- 4.3 In August 2018, DfE announced their continued support of fast-track programmes, including Step Up, for a further two years. A bid produced by the WLA Social Work Partnership was successful and fully covers the re-letting of the contract for a further two years.
- 4.4 The Step Up to Social Work programme, the University of Hertfordshire contract and, the dedicated programme manager are fully funded by the DfE. All funding is used to support aspects of the programme.
- 4.5 The University of Hertfordshire has performed well as a provider, meeting the requirements of the Step Up programme specification, and evidencing this in Steering Group discussions. The university incorporates research mindedness into their teaching and is engaging with local authority leads on practitioner-led research. Two new members of staff (one who is a Step Up graduate) have been recruited by the university to lead on skills development and practice education. The academic components of the degree programme include GDPR compliance. Students also complete information governance training when they begin their Local Authority placements.

## 5 OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 **Terminate the existing contract immediately and re-procure the service.** This is not recommended. A procurement process took place in 2017 that led to the current offer which still has four years remaining. Further, the requirements to extend for another two years have been met, i.e. the programme has confirmed funding and is continuing to demonstrate its worth. Finally, the continued supply of skilled frontline social workers coming through the programme to work with vulnerable Hammersmith & Fulham residents is an invaluable resource.
- 5.2 **Do nothing.** This is not a recommended option because of the benefits described above.
- 5.3 **Extend the existing contract and delegate the decision to approve a further extension to the Director of Children's Services in consultation with the Cabinet Member for Children and Education, and receive a report updating Cabinet on the progress and performance of the programme over the previous two years.** This is the recommended option based on the benefits described above.

## 6 CONSULTATION



- 6.1 Extensive market engagement took place during the re-procurement of the programme in 2017. In addition, relevant Heads of Service and operational leads have been made aware of the content and progress of the programme throughout the implementation of Cohort 5.

## **7 EQUALITY IMPLICATIONS**

- 7.1 The approval to continue delivery of the Step Up to Social Work programme, as set out in the recommendations, does not directly negatively impact on groups with protected characteristics under the Equality Act 2010.

*Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel 07500 103617.*

## **8 LEGAL IMPLICATIONS**

- 8.1. The Contract for the service in this report contains provisions under clause 2.4 allowing the council to extend the contract period, at its absolute discretion, up to two periods of 2 years, where the total lifetime of the contract cannot exceed a 6 year period. Therefore, an extension of this contract from 25<sup>th</sup> June 2019 to 25<sup>th</sup> June 2021 is permitted under the terms of the contract. The OJEU notice also permits this extension as it provides that this contract can be extended for a duration of 24 months up to a total period of 88 months. Regulation 72(a) of the Public Contracts Regulations 2015, allows for such modifications, irrespective of their monetary value, *“where such modifications have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses state the scope and nature of possible modifications or options as well as the conditions under which they may be used and do not provide for modifications or options that would alter the overall nature of the contract”*. Regulation 72(a) has been satisfied here.
- 8.2. The Council must provide 3 months’ notice of its intention to extend the contract period in accordance with clause 2.5 of the contract. However, this extension of the contract should be formally entered into by way of deed of variation to the original contract.
- 8.3. The report seeks delegation of the decision to extend the contract for a further period to the Director of Children’s Services in consultation with the Cabinet Member for Children and Education. Cabinet can delegate this decision under CSO 17.3.1.

*Implications provided by: Hannah Ismail, Solicitor, Sharpe Pritchard LLP, external legal advisers seconded to the Council, tel 0207 405 4600.*

## **9 FINANCIAL AND RESOURCES IMPLICATIONS**

- 9.1 The University of Hertfordshire’s costs will be funded by the ‘HEI Training Delivery’ element of the StepUp grant provided by the Department of Education (DfE).

- 9.2 The DfE have confirmed funding of £11,667 per trainee for HEI training delivery costs in relation to Cohort 6 (due to start in January 2020).
- 9.3 42 students are due to commence their post-graduate social work training, as part of Cohort 6 of the Step Up to Social Work programme in 2020. Extending our contract with the University of Hertfordshire equates to an average cost of £11,382.49 per trainee.
- 9.4 Grant funding will cover the full costs of this contract, as demonstrated in the table below.

**UNIVERSITY OF HERTFORDSHIRE**  
**SUMMARISED PRICING SCHEDULE COHORT 6 STEP UP TO SOCIAL WORK**

**starting mid Jan 20: 14 months + 4 months dissertation**

**Fixed Costs:**

	<b>Cohort 6</b>
Module development costs	£1,000.00

**Variable Costs - Cost Per Student:**

	<b>Cohort 6</b>
Admission costs including staffing for the assessment centres	£424.99
Staffing	£6,047.85
Programme Management	£793.21
Assessment costs for all modules including placements	£190.69
Cost of providing the Facilities: 36 bookings	£291.24
Placement costs and Tutorials/Pastoral support	£1,451.18
Travel	£85.16
Printing	£18.71
DBS and Occupational Health Checks	£347.00
DISSERTATION Teaching	£1,708.66
<b>Total Variable Cost Per Student</b>	<b>£11,358.68</b>

	<b>Cohort 6 Costs - 42 Students</b>
Total Variable Costs	£477,064.43
Total Fixed Cost	£1,000.00
Total Costs	£478,064.43
Average Cost Per Student	£11,382.49
Step Up Grant Funding Per Student (HEI Training Delivery Element)	£11,667.00
Underspend Per Student	-£284.51
Total Underspend Available For Skills Days, etc.	-£11,949.57

- 9.5 The terms and conditions of the grant funding agreement, with the DfE, means funding will be released on a monthly basis. The DfE will pay the Council one month in arrears, on receipt of a valid claim and invoice, in respect of expenditure already incurred in the previous month.
- 9.6 The DfE will fund the number of trainees still enrolled in the programme for the month claimed. If a trainee drops out of the programme, funding, in the following month, will be reduced by one trainee.

- 9.7 As per the university's pricing schedule above, the Council will only incur costs for the number of trainees enrolled on the programme. If a student drops out, the costs charged by the university will be revised and reduced by one trainee going forward. There is no risk of the cost per trainee increasing with potentially decreasing numbers of trainees during the programme.
- 9.8 It is important to note that there is no dedicated General Fund budget available in the Council, to cover expenditure related to this programme. The Grant must cover all programme costs. The Council must, therefore, demonstrate robust budget management to ensure that expenditure is contained, including this contract, within the grant.
- 9.9 The Assistant Directors Project Board will oversee the running of the programme and they will receive regular updates from the Programme Manager, who has direct oversight of the programme budget.
- 9.10 At the end of the training programme, students are expected to continue their employment with their host local authority, for at least two years. Hammersmith & Fulham Council holds several newly qualified social worker posts within Children's Services. The Council's General Fund finances these social worker posts. In the short term, there is no financial risk, as these posts are specifically ring-fenced for newly qualified social workers and people rotate in and out of these posts. At the end of two years, the current post-holders will leave these posts, ready for the next generation of Step Up graduates to enter.
- 9.11 In the longer-term, however, due to funding constraints, the number of more senior social worker posts the Council can afford is unlikely to increase. This could pose a risk to retaining newly qualified social workers who have benefitted from the Step Up programme and wish to progress and develop their careers within the Council. The opportunity for career progression will be dependent on the level of staff turnover amongst more senior social workers.
- 9.12 *Implications completed by: Daphne Tagoe-Borllons – Senior Accountant (Children's Services), Tel. 07773 311 023.*
- 9.13 *Implications verified by Emily Hill, Assistant Director Corporate Finance, Tel. 020 8753 3145.*

## **10 IMPLICATIONS FOR LOCAL BUSINESS**

- 10.1 There are no implications for local businesses.  
*Implications verified Albena Karameros, Economic Development Team, Tel. 020 7938 8583.*

## **11 RISK MANAGEMENT**

- 11.1 The proposals contribute to the Council Priority, Being Ruthlessly Financially Efficient, as the scheme is fully funded by central government via a grant from the Department for Education, the programme trains Children's Services

social workers so that, at the end of the course, they gain a Post-Graduate Diploma with the opportunity to obtain credits towards a master's degree in social work. This contributes directly to our residents through a service which has retained and motivated staff with clear opportunities for development and ensuring continuity of high standards of service delivery.

*Implications verified by: Michael Sloniowski Risk Manager, tel 020 8753 2587 mobile 07768 252703.*

## **12 PROCUREMENT IMPLICATIONS**

- 12.1 Cabinet is being asked to extend a contract between the council and the University of Hertfordshire for the provision of the Step Up to Social Work Programme by a period of two years. The proposed extension would commence on 26 June 2019 at a total cost of £478,000.
- 12.2 The service forming the subject of the contract falls under the category of Social and other specific services as defined as defined by Chapter 3 Section 7 and listed in Schedule 3 of the Public Contracts Regulations 2015 ("the Regulations"). Such services are subject to the provisions of the Regulations when the total value of a contract exceeds the financial threshold of £615,278. Accordingly, the contract falls under the Regulations and is classified as "regulated".
- 12.3 A "regulated" contract can only be extended by way of a modification if the proposed extension satisfies one of the so called six "safe harbours" contained in Regulation 72 of the Regulations. The first "safe harbour" (Regulation 72. (1) (a)) provides for modifications:
- "where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses-
- (i) State the scope and nature of possible modifications or options as well as the conditions under which they may be used, and
  - (ii) Do not provide for modifications or options that would alter the overall nature of the contract or framework agreement"
- 12.4 It is considered that as the contract contains a clause which allows for two extensions each of two years duration the proposed extension would satisfy this "safe harbour" and would therefore be lawful. This legal requirement is also expressly provided for by Hammersmith & Fulham Contract Standing Order ("CSO") 20.3.2.
- 12.5 CSO 20.3 (c) requires that where the total value of a contract modification is £100,000 or greater the decision to approve it is reserved to Cabinet.

- 12.6 On the basis that Cabinet approve the proposed contract extension the variation should be formally executed, and the details of the contract updated on capitalEsourcing.

*Implications completed by: Tim Lothian, Procurement Officer, tel. 020 8753 5377.*

### **13. IT IMPLICATIONS**

- 13.1 IT Implications: There are no IT implications resulting from the proposal in this report.

- 13.2 IM Implications: If not already covered by an existing Privacy Impact Assessment (PIA), a PIA should be completed to ensure all potential data protection risks with the University of Hertfordshire are properly assessed with mitigating actions agreed and implemented.

*Implications completed by: Karen Barry, Strategic Relationship Manager, tel: 0208 753 3481*

### **LOCAL GOVERNMENT ACT 2000**

#### **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

#### **LIST OF APPENDICES:**

Appendix 1 – Grant Offer Letter

## Appendix 1



Sent by email

14 December 2018

### **Grant Offer Letter: West London Alliance Regional Partnership - Step Up to Social Work Cohort 6**

Grant reference number **SCME / CSC GR1000656 SUSW6**

Dear Fenix,

On behalf of the Secretary of State for Education, I would like to offer London Borough of Hammersmith & Fulham, acting on behalf of the West London Alliance Regional Partnership, a grant on the terms of the enclosed funding agreement. The Power under which the grant is to be paid is section 14(1) of the Education Act 2002 and section 67(4)(b) of the Care Standards Act 2000, and will accordingly be paid only in respect of approved expenditure incurred by London Borough of Hammersmith & Fulham for the purpose of the funded activities.

This Grant is to allow you, as the lead local authority, to facilitate your Regional Partnership in delivering cohort 6 of the Step Up to Social Work programme. This is further described at Annex F attached.

#### **Summary description of the Project**

The Step Up to Social Work programme provides an accelerated entry route into social work for high-achieving graduates and career changers. It targets high calibre individuals who already have experience of working with children and young people and who want to train as social workers. Step Up to Social Work is delivered through the development of a bespoke work-based 14-month postgraduate diploma programme, led by groups of local

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Last updated: 14 December 2018

authorities working in regional partnerships (RPs) and contracting with HEIs. Students successfully completing the course will qualify with a postgraduate diploma in social work. This will enable qualifying students to apply for registration as a qualified social worker with the Health and Care Professions Council (HCPC).

This sixth cohort of the Step Up programme will offer up to approximately 700 funded student places. Candidate training will commence in January 2020, with completion in March 2021.

This correspondence constitutes a Grant Offer Letter. This letter will form an integral part of the Grant Agreement. The offer is subject to the provisions, limitations and conditions set out below and in the DfE general grant terms and conditions.

I am pleased to inform you that the Department is willing to offer your organisation funding for up to £1,448,500 for 42 students for cohort 6.

A Grant Variation Letter may be issued in the event of a change to student numbers.

The funding consists of:

- (a) a firm amount for the 2018/19 financial year of £48,000
- (b) an indicative amount for the 2019/20 financial year based on the number of Step Up students recruited onto the programme.
- (c) Funding of £33,250.00 per candidate to be paid in instalments from January 2020 to March 2021.

Details of funding over the 2018/2019, 2019/20 and 2020/21 financial years is set out in the Grant Payment Schedule (Annex H) of this document.

The funding amounts set out for year two are indicative and dependent on successful delivery of agreed outcomes as set out in the list of objectives (Annex F).

This offer is subject to the terms and conditions set out below, and to the attached Department for Education general [Grant Terms and Conditions](#)<sup>1</sup>. You should read all annexes and general T&Cs carefully before accepting the offer of funding. **Failure to observe these terms and conditions may result in the funding being withdrawn.**


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<sup>1</sup> <https://www.gov.uk/government/publications/grant-funding-agreement-terms-and-conditions>

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# Agenda Item 12

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>1 July 2019</b></p>	
<b>ASSET MANAGEMENT COMPLIANCE STRATEGY AND CAPITAL PROGRAMME</b>	
<b>Report of the Cabinet Member for Housing – Councillor Lisa Homan</b>	
<b>Open Report</b>	
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>	
<b>Consultation</b>	
<b>Wards Affected: All</b>	
<b>Accountable Director: Jo Rowlands, Strategic Director for The Economy</b>	
<b>Report Author: David McNulty,</b> Assistant Director Operations	<b>Contact Details:</b> Tel: 07867 160527 E-mail: <a href="mailto:david.mcnulty@lbhf.gov.uk">david.mcnulty@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

1.1. The programme covers a four-year period and the main headings of the work are:

- **Pre-agreed works:** including former Mitie works put on hold, on-going lift and boiler replacement works.
- **Fire Safety Compliance:** highlighted in the Housing Compliance and Asset Management Strategy, including works on the complex schemes, properties above 10 storeys and fire safety works.
- **General Safety works:** including electrical, gas safety, asbestos and structural works which as the responsible landlord the council is obliged to undertake.
- **Void works:** on-going programme of major voids improvement work.
- **Surveying and fees:** these are associated costs to undertake capital works and provides for stock condition surveying and technical planning so that council can prioritise health and safety compliance works.

1.2. The overarching priority of the programme is to deliver the overall aims of the Asset Management Strategy agreed by Cabinet in December 2018 which focusses on health and safety and compliance.



## **2. RECOMMENDATIONS**

It is recommended that cabinet:

- 2.1 Approve the capital spending programme set out in this report at Appendix A, this to include commencement of the programme to be contained within the approved HRA capital programme budget up to £121,929,000.
- 2.2 Extend the delegation given to the Cabinet Member for Housing on 20 September 2018 to award all contracts forming part of the Housing capital programme in accordance with the approved procurement strategy to include expenditure incurred in the financial year 2022/23.

## **3. REASONS FOR DECISION**

- 3.1 The Council is the responsible landlord for over 17,000 homes across Hammersmith and Fulham. The resources required to maintain this housing stock are significant therefore a strategic approach to long-term investment is needed to ensure we achieve the Council's objectives. These objectives are set out in the Housing Asset and Compliance Strategy agreed by Cabinet in December 2018 which prioritises work to delivery Fire Safety Plus, other health and safety compliance works and pre-agreed works.
- 3.2 The Council's number one priority is the safety and welfare of all residents. This programme will ensure the Council delivers against this duty of care towards its residents by following a compliance-based approach in investment decisions about the housing stock.
- 3.3 The Leaders Urgency decision dated 20 September 2018 "Business Case & Procurement Strategy in Relation to use of Third-Party Frameworks for the Provision of Housing Capital Works and Consultancy Services" delegated authority to the Cabinet Member for Housing to award all contracts forming part of the HRA Capital Programme for spend incurred through to 2020/21.

## **4. PROPOSAL AND ISSUES**

### **4.1. Pre-agreed works**

There are a number of works the council has previously committed to deliver through the use of capital frameworks listed at Appendix A of this report. The total value of these schemes is £19.636 million. The schemes included are:

<b>600 and 602 Fulham Road</b>
<b>37 Margarine Gardens</b>
<b>Talgarth and Barons, Various Non-S20 Street Properties</b>
<b>Sullivan Court Phase 1 - C, D, E, F, G, L</b>
<b>Ashchurch, Frithville, Hadyn, Charnock and Aspen</b>
<b>Lytton Estate</b>

<b>Walham Green Court</b>
<b>Maystar</b>
<b>Street Properties</b>
<b>Sullivan Court Phase 2</b>
<b>Estate Roads</b>
<b>Field Road Ball Court</b>

#### 4.2 **Pre-agreed lift and boiler works**

The council has previously agreed a lift replacement programme and the installation of boilers and new heating systems. The total value of this work for lifts is £7.535 million and £6.365 million for boilers. The specific details of these schemes are listed in appendix A of this report.

#### 4.3 **Strategic context**

##### **H&F Fire Safety Plus**

In October 2017 the Council launched *Fire Safety Plus*. This committed the Council to achieve the highest possible standard of fire safety across its housing stock. The Fire Safety Plus made available £20 million of capital funding for fire safety testing and capital works which was agreed by Full Council on 18 October 2017. It set out our commitment to meet the aims:

- Do more than the minimum requirement to keep residents safe
- Ensure that homes across Hammersmith and Fulham are safe and compliant
- Undertake a thorough review of fire safety in all communal blocks
- Organise a programme of work to install new fire doors, enhanced fire-fighting equipment, facilities and automated detection.

The Council committed to not charge leaseholders for Fire Safety work.

##### **Compliance Based Asset Management Strategy**

The Asset Management Strategy (approved by Cabinet in December 2018) establishes how the Council will prioritise investment in housing over the course of the next four years. The Strategy makes clear the Council's commitment to achieve a compliance-based asset management approach to its housing stock and through its capital programme deliver a higher standard of fire safety and compliance.

##### **Hackitt Review**

Underpinning the Council's approach is the Government's Hackitt Review. The key strategic aims are incorporated into the Council's Asset Management Strategy. The adoption of the recommendations in the Hackitt Review will ensure the Council manages housing in line with best practice. The key themes of the review are:

- Clear roles and responsibilities to ensure a stronger focus on safety
- Enhanced layers of fire safety for buildings 10 storeys and above
- Clear governance and record keeping of investment decisions
- Robust record keeping of all changes made to detailed plans

- Clear rights and obligations for residents to ensure fire compliance

#### 4.4 **Delivering Fire Safety Plus**

This report sets out how we will deliver Fire Safety Plus through the Council's capital investment, there has been a significant amount of work already delivered in to improve fire safety across Hammersmith and Fulham. This includes:

- Appointment of fire safety experts and fire safety specialist teams to assess and deliver the fire safety programme
- Fire Risk Assessments (FRAs) for all our buildings undertaken to industry best practice
- Publishing on the Council's website all FRAs for buildings which are over 6 storeys and above. We have also provided access for residents to request a copy of their Fire Risk Assessment.
- We have undertaken over 1000 Fire Safety Plus visits; the visits include: carrying out PAT tests, checking fire detection, identifying structural alternations and fire safety works, providing residents advice and where necessary providing replacement white goods.
- Regular liaison with the London Fire Brigade's (LFB), Hammersmith and Fulham Borough Commander. Launching of the Council and LFB Fire Safety Plus Partnership.
- We have Fire Wardens, patrolling the Council's higher risk blocks providing assurance to residents across Charecroft and Edward Woods Estate and Hartopp and Lannoy Points.
- Weekly housing management fire safety plus 'walk throughs' of all blocks. These walk throughs are best practice and mean the Council is proactively dealing with fire safety issues such as items left in communal areas which impact on resident safety.
- Implementing a new compliance IT system so that the Council can more effectively manage fire risk across the borough.
- Launched a new Direct Labour Organisation which is undertaking an extensive programme of Fire Safety Plus compliance enhancement works, including upgrading fire detection, signage and compartmentation.
- As part of the Council's commitment to work with residents, the resident fire safety group (FRAG) has been established.
- On-going fire safety awareness training for new and existing staff, and specialist training for staff delivering fire door and compartmentation programme.

#### 4.5 **Fire safety compliance capital works**

The Council has used a risk- based approach to determine its investment. This is prioritised based on the level of risk related to the property types agreed in the Asset Management Strategy and set out below.

	<b>Building Type</b>	<b>Year 1 (2019/20)</b>	<b>Year 2 (2020/21)</b>	<b>Year 3 (2021/22)</b>	<b>Year 4 (2022/23)</b>
1	Complex Schemes 4 Estates 10 blocks	Y	Y	Y	Y
2	10+ storeys 24 blocks	Y	Y	Y	Y
3	6-9 storeys 51 blocks	Y	Y	Y	
4	0-5 storey	Y	Y	Y	
5	Sheltered housing 47 blocks	Y	Y	Y	
6	Hostels 5 hostels	Y	Y	Y	
7	Converted street properties 1426 properties	Y	Y	Y	Y

Note that for types 8 to 11, stock conditions surveys will be carried out to determine what investment is needed. The surveys will be used to programme works to particular groups of assets to ensure value for money. Any submissions for required works are currently undergoing asset management reviews.

8	Tenants' hall 26 halls				
9	HRA commercial properties 170 properties				
10	Legacy schemes				
11	Multiple compliance issues				

It should be noted that the top priority for the capital programme is enhancing fire safety within building types which have been assessed as high risk. These types include complex schemes, buildings of ten storeys and above, sheltered housing, hostels and converted street properties.

As previously agreed leaseholders will not be charged for these works.

#### 4.6 **Complex Schemes**

The asset management strategy of December 2018 identified 4 complex schemes as listed below

1. Jepson House
2. Edward Woods Estate
3. Hartopp and Lannoy
4. Charecroft

The complex schemes are set out in the asset management strategy and an update is provided below on the work proposed. The total value of the work which is in the main fire related is £31.130 million.

### **Jepson House**

Jepson House is made up one block with 18 stories and currently have FD30s fire doors fitted. The Council's asset management strategy commits to install FD60s to all blocks with 6 floors and above. The following works are proposed at Jepson House, for year 1 and 2 of the programme, install new: Fire doors and screen protection in stairwells and front entrance doors, FD60s.

### **Edward Woods**

Edward Woods is made up of three blocks each with 24 stories. The following works are proposed in year 1 and 2 of the programme:

- Upgrade property front entrance fire doors (FD60s)
- Replacement of corridor screens and fire doors
- Replacement of ventilation works (smoke control systems)

### **Hartopp and Lannoy**

As agreed by Cabinet on 29 April 2019, Hartopp and Lannoy Point will be demolished to address the serious health and safety concerns. Costs are included here for the demolishing work, technical advice such as employer's agents and on-going fire safety monitoring that will be required which is programmed to take place during 2020.

### **Charecroft Phase 1 (2019/20 and 2020/21)**

On the 23 May 2018 Arcadis were appointed to review the approach to the works needed at Charecroft. The reason for this was set out in the Cabinet Member Decision and could be summarised as there are a number of complex issues around the location of the blocks. Shepherds and Bush are on a podium above a shopping centre, Roseford and Woodford are next to a petrol Station and the blocks are leasehold with two Freeholders (Land Securities and Anton Investments). Any external works such as window replacements will need a Licence to the Lease Agreement and consent granted via the respective Freeholder.

As part of the Arcadis brief they were supplied with the resident questionnaire which was undertaken jointly by the Charecroft TRA and the Council which set out the residents' view of key issues and works. This questionnaire gained a 25% response rate. After reviewing the questionnaire along with technical and fire risk information it was view of Arcadis that the Council have 3 key areas to consider.

1. Due to the Freeholder and Location Issues Charecroft Estate should be split into 2 projects – Shepherds and Bush and Roseford and Woodford.
2. A risk-based approach is proposed to be adopted which would split the works of both projects into immediate and long-term works.

3. Residents are at the heart of the process and will be consulted on an ongoing basis throughout the design, procurement and delivery of any works finally agreed.

The work proposed within this report will be to address immediate fire safety issues across all four blocks. Some the type of works that could be agreed during consultation will be:

- Fire door upgrade with FD60s
- Enhance compartmentation
- Review of fire wardens, fire detection and emergency plan as part of fire strategy for blocks
- Detection / fire alarms
- Fitting corridor screens
- Enhance fire signage
- Emergency lighting upgrade
- Weathertightness and structural stability to fire damaged dwelling
- Replacing stop cock covers
- Communal decorations

Work is required to the replace lifts in all four blocks and upgrade firefighting lifts. The lifts in Roseford and Woodford need replacing as a priority as they routinely break down, causing significant inconvenience to residents and high maintenance costs. The lifts at Shepherds and Bush also need replacing as part of the overall fire safety strategy.

#### **Charecroft Phase 2 (2020/21 and 2021/22)**

Further work is required at Charecroft to replace the windows and infill panels. This work is more complex due to the location of the blocks, making site access difficult. Replacement of the windows would address issues of fire safety with panels and problems of poor installation when the windows were previously fitted.

All of the blocks are leased by the Council, with 57 and 85 years remaining on the leases, there are two different freeholders. Such major works require freeholder permission which needs to be agreed as per the terms of the lease which is currently being reviewed.

Installing windows at Shepherds and Bush is more complicated as they are surrounded by a shopping centre that restricts access to enabling works. Further feasibility work is required for officers to undertake with specialist technical consultants programming and planning of the work.

Cost for the works across the two phases are expected to be high. Provision is included in this report for part of the works. Detailed planning for the remaining work relating to the windows is currently underway. Once these costs are confirmed this will be set out to Cabinet along with the associated costs. Owing to the issues of the previously window replacement and Fire Safety issues linked to the panels which are part of the window the Council

has committed not to recover costs from leaseholders for the specific work of installing windows.

It is proposed that external consultants to support, scope and programme fire safety works relating to the Charecroft Estate. The aim of this project is to enhance Fire Safety compliance works as part of Planned Maintenance Capital Programme and to develop a commercially viable procurement strategy, contingency fee allowances have been incorporated within the programme for commissioning of further detailed planning for the remaining works.

#### 4.7 10 Storeys and above, Sheltered, Hostels and Higher Risk Premises

The table below summarises the programme outline over a four-year period based on buildings with 10 storeys and above, sheltered housing, hostels and other higher risk premises. The programme includes the following works in all buildings of ten storeys plus (excluding Hartopp and Lannoy) as well as high risk properties, sheltered housing and hostels:

- Installation of fire doors (FD60s)
- Compartmentation fire protection
- Upgrade firefighting systems

Type	Year 1	Year 2	Year 3
10 Storey and above	Fire door upgrade programme Compartmentation /firestopping works	Fire door upgrade programme/ firefighting equipment upgrade	
Sheltered & Hostels	Fire door upgrade programme Compartmentation /firestopping works	Fire door upgrade programme Compartmentation/ firestopping works/ firefighting equipment upgrade	
Converted street-based properties	Automated fire detection/compart mentation fire stopping	Automated fire detection/compartm entation fire stopping	Automated fire detection/compa rtmentation fire stopping
Fire safety plus programme	Upgrade/install fire detection/compart mentation/upgrad e internal fire doors	Upgrade/install fire detection/compartm entation/upgrade internal fire doors	Upgrade/install fire detection/compa rtmentation/upgr ade internal fire doors
Advice note 19 MHCLG	Spandrel/infill panel review and associated works	Spandrel/infill panel review and associated works	Spandrel/infill panel review and associated works

Appendix A provides full details of the capital programme and associated costs. The provision included in the programme for this work totals £25.620 million.

#### **4.8 Safety works**

As the responsible landlord the council is required to undertake routine safety work. This covers the key compliance areas of gas, electrical, asbestos, structural and water. The provision included in the programme for this work totals £22.227 million. The work streams are set out in appendix A.

#### **4.9 Void Properties and committed works**

As part of an ongoing capital programme there are a number of void and committed works to properties that the Council has to maintain, this includes works such as a conversion of properties for care leavers and CCTV installation works as committed in the LBHF Manifesto. The total provision for these works is £5.208m

#### **4.10 Stock condition surveys and fees**

To manage housing and inform investment decision the council needs to undertake housing condition surveys these will take place over the four years of the proposed programme. The information from these surveys will enable the Council to plan its longer-term investment decisions which maximise the value of investment on capital works. In delivering the proposed capital programme the Council will need technical advice and consultancy support and provision is included in the capital budget. The total value for this is £4.2 million.

The council is aware of serious issues around damp in a number of properties on the White City estate. The council has commissioned specialist contractors who are conducting inspections to identify the extent of the problem and potential solutions, which will be included in the capital programme.

### **5. Options and analysis of options**

#### **5.1 Do not implement a capital programme**

- The Council's has a duty to keep its residents safe - at the same time its housing stock must be maintained to a high standard.
- The Council has the option to invest less in its housing stock however this approach would lead to higher repairs and maintenance costs and would be a 'false economy' in the long term.
- By not investing capital, it is estimated the revenue spend of the authority could increase by 40%.

The option of not implementing a capital programme is not recommended.

#### **5.2 Carry out the capital programme and implement the recommendations within this report**



- A well thought out approach to asset management will enable the Council to focus on achieving compliance.
- Strategic long-term planning will enable effective maintenance of assets, taking into account Net Present Value analysis in order to achieve value for money in programming.

This option is recommended because it meets the Council's commitment to ensure that our housing assets are kept safe and maintained over the coming four years.

## 6. Consultation

- 6.1 The council is committed to putting residents at the heart of their capital compliance programme. Subject to cabinet approval of the programme, officers will undertake a rigorous consultation process involving residents, groups, stakeholders and others. Consultation will follow the approach adopted at Charecroft, Hartop and Lannoy.

## 7. Equality implications

- 7.1 The approval of the proposed capital spending programme and asset management operational policies (as set out in the Recommendations) does not directly negatively impact on groups with protected characteristics under the Equality Act 2010.

Implications completed by: Fawad Bhatti, tel 020 8753 3437.

## 8. Legal implications

### 8.1 Charcroft Estate

The four blocks at Charcroft Estate are held by the Council under Leases granted to it in 1970 (terms remaining 57 years and 85 years respectively) under which the Council is obliged to repair and maintain the buildings in every respect (including lifts, escalators and staircases) and when necessary to re-build the same or any part of it. The Council must not without, the landlords' prior consent in writing to make any alterations or additions to any part of the buildings or any alterations to the external appearance of the same; not to cut main or injure or allow the same to any walls, partitions or timbers of the buildings.

- 8.2 It is likely that some of the proposed works will require landlords' consent. Any of the proposed works may possibly impact on the Landlords' commercial units, in which case it will be required to consult with the commercial units as well and consider the indemnities it may be requested to provide in any licences and agreements entered into to authorise the works, the Council will also be liable to pay the landlords' legal and professional costs.

- 8.3 *Implications verified/completed by: Rachel Silverstone Senior Property Solicitor, 0208 753 2210*

## **9. FINANCIAL IMPLICATIONS**

### **Funding availability**

- 9.1 The proposed spending programme set out in this report can be funded by the HRA capital programme budget approved by Council on 27 February 2019 and considered by Cabinet for revision on 1 July 2019. Based on the latter, the budget envelope for the period 2019/20 to 2022/23 is £148,952,000 for the HRA capital programme. Of this £30,523,000 is allocated to budgeted capitalisation of repairs and salaries. The other applicable budget approval is the £3,500,000 approved by Cabinet on 29 April 2019 for the demolition of Hartopp and Lannoy Points. This leaves £121,929,000 of the existing approved budget that will need to be fully allocated to the proposed programme.

### **HRA context**

- 9.3 Alongside the proposed programme set out in appendix A the Council is developing an Assets and Growth Strategy to meet the Council's priority of delivering new affordable homes and is progressing a number of significant affordable housing schemes. A separate item on the agenda is considering initial budgets required for progressing some of these schemes.
- 9.4 A significant increase in capital investment in the HRA is envisaged over the next four years and the current business plan will require significant remodelling to ensure all the investment demands are captured and are affordable. Whilst the Council has an opportunity to borrow to fund the capital investment this also comes with additional revenue costs in relation to that investment including external borrowing costs and depreciation costs. Any future decision on capital investment by the HRA will need to be made in the context of potentially competing demands for capital investment and the affordability and sustainability of the revenue implications of these. Until the business plan can be updated with all the expected schemes it is not clear that the cumulative impact of all these commitments are affordable.

*Implications completed by: Firas Al-Sheikh, Head of Housing Financial Investment & Strategy, Tel. 020 8753 4790*

*Implications verified by Emily Hill, Assistant Director, Corporate Finance, Tel. 020 8753 3145.*

## **10. IMPLICATIONS FOR LOCAL BUSINESS**

- 10.1 This proposal will include a recommendation to create new LBHF frameworks for service providers. The plan is to aspire for at least 20% of all annual capital works to be allocated to local SMEs and the scheme will utilise the council's Local Supply Chain Programme.

Implications completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583

## **11. COMMERCIAL IMPLICATIONS**

- 11.1 There are no direct procurement implications resulting from this report. The delivery of the works presented in Appendix A must be contracted in accordance with the Council's CSOs and the Public Contracts Regulations (PCR) 2015.
- 11.2 The corporate Procurement team will advise and support the service department on their major capital procurements as and when such support is required, including consideration of whether and how any social value, local economic and community benefits might be obtained from these.

*Implications completed by: Joanna Angelides, procurement Consultant, tel: 0208 753 2586*

## **12. IT IMPLICATIONS**

- 12.1 Section 4.7 of this report highlights that new IT systems are being implemented to hold all health and safety compliance and asset management information across housing stock - as part of the Housing Asset and Compliance Strategy. It is recommended that H&F IT Services continue to be consulted regarding the acquisition, implementation and any future development of these IT systems to ensure that all necessary safeguards, permissions and budgets are in place; the new systems integrate with other applications in use; and that the service is aligned with the ITS strategy.
- 12.2 IM Implications: The Privacy Impact Assessments (PIAs) for these systems should be kept up to date to reflect any changes to the systems to ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented. If not already in place, PIAs should be completed.
- 12.3 Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR). Any suppliers will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.

*Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel: 0208 753 3481*

*Implications verified by: Tina Akpogheneta, Interim head of Strategy and Strategic Relationship Management, tel: 0208 753 5748*

## **14. RISK MANAGEMENT**

- 14.1 The Council needs to put in place an appropriate capital programme to invest in its housing stock, including a range of fire safety works. It also needs to have a comprehensive stock condition survey in place to ensure capital resources can be targeted to ensure that properties are maintained to regulatory and policy standards. The capital programme will enable the

Council to meet its objectives, keep its tenants and leaseholders safe and ensure it is compliant with relevant statutory requirements.

- 14.2 In line with its ruthlessly financially efficient priority, the Council also needs to demonstrate that all works carried out under the capital programme are subject to appropriate competition, in line with council policies and statutory requirements. This will help to demonstrate and deliver value for money in managing and maintaining its housing stock to an appropriate standard. Officers will need to ensure that robust arrangements for monitoring and reporting expenditure to management and Members for works being delivered from approved capital schemes to ensure that they are being managed within the available financial envelope.
- 14.3 It is essential that appropriate programme and client management resource and governance arrangements are put in place and that the programme risks are reviewed and managed by the appropriate governance board. The programme risk register needs to include key interdependencies with other delivery and change programmes both within housing and across the Council, and the mitigations which need to be put in place to minimise impact on meeting the objectives of this and other programmes.
- 14.4 Officers will need to ensure that leaseholder consultation requirements are fully complied with prior to the decision to award specific works so that all eligible works carried out under the contracts can be fully recharged to leaseholders.

*Implications verified/completed by: David Hughes, Director Audit, Fraud, Risk and Insurance tel: 020 7361 2389*

#### **BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.


#### **LIST OF APPENDICES:**

Appendix A – Capital Programme of Works

## HRA Capital Programme

Priority Category	Schemes	Total Planned (£m)	Column1
Pre Agreed Works	600 and 602 Fulham Road	0.850	
Pre Agreed Works	37 Margarine Gardens	0.183	
Pre Agreed Works	Talgarth and Barons, Various Non-S20 Street Properties	3.340	
Pre Agreed Works	Sullivan Court Phase 1 - C,D,E,F,G,L	2.505	
Pre Agreed Works	Ashchurch, Frithville, Hadyn, Charnock and Aspen	2.991	
Pre Agreed Works	Lytton Estate	2.389	
Pre Agreed Works	Walham Green Court	1.893	
Pre Agreed Works	Maystar	1.900	
Pre Agreed Works	Street Properties	0.951	
Pre Agreed Works	Sullivan Court Phase 2	2.500	
Pre Agreed Works	Estate Roads	0.111	
Pre Agreed Works	Field Road Ball Court	0.025	
			19.638
Fire Safety Compliance Programme	10+ Storey and High Risk Fire Safety Works Inc. Dry Risers	4.900	
Fire Safety Compliance Programme	Sheltered, Hostels and Higher Risk Premises Fire Doors	3.600	
Fire Safety Compliance Programme	Compartmentation and fire stopping - Fire Risk Assessments	3.400	
Fire Safety Compliance Programme	FD60 and Spandrel/Infill panel replacement	3.996	
Fire Safety Compliance Programme	Automated Fire Detection	2.700	
Fire Safety Compliance Programme	Fire Risk Assessors	1.800	
Fire Safety Compliance Programme	Cox House	1.612	
Fire Safety Compliance Programme	Horton House	1.612	
Fire Safety Compliance Programme	Wet Risers, Sprinklers and associated Fire Protection Initiatives	2.000	
			25.620
Fire Safety Complex Schemes	Charecroft Towers (including Roseford, Woodford, Shepherd and Bush Lifts)	25.052	
Fire Safety Complex Schemes	Edward Woods	2.050	
Fire Safety Complex Schemes	Hartopp and Lannoy	3.500	
Fire Safety Complex Schemes	Jepson House (Fire Doors accounted for in '10+ Storey Fire Safety Programme )	0.528	
			31.130
Pre Agreed Lift Scheme	Munden Street, Thamesview, Plane Tree and Manor Court	0.024	
Pre Agreed Lift Scheme	Poynter and Stebbing - Edward Woods	0.021	
Pre Agreed Lift Scheme	Jim Griffiths and Tom Williams - Clem Attlee	0.008	
Pre Agreed Lift Scheme	Sullivan Court C,E,F,G,T	0.012	
Pre Agreed Lift Scheme	Walham Green Court, Vereker Road and College Court	0.008	

Pre Agreed Lift Scheme	Sullivan Court T,N,H,A	0.019	
Pre Agreed Lift Scheme	1-20, 41-65, 106-130, 131-166 Lancaster Court	0.098	
Pre Agreed Lift Scheme	Swan/Ravensworth; 21-40, 66-90, 91-105 Lancaster Court	0.259	
Pre Agreed Lift Scheme	Shackletown/William Church Estate	0.459	
Pre Agreed Lift Scheme	Ellen Wilkinson and Stafford Cripps	0.436	
Pre Agreed Lift Scheme	Springvale Estate	0.797	
Pre Agreed Lift Scheme	Linacre and Verulam	0.880	
Pre Agreed Lift Scheme	Herbert Morrison and Michael Stewart	0.902	
Pre Agreed Lift Scheme	Henrietta, Joanna, Standish and College Court	0.962	
Pre Agreed Lift Scheme	Batman, Kelmscott, Mackay and The Grange W14	1.120	
Pre Agreed Lift Scheme	Pelham, Mortimer, Glenallan and Rainville	0.858	
Pre Agreed Lift Scheme	Pearcroft, Wheatsheaf and Seagrave Lodge	0.572	
Pre Agreed Lift Scheme	Lift Lobbies Information Boards	0.100	
			7.535
Pre Agreed Boiler Scheme	Planned Individual Boiler Replacement Programme	4.139	
Pre Agreed Boiler Scheme	Banim Street	0.149	
Pre Agreed Boiler Scheme	Farm Lane and Wheatsheaf, Malabar Court	0.558	
Pre Agreed Boiler Scheme	Seagrave Road Estate Distribution Pipework	0.634	
Pre Agreed Boiler Scheme	Walham Green Court	0.600	
Pre Agreed Boiler Scheme	St Albans Terrace and Chelmsford Close	0.285	
			6.365
Safety Works - Electrical	Warden Call System Upgrades	1.954	
Safety Works - Electrical	Controlled Access Programme	2.400	
Safety Works - Electrical	Waterhouse Close - Fire Alarm System	0.001	
Safety Works - Electrical	Landlord's Electrical Installations	4.100	
Safety Works - Electrical	Roseford, Woodford and Shepherd Extract Systems	0.026	
Safety Works - Electrical	LED Programme	5.874	
Safety Works - Electrical	Lightning Conductors	0.500	
Safety Works - Electrical	Energy Performance Certifications	0.400	
Safety Works	CCTV Installations	1.200	
Safety Works	Disabled Adaptations	3.461	
Safety Works	Water Supply - continuing programme	0.150	
Safety Works	Compliance Concrete/Structural works Contingency	2.161	
			22.227
Void Works	Major Voids	2.060	
Void Works	Conversion of Property for Care Leavers Accommodation	0.234	
Void / Committed Works	Car Park Works (Controlled Parking)	0.070	
Void / Committed Works	Neighbourhood Improvement Fund	1.319	
Void / Committed Works	Groundwork Environment	0.660	
Void / Committed Works	Garage Improvements	0.865	
			5.208
Surveying and fees	Condition Surveys/ Fees / Ancillary / Preliminary Costs	4.200	
	<b>Totals</b>	<b>121.923</b>	

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>1<sup>st</sup> July 2019</b></p>	
<p style="text-align: center;"><b>BUILDING HOMES AND COMMUNITIES STRATEGY</b></p>	
<p style="text-align: center;"><b>Report of the Cabinet Member for the Economy - Councillor Andrew Jones</b></p>	
<p><b>Open Report with exempt appendix</b>          The appendix is exempt from disclosure on the grounds that it contains information relating to the <b>financial or business affairs of a particular person (including the authority holding that information) under paragraph 3</b> 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><b>Classification - For Decision</b>  <b>Key Decision: Yes</b></p>	
<p><b>Consultation</b>          The development of this report has been informed by consultation on specific sites with tenants' representative groups, schools, and internal departments who operate existing assets that are being considered.</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director for Economy</p>	
<p><b>Report Author:</b> David Burns, Assistant Director (Growth)</p>	<p><b>Contact Details:</b>          Tel: 02087531203          E-mail: david.burns@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks agreement in principle to a self-funding programme of investment in homes and community assets. The strategy will commit the Council to utilising its land and property assets to meet key administration priorities to deliver affordable housing and support the Council's financial challenge. The programme to deliver the strategy, will aim to deliver approximately 1,800 homes over a period of up to ten years, and generate long-term income to support the Council's financial challenge. This complements the Council strategic role as a planning authority in facilitating new housing in line with targets in the London Plan.

- 1.2. The report explains the rationale and sets out the budget and approvals required for early stage delivery where schemes demonstrate sufficient potential for the Council to invest resources in establishing financial viability.
- 1.3. The report sets out the potential for the Council to borrow to facilitate the required investment to deliver the programme, and the impact on its overall financial position, demonstrating that this is feasible and delivers clear economic and financial benefits. Each individual scheme would need to meet a set of benchmarks for financial viability and return on investment and require robust decision-making before the commitment of funds.
- 1.4. The report also asks for decisions to facilitate progress on the Education City to enable the Council to enter into relevant legal agreements.

## **2. RECOMMENDATIONS**

- 2.1. That Cabinet approves the outline strategic case for the Building Homes and Communities Strategy set out in Appendix A which aims to:
  - Build new, genuinely affordable housing which will help maintain the borough's vibrant social mix;
  - Supports the Council's Business Plan priority of 'Building Shared Prosperity';
  - Renew key community assets, including schools and leisure centres; and
  - Generates income to reinvest in frontline services
- 2.2. That Cabinet notes the approach to consultation and engagement including:
  - (a) the principle that no individual scheme can proceed without substantial resident involvement
  - (b) the interdependency between the strategy and the Defending Council Homes policy currently in development
  - (c) the establishment of a resident panel to provide oversight of consultation on individual schemes as an integral part of the development gateway process.
- 2.3. That Cabinet approves the outline programme with further work being undertaken to assess feasibility of individual schemes and procure design work where schemes pass the relevant development gateway.
- 2.4. That Cabinet approves budget of up to £230,000 for feasibility studies and project management costs for General Fund schemes identified at appendix C, funded from previously approved developer contributions.
- 2.5. That Cabinet approves budget of up to £1,484,119 in relation to HRA schemes set out at appendix B for initial business case, design and survey costs to enable the Council to develop these schemes to outline design (RIBA stage 1) funded from right to buy receipts, grants, developer contributions, borrowing or reserves.



- 2.6. That Cabinet approves that a core programme team capital budget of up to £2,134,800 over the current capital programme to 2022/23 to be recovered from capital project costs, where these can be capitalised.
- 2.7. That Cabinet notes a future financial requirement of up to £6,990,150 to allow the Council to develop HRA schemes set out at appendix B to allow the Council to develop those schemes identified as feasible to planning (RIBA stage 3). This will require further approvals in line with the Council's Constitution and Financial Regulations.
- 2.8. That Cabinet notes a future financial requirement of up to £2,165,958 for initial business case, design and survey costs to enable the Council to develop General Fund schemes set out at appendix B to outline design (RIBA stage 1). This will require further approvals by Cabinet.
- 2.9. That Cabinet notes a future financial requirement of up to £12,336,980 to allow the Council to develop General Fund schemes set out at appendix B to planning (RIBA stage 3) if they are considered viable. This will require further approvals in line with the Council's Constitution and Financial Regulations.
- 2.10. That Cabinet delegates the decision to commit expenditure to progress schemes within the outline programme from RIBA stage 0 (strategic definition) to RIBA stage 3 (developed design) to the Strategic Director for the Economy, in consultation with the Strategic Director, Finance and Governance in line with the above budget approvals.
- 2.11. That Cabinet delegates identification of funding of the above budget approvals to achieve RIBA stage 0 to 3 to the Strategic Director, Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.
- 2.12. That Cabinet approves the Procurement Strategy and Business Case for the appointment of multi-disciplinary design teams to develop initial business cases, design and survey costs for schemes identified in the outline programme, as set out in exempt appendix C, and delegate the decision as to which of the recommended frameworks to use for each design team procurement to the Assistant Director for Growth.
- 2.13. That Cabinet delegates authority to the Strategic Director for Economy to agree revisions to the approved Procurement Strategy and Business Case where there are good operational or procurement reasons for doing so.
- 2.14. That Cabinet agrees to delegate the award of the contracts for design services to the Strategic Director for the Economy in consultation with the Cabinet Member for the Economy and the Arts provided that these have been procured in accordance with the approved Procurement Strategy and Business Case referred to in paragraph 2.11.

- 2.15. To Cabinet agrees to appoint Bevan Brittan as legal advisors to the Council with regards to the 50 Commonwealth Avenue through a direct award from the London Borough's Legal Alliance (LALA) panel framework.
- 2.16. That the Council enters into the Master Development Agreement, a Deed of Cooperation and any other legal agreements with ARK and any subsidiary Company and any of its funders, which are required to facilitate the delivery of Education City.
- 2.17. To delegate authority to the Strategic Director for Growth and Place, in consultation with the Cabinet Member for the Economy and the Arts and the Assistant Director of Legal and Democratic Services, to finalise and complete negotiations with ARK and any subsidiary company and any of its funders in order to give effect to the decision in 2.16 above.
- 2.18. Cabinet are asked to approve a waiver of the usual tendering requirements of Contract Standing Order 10 in relation to the proposed development agreement with ARK (and its subsidiaries) for the Education City development, on the grounds that this is covered by a legislative exemption, as described in the legal implications of the Cabinet report of 29<sup>th</sup> April 2019 (exempt).

### **3. REASONS FOR DECISION**

- 3.1. The decisions establish the strategic rationale for a programme of self-funding investment in homes and community assets. They provide a policy framework for the Council to progress a long-term development programme with the strategic aim of supporting new affordable housing and generating long-term income streams to support the Council's financial challenge. These constitute a significant, long-term strategic choice for the Council and therefore requires Cabinet approval.
- 3.2. These decisions will enable the Council to tender the appointment of a multi-disciplinary design teams of professional consultants to move forward detailed design for schemes identified within the programme. This will allow the Council to progress towards planning applications for individual schemes and determine final business cases. Accordingly, approval of a Procurement Strategy and Business Case for these design teams and for project management support is also requested.
- 3.3. The Ed City development in White City will create a new mixed-use education hub as well as new homes and community facilities. Cabinet has previously granted approval to enter into a Master Development Agreement and Full Council has approved the overall budget requirement. Approval is now needed to allow the Council to enter into legal agreements with its partners to facilitate delivery of the scheme and a waiver of the usual tendering requirements of Contract Standing Order 10 in relation to the proposed development agreement with Ark (and its subsidiaries) to enter into a direct award. The scheme is not part of the core outline programme but is focused

on delivering the Council's strategic ambitions in regard to housing and community facilities.

#### **4. PROPOSAL AND ISSUES**

##### **Strategic Drivers for the Homes and Community Assets Strategy**

- 4.1. The Council's 2018-2022 Business Plan sets out a priority to build approximately 1,500 genuinely affordable homes as part of its strategic priority to build shared prosperity. At the same time, as the result of significant reductions in grant funding from central government and growing demand for services, the Council faces a substantial budget gap over the coming years, estimated to be £48.6m by 2022/23.
- 4.2. In response to this challenge, the Council is developing a ten-year financial strategy, which emphasises financial resilience and autonomy in the context of a prolonged decline in financial support from Government grant. The ability to 'grow the pie' will be an important component of the Council's long-term planning, and the most effective use of assets – to generate income and to reduce costs – is a key mechanism for this.
- 4.3. This context provides a strategic driver for the Council to review its strategic capital and asset management strategies and the way in which they can support the Council's revenue budget and the administration's future priorities.
- 4.4. A number of other local authorities across London and elsewhere have developed models of land disposal and community investment which use those authorities' substantial property holdings and rising land values to create programmes of investment which support their revenue budgets. These range from investment in schools and community facilities, a focus on affordable housing, and homelessness prevention through investment in temporary accommodation. The clearest commonality is investment in Council assets to produce revenue benefits either through generating new income or avoiding costs.

##### **Strategic Review of HRA and General Fund land**

- 4.5. In response to these drivers of change, officers have commenced a high-level review of opportunities in the Council's Housing Revenue Account (HRA) and General Fund land and property holdings to understand the size of the Council's opportunity. This work has focused on non-residential assets, only considering the potential to renew the Council's dwelling assets where there has been existing engagement with the community and there is a clear appetite from residents who will be impacted.
- 4.6. The working hypothesis has been that there is an opportunity to use the Council's asset base to:
  - Make a substantial contribution to the number of affordable homes in the borough;

- Support outcomes by ensuring the authority’s property estate is fit for future service needs;
  - Generate income to contribute to the Council’s budget gap (both directly and through additions to the council tax and business rate base); and
  - Support cost avoidance and help to manage demand for high cost services through increasing the supply of specialist accommodation
- 4.7. The review is at its mid-point, producing a high-level understanding of potential development opportunities, with some priority lines of enquiry progressed to initial studies to understand the housing capacity and income potential. Of the latter, those demonstrating high potential and impact have been progressed to initial feasibility stage to determine if they are economically viable and if it is prudent for the Council to commit funds to progress a development brief, recognising the inherent risk of these costs being abortive.
- 4.8. Work has also commenced to understand the best approaches to delivering a programme, what additional capacity and capability the Council would need, and what the implications might be for the Council from a financial perspective. The review has identified substantial opportunities, an initial delivery strategy, and a positive financial and economic case for such a programme. The Council now needs to decide whether to proceed with this strategy and to commit budget and provide approvals to enable early stage delivery.

### **Strategic Case for the Homes and Community Assets Strategy**

- 4.9. Appendix A sets out in detail the outline strategic case for the Homes and Community Asset Strategy. This includes five sections which cover the strategic, financial, economic, commercial and management case. The most important element of this are the strategic and financial case. The strategic case sets out why the Council is pursuing this course of action and how it relates to its overall vision as set out in the 2018-2022 Business Plan. The financial case sets out how the Council can resource this and the impact on its capital and revenue resources.
- 4.10. The strategic case is that the approach supports the Council to deliver against two main priorities: to build affordable homes and to meet future financial challenges. By leveraging its own property and land assets and developing these with view to retaining the income from market and sub-market rent, the Council can bring forward additional housing and generate long-term funding to support front line services.
- 4.11. Initial analysis suggests that the Council could generate approximately 1,800 homes. There is also substantial income potential depending on whether the Council chooses to retain the developed asset to benefit from the income it generates. There are few other activities that the Council could pursue which would provide such a substantial return on its effort. It is also likely that there are schemes which the Council could progress either directly,

or with a high degree of involvement with a strategic partner, that could not be realised through a private sector model meaning that this would produce additional housing beyond that which we might expect to come forward if the Council did not commit to this course of action.

- 4.12. The financial and economic case demonstrates that the programme has a positive Net Present Value (NPV) and a positive cost to benefit ratio. At programme level, two options have been modelled to demonstrate the different options available to the Council – developing and retaining the asset for income – and developing the asset but disposing of it and benefiting from the increase in land value. Further iterations of the financial case will help to refine the overall strategy for the Council at scheme level, ensuring financial assumptions are robust and determining the best approach on a site by site basis.
- 4.13. All elements of the outline strategic case will be developed further over time, with a further report to Cabinet in January 2020 showing the final outputs of the review, and further work to demonstrate viability of prioritised schemes and requesting approvals and budgets where these are required.

#### **Enabling delivery**

- 4.14. While initial capacity studies for sites that demonstrate viability do not represent a business case, they do give the Council confidence that there is a sufficiently strong strategic case to commit to the strategy. Those sites reviewed so far that demonstrate initial economic and financial viability are in a position to be assessed, and if they can demonstrate a sufficiently strong financial case by meeting agreed development benchmarks, can be progressed to RIBA stage 3 (planning). This means that that the Council can commit resources to produce a development brief which can enable a planning application for the site and for decisions to be taken about the delivery of the relevant scheme.
- 4.15. By approving the outline programme and procurement strategy, the Council can allocate budget flexibly, enabling the programme team to progress schemes to the point at which a design team can be procured, developing a brief and viability information sufficient to submit a planning application. Further Cabinet decisions would be required at this stage, requiring a full business case to be approved for the costs of development and procurement of a delivery partner. This provides an appropriate balance between pace and flexibility on the one hand, and rigorous decision-making on the other.
- 4.16. The Council's Development Board, chaired by the Strategic Director for Economy and attended by the Strategic Director, Finance and Governance, would approve all schemes from initial feasibility progressing to gateway 1 (approval to procure a design team) and to gateway 2 and 3 (submission of a planning application). The decision to identify and approve expenditure would be taken by the Strategic Director, Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.

Any decisions on committing further investment and entering into a final contract would be taken by Cabinet on submission of a full business case.

- 4.17. The costs of achieving RIBA stage 0-3 have been modelled on the unit costs estimated for achieving this at Flora Gardens Primary, a scheme approved by Cabinet in March 2018. This scheme is the most advanced within the programme and provides a comprehensive and up to date benchmark on which to estimate costs.
- 4.18. All schemes included within the programme will require extensive resident engagement at each stage of the development process. The Council has developed an inclusive design approach in relation to early stage delivery on the Flora Gardens and Avonmore Primary schools, commissioning a Client Design Advisor (CDA) to work with the school community and other stakeholders to develop a design brief. The importance of defining residents' requirements from any development proposal is a key principle of the strategy, particularly if there is a direct impact on residents through the re-provision of an existing asset in use.
- 4.19. The Council is committed to re-provision of any community asset that is developed, and to providing a mechanism for ensuring that no scheme progresses between initial feasibility to RIBA stage 1 (design brief) without substantive engagement with residents who are impacted. An oversight panel, comprising residents and experts in community engagement and development, will be commissioned to provide recommendations to the Development Board at each stage of the gateway process, to ensure an appropriate threshold for resident involvement has been met. This will be afforded the same weight in decisions about progress between development gateways as measures of financial and economic viability.
- 4.20. This approach will be developed in close alignment with the development of the Defending Council Homes policy, which sets out written commitments to provide residents with protections in the event that development activity impacts on Council homes.
- 4.21. Early assessment of the outline programme suggests two schemes which will be a priority for action based on their potential benefit and an initial assessment of their viability. These are set out below and will be the immediate focus of the programme team. Each priority project will be taken forward by a cross-council task and finish group including teams who are responsible for operating existing assets under consideration or who have a substantive interest in the proposed scheme.
- 4.22. While outside of the core Building Homes and Community Assets programme, the section below also sets out the reasons for decisions required in relation to the Education City scheme at White City.

### **Bagley's Lane**

- 4.23. Bagley's Lane is located in the Sands End ward in Fulham and sits next to a number of new build sites such as Chelsea Creek and Imperial Wharf which include residential, retail and office space.
- 4.24. The potential comprehensive development site comprises three parcels of land; H&F Depot (council owned), the Mortuary (council owned) and Laura Ashley (privately owned).
- 4.25. Bagley's Lane depot is managed by the Council and needs major refurbishment in the medium term to remain operational. An opportunity for comprehensive development of both parties' land interests allows greater scope for affordable housing in this part of the Borough than through piecemeal development on each site. A comprehensive development allows H&F to help shape this part of the borough.

### **50 Commonwealth Avenue**

- 4.26. This site is located in White City and is adjacent to St. Michael's Church. The Council has been approached by the Dioceses of London with a proposal to work together to progress the site. By working together the Council and the Church will be able to maximise the amount of housing that can be built, and also provide new community facilities.
- 4.27. 50 Commonwealth Avenue is owned by the Council and has been used by community groups in the past. It is no longer fit for purpose. A comprehensive development will allow the Council to create more affordable housing and to meet community needs.
- 4.28. The report seeks approval to appoint Bevan Brittan as the Council's legal advisors in relation to this scheme. This will enable legal due diligence to be carried out and to progress the scheme for the benefit of residents.

### **Education City**

- 4.29. The Ed City development in White City, will create a new mixed used education hub on the site of the ARK Swift Primary School at Australia Road, W12 and will include, a high-quality primary school, new and expanded nursery for 75 children, new adult education facilities, new youth facilities, an office for educational charities and 132 new homes, 50% of which will be affordable housing. The Education City Development delivers on several key Council strategies and priorities.
- 4.30. On 29 April 2019, Cabinet granted approval for the Council to enter into a Master Development Agreement, a Deed of Cooperation and any other legal agreements with ARK and any subsidiary company, which are required to facilitate the delivery of the Education City project.

- 4.31. On 15 May 2019, Full Council granted approval to the overall budget requirement of £64,831,000 to deliver the development and approved recommendations to enable the development to proceed to create a new mixed used education hub, meeting the Council's education, housing and planning objectives.
- 4.32. An updated decision is now required to enable the Council to appoint or enter into a direct award or an agreement with ARK's Funding Structure for the project. Cabinet are asked to approve the updated decisions in relation to the Education City project previously considered at Cabinet on 29 April 2019.

## **5. OPTIONS AND ANALYSIS OF OPTIONS**

The development sites identified in this report will all require separate Cabinet approvals before being progressed to planning stage. Each will require a separate options appraisal when considered. The options below therefore consider the Council's different options in relation to the establishment of the Homes and Community Asset strategy as a major Council initiative, and the proposed strategic delivery model for programme, namely a self-financing programme with the Council taking a significant role in direct development in order to retain revenues and maximise community benefit.

### **Option 1 – continue with the Council's current development model**

- 5.1. The Council current development model is to identify surplus land and partner with registered social landlords (RSL). In general, the Council grants a long-term lease to the RSL in exchange for nomination rights to the affordable housing units that are built, with the RSL taking the financial risk of development but benefiting from a long-term rental stream. This enables some affordable housing to be built using Council-owned land but means that all the profit accrues to another party, and the Council has more limited control over schemes.
- 5.2. The scale of the revenue opportunity demonstrated in the initial stages of the review has the potential to make a substantial contribution to the Council's revenue position if the Council delivers this activity directly. It is also the case that some schemes are likely only to be possible with more Council control due to the complexity of land assembly and the number of stakeholders involved.
- 5.3. The Council's current approach does not bring together schemes into a portfolio allowing the cross-subsidy of some sites which are financially unviable but would provide major community benefit. Organising opportunities into a single programme, with direct control by the Council and benefiting from authority's ability to borrow against future income, would unlock the development of community assets which are unlikely to be delivered by private developers or by housing association partners. For these reasons this approach is not preferred.



## **Option 2 - establish the Building Homes and Communities Strategy and adopt a mixed delivery approach based on site specific strategies**

- 5.4. Directly delivering housing from Council-owned land enables the Council to deliver a substantial number of private and affordable homes which would not otherwise be delivered by the market. It would also allow the Council to benefit directly from the revenue generated from market and social rent housing as well as accruing a long-term asset. Taking a programme approach, with rigorous governance and financial oversight, enables the Council to gain maximum benefit from development in the borough while ensuring each scheme is financially viable and that the implications of borrowing are integrated into the Council's revenue and capital strategies.
- 5.5. The implications of this approach are that the Council needs to increase its capacity and capability to manage a programme of this nature, that it needs to be satisfied that the programme is self-funding and has an acceptable payback period, and to accept some development risk. There will be some instances where the scale of a scheme and the benefits from it do not justify the Council delivering directly, and in these cases it might be preferable to partner with an RSL. Adopting site specific delivery strategies can mitigate against the potential for a one-size-fits-all approach.
- 5.6. This option is preferred because on balance it provides the best strategy for meeting the Council's primary objectives of delivering affordable homes and of generating new income generating assets to contribute to the Council's long-term financial challenge.

## **6. CONSULTATION**

- 6.1. The strategy has been developed in line with the emerging policy and guidance around Defending Council Homes, and main governance boards for the strategy will ensure that the strategy's approach and processes are fully aligned as this develops further.
- 6.2. All schemes will be subject to extensive engagement and have resident involvement built into the process for developing design briefs as schemes progress from initial feasibility to the development of more detailed designs. Schemes will not be progress to gateway 1 without demonstrable evidence of engagement with residents and other stakeholders who are directly impacted. This will be subject to independent challenge through the proposed resident oversight panel and will need to adhere fully to the Defending Council Homes policy. The Council sets a high bar for resident involvement, reflecting the strategic commitment in its Business Plan to 'do things with residents, not to them.'
- 6.3. The review has not explored the redevelopment of residential assets or the whole scale regeneration of housing estates. Where there is demand and communities proactively approach the Council, this type of development will be considered, but would always require extensive engagement with affected

residents. This will include the requirement for a successful ballot of residents before committing funding to the development of a planning brief and design.

## **7. EQUALITY IMPLICATIONS**

- 7.1. The approval of the 'Building Homes and Communities' proposals, as set out in the Recommendations, does not directly negatively impact on groups with protected characteristics under the Equality Act 2010. There may be positive impacts, and the Council will be required to produce a full Equality Impact Assessment [EIA] at the point at which individual schemes progress to planning applications and at the point at which the Council enters into contracts.
- 7.2. Implications completed by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

## **8. LEGAL IMPLICATIONS**

- 8.1. This report is seeking approval for a new Strategy of investment in homes and community assets. It follows two earlier reports where approval was given to move forward with individual schemes for Flora Gardens and Avonmore Schools and the White City Estate, however this report is drawing different elements into an overall Strategy. If the Strategy is to form part of the Council's policy framework, then pursuant to Article 4 of Part 2 of the Constitution, the document at Appendix A will require approval of full Council (including any updates to it).
- 8.2. The Strategy will also see provision of housing and re-provision of community assets, and also aims to provide the Council with a revenue stream or capital receipt from each scheme. The report describes steps to be taken to establish initial feasibility and seeks approval for this work to be taken further as part of the Strategy.
- 8.3. The service department are recommended to commission Legal Services as soon as possible to investigate title to the land at the various sites, to check ownership, the existence of any restrictive covenants and the purpose for which the land is held.
- 8.4. In some cases, there will be statutory consultation requirements under both the Education Acts and section 105 of the Housing Act 1985, in addition to planning application consultation.
- 8.5. The report also seeks approval for the Procurement Strategy at Appendix B for procurement of a number of design teams. It is a requirement of Contract Standing Order 8.12 that Cabinet approves the Procurement Strategy and Business Case for all procurements exceeding £100,000 in value. Procurements may be on a "per site" basis, or it may be appropriate to cluster some sites together into one requirement.

- 8.6. The proposed procurement of the design team exceeds the EU threshold for services so will need to be procured in accordance with the EU rules. Here it is proposed to use one of three frameworks – as the decision as to which will be more appropriate for each procurement has not yet been taken, it is proposed to delegate the choice of this to the Assistant Director. If revisions beyond this are required to the Procurement strategy, then it is proposed to delegate this to the Strategic Director. It should also be noted that the procurements are to be run on the basis for a full RIBA process up to stage 7, with review/ break clauses at RIBA stage 1 and 3 to allow for schemes not proceeding beyond those stages. There is at present no budgetary approval beyond RIBA stage 3 for any schemes, whether in the GF on the HRA.
- 8.7. Legal Services will also need to review the frameworks to ascertain if there are any issues around their use, for example to ensure that they were established in compliance with the EU rules and that the proposed use is not outside the scope of services for which the framework was established.
- 8.8. Assuming that the proposed call-off from the selected framework and award of contract happens before any Brexit date, then the call-off will be unaffected. If however this does not happen before Brexit, and there is no withdrawal agreement setting up a transition period, then the Cabinet Office has indicated that there will be UK regulations to explain how to deal with procurements that have started before Brexit but not completed. However, where use is made of an existing framework, the impact is expected to be minimal.

Implications completed by *Deborah Down, Senior Associate with Sharpe Pritchard solicitors on secondment to the Council*  
*Ddown@sharpepritchard.co.uk*

## **9. FINANCIAL IMPLICATIONS**

- 9.1. The report sets out an outline programme of 19 sites for which further work is required to assess feasibility of individual schemes. At this stage, the schemes are not sufficiently developed and sufficient information is not available to establish budgets or funding (and therefore report the full financial implications) for each scheme.
- 9.2. A gateway process is proposed to scrutinise and make decisions to commit expenditure required to progress schemes and these decisions are delegated to the Strategic Director of the Economy in consultation with the Strategic Director, Finance and Governance as members of the proposed Development Board. Through this gateway and governance process the high-level budgets sought in this report are expected to be controlled through additional review and approval processes which will balance the need to work at pace with minimising potentially abortive costs and ensuring that the proposed schemes are affordable. Individual schemes will be subject to further Cabinet, or Full Council, decisions in line with the Council's Constitution and Financial Regulations once a detailed brief and viability information is sufficient to submit a planning application. At that stage a full business case will set out the costs of development.

- 9.3. This report requests financial approvals, subject to the above governance and control arrangements, as follows:

<b>Item</b>	<b>Amount</b>	<b>Funding Source</b>
<b>One-off items</b>		
In principle budget to allow the Council to develop HRA schemes to planning (RIBA stage 1)	£1,484,119	Identification of funding delegated to the Strategic Director, Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services.
Budget to enable further viability assessment and project management of priority GF schemes develop a strategic brief (RIBA 0)	£230,000	Previously approved S106 funds.
<b>Total one-off costs</b>	<b>£1,714,119</b>	
Programme team annual costs (to be capitalised where possible) £582,200 per annum (and prorata) to 2022/23	£2,134,000	Capital budgets and allocated to the respective schemes with funding delegated to the Strategic Director, Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services.
<b>Programme team costs</b>	<b>£2,134,800</b>	
Anticipated future budget requirement to allow the Council to develop GF schemes to planning (RIBA stage 1)	£2,165,938	n/a
Anticipated future budget requirement to allow the Council to develop GF schemes to planning (RIBA stage 3)	£12,336,980	n/a
Anticipated future budget requirement	£6,990,150	n/a

to allow the Council to develop HRA schemes to planning (RIBA stage 3)		
<b>Future anticipated one-off costs subject to further decision</b>	£21,493,088	

- 9.4. It is anticipated that the one-off costs will be predominantly capital in nature however costs will need to be assessed on a case-by-case basis as and when schemes are worked up in detail via the Development Board.
- 9.5. For the project team costs (estimated to be £582,200 per annum), where there is an expectation that these costs are capitalised, capitalisation tests will need to be met and the project team members will need to maintain timesheet records to enable cost to be correctly apportioned to each scheme. Total costs over the life of the current capital programme to 2022/23 are estimated to be up to £2,134,800 including part year costs in 2019/20.
- 9.6. The Finance Business Case in appendix A centres on two options. First, build and sell-on and second, build and retain. The business case notes a number of items for consideration and the model will need to be refined as and when detailed schemes are worked up via the Development Board, in particular taking account of the following:
- the effect on / benefit to both revenue and capital budgets and funding
  - the split of General Fund and HRA land interests which may drive different accounting and funding requirements and will govern the distribution of costs and benefits and the requirement for any appropriation of land interests between the two
  - the potential impact on the Council's VAT partial exemption position
  - the potential impact of corporation tax when delivered via a company.
- 9.7. Further work is required on the assumptions within the financial models and appraisal criteria (hurdles) which will be used to assess schemes' viability and these will be considered by the Development Board.

### **Financial risks**

- 9.8. The budgets requested in this report are initial project costs that cover the development of schemes to planning. Due to the nature of the work being completed there is a risk that expected capital costs incurred on aborted schemes will need to be written off to revenue.
- 9.9. Whilst initial work has indicated that schemes are feasible and that there is merit in completing further work to progress the schemes, the Financial Case in appendix A shows that the viability is sensitive to a number of assumptions. There are risks therefore that on detailed work the schemes are not

considered viable and the costs of work completed will need to be written off to revenue.

- 9.10. The report requests budget approval for a programme team, expected to be capitalised and funded from HRA capital resources. There is a risk that not all the teams' costs can be capitalised and these will be an unbudgeted revenue costs to the HRA or General Fund. In addition, there are risks to ongoing revenue budgets on completion, of the programme or in the event that the shape and scope of the programme changes if the Council, in the form of potential redundancy costs for programme team members.

### **HRA context**

- 9.11. Alongside the proposed programme set out in this report, Cabinet is considering the capital expenditure budgets required as part of its Housing Compliance and Asset Management Strategy which also requires significant additional investment in the Council's existing stock in the short and medium term. That separate report recommends an additional capital programme investment of £11 million in addition to the current approved HRA capital budget.
- 9.12. As a result of this Building Homes and Communities Strategy and the Housing Compliance and Asset Management Strategy, a significant increase in capital investment in the HRA is envisaged over the next four years and the current business plan will need to be revisited to ensure all the investment demands are captured and are affordable. Whilst the Council has an opportunity to borrow to fund the capital investment and expects to generate income and/ or capital receipts through this strategy, additional external borrowing costs and depreciation costs will be incurred. Any future decision on taking forward these schemes and the resulting capital investment by the HRA will need to be made in the context of potentially competing demands for capital investment and the affordability of the revenue implications of these within available resources. This may need to influence the options through which new schemes can be delivered. Until the business plan can be updated with all the expected schemes it is not clear that the cumulative impact of all these commitments are affordable and therefore the gateway process and Development Board will have an important role in prioritisation.

### **General Fund context**

- 9.13. The forecast General Fund reserves position shows limited capacity to enable it to set aside reserves to mitigate the risk of the need to write off any General Fund abortive costs and reserves forecasts and therefore the funding of the initial feasibility work will be funded by previously approved s106 contributions. In this context, future modelling will need to clearly identify General Fund costs and the gateway process will need to operate to avoid the risk of the need to write off abortive costs.

## **Other**

- 9.14. The Council's capital programme is a key driver of cash requirements and the Treasury Management Strategy which will determine the Council's overall need to borrow internally or externally and its borrowing strategy. Furthermore any options to on-lend to any companies, if these are part of the delivery structure, will also need to be incorporated in to the Treasury Management Strategy, with additional considerations required in respect of state-aid and corporation tax implications.
- 9.15. The capital programme is also a significant determinant of risks in relation to the Council's partial exemption position and this will need to be carefully managed to avoid additional costs to the Council particularly in relation to any surrender of or new lease arrangements that may be required.
- 9.16. Tax implications including SDLT and the effect on the Council's partial exemption position will also need to be considered in deciding the most appropriate delivery mechanisms for each scheme.
- 9.17. Implications prepared by Emily Hill, Assistant Director, Corporate Finance, telephone 020 8753 3145.

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1. The implications for local businesses are potentially positive as there is scope to create opportunities for local businesses to bid for local work and maximise local economic and social value. The Council will be able to use the supply chain through construction of schemes to prioritise employment and training opportunities for local residents.

*Implications completed by Albena Karameros, Economic Development, tel. 020 8753 8583*

## **11. COMMERCIAL IMPLICATIONS**

- 11.1. The procurement strategy is in line with the Council's Contracts Standing Orders that require calling off from an established framework agreement or seeking competitive tenders for contracts with a value over £25,000.
- 11.2. The strategy is also in line with Public Contracts Regulations 2015 as the proposed framework agreements have been procured in line with the Regulations.
- 11.3. Social Value has been considered as part of the strategy development and will represent 10% of the Quality awarding criteria.

*Implications completed by Andra Ulianov, Head of Contracts and Procurement, 07776672876*

## **12. IT IMPLICATIONS**

- 12.1. There are no apparent IT implications resulting from the proposal in this report
- 12.2. *Implications verified/completed by:* Karen Barry, Strategic Relationship Manager, tel. 0208 753 3481

### **13. RISK MANAGEMENT**

- 13.1. Significant opportunities may arise from the proposals however there will need to be a robust governance and clear risk management framework in place so as to ensure the greatest chance for success. The establishment of governance boards as outlined in the report will help to promote or demote areas of risk as soon as they become known. The disciplines of Portfolio and Programme Management must be applied with experienced Officers in place to support the schemes as identified. The principles of Ruthlessly Financially Efficient will also apply to make sure decisions made are commercially sound, are within an affordable budget, and where monies are utilised that they are done in accordance with the Council's priorities.

*Risk Comments verified by Michael Sloniowski, Risk Manager, tel 020 8753 2587*

### **14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None

#### **LIST OF APPENDICES:**

Appendix A – Outline Strategic Business Case for the Building Homes and Communities Strategy

Appendix B – Schemes approved for early design stage and resident consultation

Exempt Appendix C – Procurement strategy for the Building Homes and Communities Strategy



## Outline Strategic Business Case for the Building Homes and Communities Assets Strategy

### Introduction

This document is an outline business case for the Building Homes and Communities strategy. It follows HM Treasury Five Case Model for the development of businesses cases. This approach is widely used across central government departments and the wider public sector. The purpose of a business case is to provide a management tool which supports decision making in a transparent way. The strategy is at an early stage, with initial scoping and discovery work defining an approach and delivery programme at a high-level. This document therefore represents the 'strategic outline case' (SOC). The purpose of the SOC is to confirm the strategic context of the proposal; to make a robust case for change; and to provide stakeholders and residents with an early indication of the way forward. It supports early stage decision making with the best information currently available and provides a structure and discipline for development of more detailed information.

These chapters are as follows:

- **the Strategic Case** – which provides the strategic rationale for the programme and shows how it will support the Council's business plan
- **the Economic Case** – which will show the economic and social benefits of the programme to the borough
- **the Commercial Case** – which addresses the fundamentals of any potential procurement of commercial structure for the strategy
- **the Financial Case** – discusses the likely affordability of the programme
- **the Management Case** – outlines how the programme will be set up and managed

Subsequent stages will update this document, moving from SOC to an Outline Business Case (this is a detailed plan), and finally to a final business case (a detailed final phase).

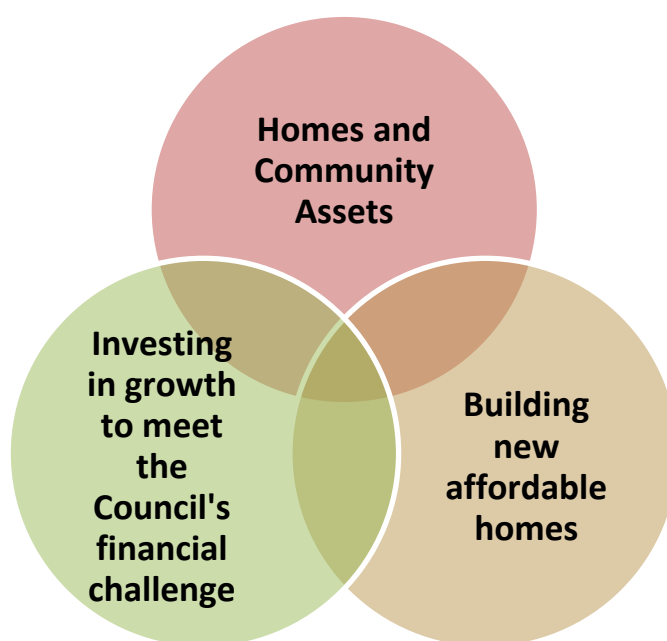
Each stage includes the same chapters, but with more detail included at each stage. An Outline Business Case, revising this document, will be presented to Cabinet in January 2020 as part of an update on the strategy.

## Strategic Case

The Council's 2018-2022 Business Plan sets out how the Council will deliver the administration's vision for the borough. The broad themes of the Plan include an ambition to deliver shared prosperity for residents of the borough, ensuring all citizens can share in the dynamic growth the borough expects to see over the medium and long-term as part of its Industrial Strategy.

The Plan also includes a thematic focus on 'ruthless financial efficiency', recognising the very significant medium-term financial challenge the Council faces, as well as the long-term decline in income from government grant and the structural challenge of increasing demand for services, in particular, for adult and children's social services.

The strategy is part of the Council's strategic response to these challenges, developing a new operating model in relation to strategic asset management and the way it influences the local housing and development market.



### A New Operating Model for the Strategic Use of Assets

The approach would see the Council directly deliver housing from Council-owned land enabling the Council to deliver a substantial number of private and affordable homes which would not otherwise be delivered by the market. It would also allow the Council to benefit directly from the revenue generated from market and social rent housing as well as accruing long-term assets. Taking a programme approach, with rigorous governance and financial oversight, would enable the Council to gain maximum benefit from development in the borough while ensuring each scheme is financially viable and that the implications of borrowing are integrated into the Council's revenue and capital strategies.

The implications of this approach are that the Council needs to increase its capacity and capability to manage a programme of this nature, that it needs to be satisfied that the programme is self-funding and has an acceptable payback period, and to accept some development risk. As set out in the commercial case later in this document, there will be some instances where the scale of a scheme and the benefits from it do not justify the Council delivering directly, and in these cases, it might be preferable to partner with a housing association.

### **Strategic Driver 1 - Building New Affordable Homes**

The Business Plan includes a specific pledge to support the delivery of 1,500 affordable homes. These ambitions are set within the context of the broader London housing crisis, with affordability and access to good-quality housing acting as a drag on London's growth and international competitiveness.

In addition to the economic cost, a lack of sufficient affordable housing has a negative impact on the social mix of the borough and exacerbates poverty, with the high cost of housing relative to income being a key driver of relative poverty in the borough.

The very high cost of private sector housing in the borough means that it is difficult for households on low to middle incomes to access suitable housing that they can afford in Hammersmith and Fulham. Many households cannot get suitable housing in either the private or social housing sectors and have to move out of the borough when they no longer want to share with others or need a larger home.

#### **Hammersmith and Fulham's housing challenge**

- A relative lack of shared ownership and intermediate options for those on low or middle incomes;
- Overcrowding, with 13% of dwellings overcrowded by at least one bedroom;
- An ageing housing stock, which is becoming increasingly expensive to maintain to a decent standard;
- Lack of accessibility with the design of the current social housing stock difficult and expensive to retrofit to support residents with disabilities; and
- A need for more family sized housing in the borough to meet both new and existing demand.

The Council has a range of levers in relation to bringing on additional housing supply. Its role as a strategic planning authority is to enable development consistent with the Local Plan, but the Council already uses its land and property assets to facilitate development. However, the main mechanism for doing this is the Affordable Housing Framework – agreed by Cabinet in 2017 – which provides a basis for partnership with developers, principally registered social landlords. In this model, the Council provides land in exchange for nomination rights to social housing that is

developed, but the asset and income accrues to its partner. It is also the case that some sites, because of their complex pattern of land ownership or the challenge of bringing stakeholders together, are too challenging to be developed without strong local authority involvement, either through direct development or through a formal partnership mechanism like a joint venture.

Changing the Council's operating model in relation to development, with the Council acting in a more strategic role as a developer of assets, would enable additional housing to be brought forward which would not otherwise be possible, or would only be so with very high transactional costs.

While at an early stage of the strategy's development, with limited financial and design information available about identified sites, the programme has the potential to deliver an additional 1,800 homes over a period of ten years, and to renew a number of key community assets including schools and leisure centres.

## **Strategic Driver 2 – Investing in Growth to meeting the Council's Financial Challenge**

The Council faces a substantial budget gap over the coming years, estimated to be £50m by 2022/23. In response to this challenge, the Council is developing a multi-year financial strategy, which emphasises financial resilience and autonomy in the context of a prolonged decline in financial support from Government grant. The ability to 'grow the pie' will be an important component of the Council's long-term planning, and the most effective use of assets – to generate income and to reduce costs – is a key potential mechanism for this.

The Strategy recognises the potential to use the Council's asset base strategically, utilising the value of Council land and property as a consequence of its local in central-west London, to develop new housing and commercial assets and retain the income from this to reinvest in frontline services. Currently the focus is on developing our land holdings and building the Council's capacity as a developer. However, subsequent phases might include the acquisition of revenue generating assets, utilising the Council's ability to borrow at low rates of interest.

While assets can generate the Council income, there is also potential to use them for avoiding future costs and managing current demand. The Council invests heavily in specialist housing and temporary accommodation to meet its statutory duties because it recognises that this investment in early intervention and prevention enable people to retain their independence for longer, while reducing costs to the Council and other public agencies. The difference in weekly costs of placements which combine housing and support for young people leaving care is £417 per week between the core block contract and spot purchased placements, with the Council commissioning 54 units core arrangements. Assuming 50% of off-contract spend could be incorporated into the block arrangement if new housing supply could be brought online, the Council could save in the order of £500,000 per year. Subsequent iterations of the business case will explore the potential savings opportunity for earmarking a proportion of the new supply to support specialist accommodation and the site assessment and appraisal will explore the potential for

this as part of the feasibility and design stages, informed by strategic commissioning plans and needs assessments.

The size of the opportunity is significant. The initial review has identified capacity for approximately 1,800 units of housing, and substantial potential income. Our understanding of the capacity and income from specific sites is at an early stage. The sites included in the programme currently, with the exception of Flora Gardens and Avonmore, are at gateway 0 of the development process. This means that we do not have sufficient information to allocate budget to procure design teams to develop a planning brief – this is gateway 1 of the development process. This data cannot be used to plan the Council's future capital or revenue strategies, but it does give confidence that the Council should invest resources in further understanding these opportunities. There are few alternative activities the Council could pursue which would generate income to support its revenue budget, accrue additional assets, and meet another major strategic objective (in this case the delivery of additional affordable housing).

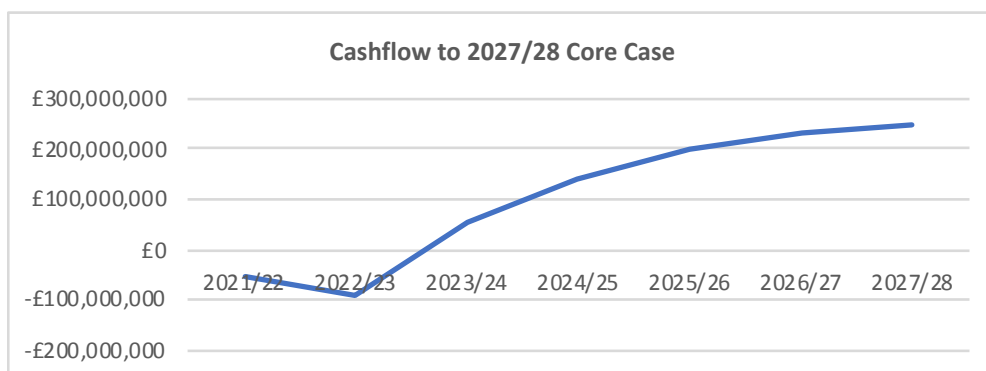
## Financial Case

### Summary

**Option 1** The Council builds the properties but disposes of them upon completion with 50% sold at Market Rate; 30% at Target Rent and 20% at Shared Ownership

	Nominal	Present Value
Project Costs (exc finance)	-£611,385,657	
Finance (Debit)	-£8,522,893	
Finance (Credit)	+£8,665,919	
<b>Total Project Costs</b>	<b>£611,242,631</b>	<b>£520,139,060</b>
Total Project Benefits	£859,133,436	£720,398,542
<b>Total Project Value</b>	<b>+£247,890,805</b>	<b>+£200,259,482</b>
<b>Benefit Cost Ratio</b>		<b>1.39</b>

The total cost of borrowing to the Council is estimated at **£8.5m** over a two-year period, based on initial costs and the assumption that receipts from sales are received immediately and can be invested in further housebuilding. If a 1% credit interest rate is applied to the surplus from Year 3, this would deliver interest income to the Council of £8.6m by 2027/28, making the overall cost of borrowing neutral.



Based on these assumptions and on the information that is available and the omission of non-housing elements the programme could deliver a benefit cost ratio of 1.39. This present value assessment assumes that all the income from sales is received from all of the units when they are sold and the sales all occur in the same year that the homes are built.

**Option 2 The Council develops and retains ownership of the homes, with 50% being Build to Rent, 30% being Target Rent and 20% being affordable rent (80% of market rent).**

	Nominal	Present Value
Project Costs (exc finance)	-£681,318,131	
Finance (Debit)	-£328,822,584	
Finance (Credit)	+£0	
<b>Total Project Costs</b>	<b>£1,010,140,715</b>	<b>£781,392,882</b>
Rental Income (to 2040/41)	£623,071,109	£400,839,564
Asset Value (2040/41)	£1,597,232,707	£775,569,728
<b>Total Project Benefits</b>	<b>+£2,220,303,816</b>	<b>+£1,176,409,212</b>
<b>Total Project Value</b>	<b>£1,210,163.101</b>	<b>£395,016,410</b>
<b>Benefit Cost Ratio</b>		<b>1.51</b>

In Option 2 the build costs are assumed to be the same as for Option 1 and the value of the retained assets in 2040/41 has been added to the cumulative rental income over the period. The cost of borrowing is considerable, as the assets will be retained. However, the value of the retained assets in 2040/41 more than offsets this, based on average annual 2% real terms house price inflation.

### Assumptions

The outline financial case is based on building the programme of 1,756 homes across twenty sites within the London Borough of Hammersmith & Fulham, with a build period commencing in 2020/21 and completing in 2027/28.

Income from the homes that are built – in the form of capital receipts from the sale of property in Option 1 and rental income from and the value of from retained properties in Option 2 in until 2040/41– is assumed to commence in the same year as buildings are completed and 100% sales/occupancy has been assumed in both cases.

The estimates are based on LSH site assessments of the costs and benefits of each site. They exclude all non-housing related components of the developments. 5% of build costs have been included to account for preliminaries and a 5% contingency allowance has been applied. Real terms house price inflation is assumed to be at 2%. Finance costs are shown as 6.5% debit and 1% credit based on the cash flow analysis. The finance costs are made up of 2.5% in interest payments and 4.0% in Minimal Revenue Provision (MRP).

### Issues for Consideration

- 1: The costs and benefit will depend on the phasing of the developments. The current estimates are based on all 1,756 homes being built by 2027/28, with a peak of 325 buildings being built in 2024/25. Homes will be occupied in the same year that buildings are complete.
- 2: Other non-housing costs and benefits will need to be considered on a site by site basis as part of more detailed business cases for each site.
- 3: The sales model involves lower borrowing risks, assuming properties can be sold at the estimated values. However, under Option 2, there are likely to be much

more significant borrowing requirements, as the Council will retain the assets. The Council needs to agree the best way of valuing the assets and establish an agreed balance between income and asset value. Currently, the MRP aims to ensure that the assets against which borrowing is made are paid off over an agreed period of time. This creates significantly cash flow challenges and, unless the value of the retained assets is included makes it difficult to make a positive case for an option where assets are retained. However, based on assumed annual real terms house price inflation of 2%, the net present value of the assets that is likely to be significant and to make the investment viable.

- 4: The two options are not mutually exclusive and it is likely that the Council will pursue a strategy that involves evaluating the merits of Options 1 and 2 on a site by site basis, in order to ensure the most effective financial benefits for the Council and social and economic benefits for the Borough.

## The Economic Case

The economic case assesses the land value uplift of the development programme and considers the wider impacts that it may have, some of which can be monetised and others which can't readily be so.

For the economic case, the existing land value has been assumed as zero, although this is unlikely to be the case and an optimism bias factor of 15% has been applied to account for risks and under-estimating development costs. Transport impacts will need to be considered and have not been included. In addition, there are likely to be other benefits, including those associated with housing vulnerable residents, a possible place-making premium and other benefits associated with open space and better public realm, for example. In addition, there are quantifiable health benefits associated with affordable houses.

Furthermore, there may be additional benefits associated with non-housing components of the site. Resident spend is not normally included in economic impact analysis, mainly because of high displacement rates. Currently no monetised values have been attached to these other impacts, apart from to the health impacts.

The tables below show the estimated Economic Impacts of the programme with and without additionality, based on an appraisal period from 2018/19 to 2027/28.

WITHOUT ADDITIONALITY - ECONOMIC CASE		
NPV OF EXISTING LAND VALUE		£0
NPV OF COSTS		£453,897,777
NPV OF HOUSING BENEFITS (BEFORE ADDITIONALITY)		£646,390,937
<b>NET PRESENT VALUE</b>		<b>£192,493,160</b>
<b>BCR</b>		<b>1.42</b>

Assuming Existing Land Values of zero and 100% additionality, the programme has a Net Present Value of £192,493,160 and a Benefit Cost Ratio of 1.42, which would be considered reasonable.



The Net Present Value of the programme is highly dependent on house price inflation. If real terms house price inflation is assumed to be 5%, instead of 2%, the Net Present Value of the programme increases to £420,615,712 and the Benefit Cost Ratio to 1.94. However, if house price inflation is assumed to be 0%, the Net Present Value of the programme reduces to £73,092,691 and the Benefit Cost Ratio to 1.16.

### With Additionality Applied

Additionality is usually applied to all developments, because there is always some level of displacement and deadweight associated with them.

If a 72% additionality factor is applied, the Net Present Value of the programme is £11,503,698 and the Benefit Cost Ratio is 1.03.

<b>WITH ADDITIONALITY - ECONOMIC CASE</b>		
NPV OF EXISTING LAND VALUE		£0
NPV OF COSTS		£453,897,777
NPV OF HOUSING BENEFITS (AFTER ADDITIONALITY)		£465,401,474
<b>NET PRESENT VALUE</b>		<b>£11,503,698</b>
<b>BCR</b>		<b>1.03</b>

If real terms house price inflation is assumed to be 5%, instead of 2%, the Net Present Value of the programme increases to £177,978,725 and the Benefit Cost Ratio to 1.40. However, if house price inflation is assumed to be 0% the Net Present Value of the programme reduces to -£75,043,025 and the Benefit Cost Ratio to 0.84, suggesting that the programme may be economically unviable.

### Concluding Comments

Based on the information that have been provided and the assumptions that have been made the programme could have a positive economic impact, if no additionality factor is applied. The impact is likely to be reduced if the land is given an existing value and if transport impacts are applied. However, this could be offset by applying values to other non-monetised impacts. To achieve a Benefit Cost Ratio of 1.5, these would have to have a value that is equivalent to £215 million if no additionality factor is applied and £34 million if a 72% additionality factor is applied.

## The Commercial Case

In light on the strategic case, the commercial strategy is designed to balance objectives. The first is to maximise the potential for ownership and financial benefit, with the Council receiving revenue in excess of operating costs and an asset that will accrue in value overtime. This will need to be balanced against the strategic driver to deliver new affordable housing at pace.

This means that the Council will adopt a mixed economy, developing a bespoke delivery strategy for each site which balances direct financial return to the Council with speed of delivery.

Where financial returns are limited, or the number of units is small, this would favour partnership with a housing association who could deliver sites quickly and take developments risk in return for ownership. Where there is greater complexity, and or the financial returns are greater then direct delivery by the Council or through a directly owned company is likely to be the best option. This is because the involvement of a partner creates an additional transaction cost.

The Council already has a housing company, established as delivery mechanism for existing committed schemes. It may be possible for the Council to adapt this vehicle to achieve the benefits the strategy is designed to achieve, or it might require the Council to set up an additional entity. At this stage, the SOC seeks approval of the case for change, the identification of an outline programme, and a set of principles for delivery. Over the course of the next six months, the Council will need to define a detailed delivery strategy which can inform operational decisions about how sites will be delivered. This will require professional advice, and engagement across services, corporate finance, legal, procurement and the Council's development division to establish a framework for assessing different options, and a framework for decision-making at programme and schemes level. Detailed below are a set of high-level criteria the Council might apply to asses delivery options, including joint ventures and wholly owned companies.

### High level assessment criteria

- Set up costs
- Ability to maximise affordable and social rent housing over other tenures
- Ability to control development outputs e.g. housing, community facility
- Ability to create revenue for the Council's general fund
- Tax liabilities
- Ability to contribute to wide social and economic objectives of the Council e.g. employment, homelessness reduction, education and skills
- Ability to maximise the Council's ability to strategically shape an area

The commercial case will be developed over the next six months, alongside a clear routemap for delivery routes. This will be presented in the proposed January 2020 Cabinet report which will update the SOC.

## The Management Case

The Strategy will be a significant programme, with substantial financial and development risk. It is also a new operating model for the Council, with the adoption of a commercial approach to the use of its assets with the express objective of generating income to support its revenue budget. As such, the programme requires a rigorous framework for strategic oversight and management controls. The management case describes the primary means of managing development and financial risk. These are:

- I) Governance – the way the Council provides oversight of activity to ensure it aligns with its overall strategy, is delivering against agreed milestones, and is delivering the proposed benefits which justify the strategy
- II) The development gateway process – the process by which the Council makes structured and transparent decisions about different stages of the development process to minimise abortive costs and to reduce development risk
- III) Economic and financial assumptions – the basis on which the Council makes decisions about whether there is sufficient justification for schemes to progress between different development gateways, and which require the release of funds

The gateway process and the economic and financial assumptions are currently a direction of travel. These will be finalised through the newly established Development Board (detailed below) and will be noted in future planned iterations of the business case.

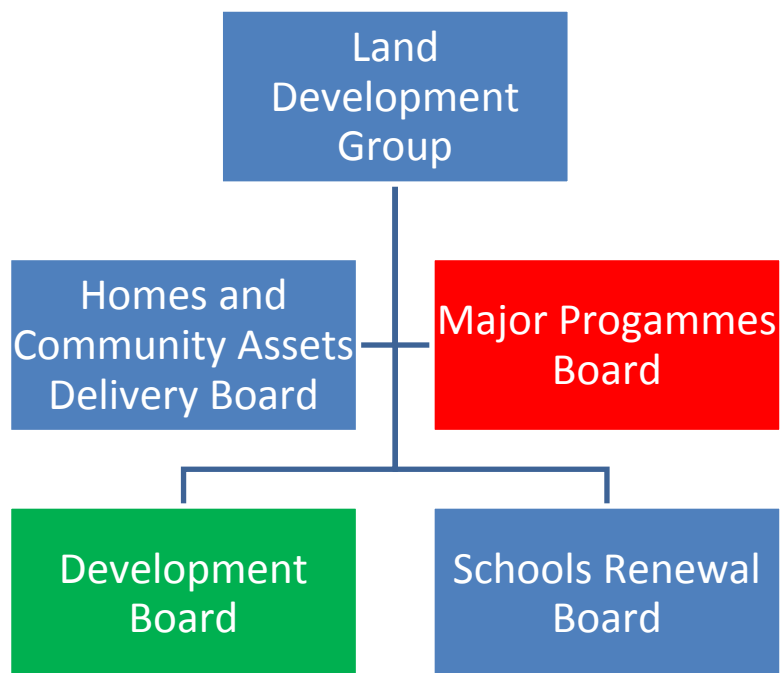
### Governance

The governance arrangements for the programme are designed to provide strong strategic and political oversight and a clear approach to managing financial and development risk. The diagram below, sets out the approach and table 3 describes high level terms of reference for each group.

The Land Development Group (chaired by the Leader of the Council) provides overarching strategic and political oversight of the programme, while the Home and Assets Delivery Board (chaired by the Assistant Director for Growth) is responsible for managing the programme, ensuring milestones are met and risks and dependencies are managed.

The Development Board is responsible for managing the gateway process described in the section below. The Schools Renewal Board is primary governance for schemes pertaining to the school estate, recognising the need for discrete governance for a major component of the programme.

The Major Programme Board (provides corporate oversight of the strategy, with independent monitoring of progress, risk and dependencies by the Council's programme management and assurance function.



Group	Terms of reference (as relevant to the Building Homes and Communities Strategy)
<b>Land Development Group</b>	<ul style="list-style-type: none"> <li>• Strategic oversight of use of the use of land and property in the Council's General Fund and Housing Revenue Account</li> <li>• Member oversight of the Building Homes and Community Assets Strategy</li> </ul>
<b>Building Homes and Communities Assets Delivery Board</b>	<ul style="list-style-type: none"> <li>• Primary governance for the delivery programme</li> <li>• To ensure programme milestones are met and managed</li> <li>• To support and challenge the develop of the business case for the strategy as it progresses from an outline strategic case to a full business case</li> <li>• To provide guidance and advice on resourcing.</li> <li>• To manage strategic risks in relation to the programme</li> </ul>
<b>Major Programmes Board</b>	<ul style="list-style-type: none"> <li>• Corporate oversight of major programmes with strategic and financial implications for the Council</li> <li>• Independent monitoring and critical challenge of progress, risk, budget, and benefit realisation</li> </ul>
<b>Development Board</b>	<ul style="list-style-type: none"> <li>• To determine whether individual schemes have met the relevant threshold to progress through development gateways and release agreed budget</li> </ul>
<b>Schools Renewal Board</b>	<ul style="list-style-type: none"> <li>• Primary governance for the development of the school renewal programme</li> </ul>

	<ul style="list-style-type: none"> <li>• To develop the strategic and financial business case for the programme and for individual schemes</li> <li>• To develop a programme and delivery timetable for prioritised schemes and manage progress against agreed milestones</li> <li>• To develop an exemplary approach to scheme design and stakeholder engagement which involves children, staff, governors and the local community at all stages in a spirit of co-design and co-production</li> <li>• To consider wider opportunities beyond initially prioritised schools as appropriate</li> </ul>
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### Gateway Process

Development activity the Council is involved in is a mixture of directly procured developments where the Council is leading, joint ventures and through our housing association and other partners. An agreed approvals process provides due diligence on all new opportunities and ensure that all schemes are signed off at various stages in their development.

Any budgetary requirements and finance programme planning can be agreed, delegations and cabinet approvals needed identified, and to ensure any potentially abortive costs are understood and have the necessary budget.

The main decision-making body will be the Development Board. This Board is chaired by the Strategic Director for the Economy and includes the Strategic Director, Finance and Governance. Its role is to review and sign off the scheme (with any additional requirements), it is then approved by the Strategic Director for the Economy, before moving towards any other necessary approvals in line with the Council's constitution and financial regulations (e.g. CMB, Cabinet).

All schemes will need to be signed off as they pass through the main gateways of development:

Gateway 0	Approval to proceed	Opportunity identified, approval to proceed noting resources and investment required to proceed
Gateway 1	Strategic Outline Business Case	Approval to procure and appoint consultant team
Gateway 2	Outline Business case	Approval to submit planning application
Gateway 3	Final Business Case	Approval to enter into contract
Gateway 4	Completion	Review at both completion and final account, to include lessons learned

The detailed process, setting out required input and outputs is in development. The final process will be considered and approved by Development Board included in a proposed report to Cabinet in January 2020 which will update on the progress of the Building Homes and Communities Strategy, and revise and update the business case.

### **Economic and financial assumptions**

Development is a process which has inherent risk and requires a clear and consistent basis on which to make decisions. The gateway process described above can only be effective if there is a corporate understanding of the basis for a scheme's viability. Decisions on what types of development schemes progress from feasibility stage to the point at which the Council invests in them need to be based on sound assumptions and good information.

For developing local authorities and housing associations, it is industry practice to use a range of development appraisal assumptions and scheme acceptance criteria (hurdle rates) to inform decisions on how best to invest limited resources in new housing. Benchmarking these assumptions is a useful way to help establish baselines as a guide for decision-making as it allows comparison with organisations faced which face similar investment choices. This provide a framework in which the Council can make decisions. However, any framework needs to be tailored, and agreed in the context of its own strategic objectives, appetite for risk and financial standing. These assumptions, alongside the development gateway process, is a key foundation for the Council to become a developing authority, enabling it to assess and manage the risk associated with development in order to benefit from the rewards associated with it.

While the Council is currently involved in development, both directly and in partnership, which involves a set of assumptions, these are not consistent, nor have they been formally ratified as part of a systematic approach.

As part of the development of the Building Homes and Communities Strategy, initial work to benchmark the Council's existing development appraisal assumptions and hurdle rates has been commissioned from expert advisors. These compared the Council's key development appraisal assumptions and hurdle rates used to appraise recent schemes against an industry dataset and expert understanding of the market.

Analysis from the Council's advisors has found that the Council generally had a set of assumptions that are either broadly in line with, or slightly more complete than the dataset median position.

The Council currently requires schemes to generate a net surplus from year 1 post completion to mitigate adverse impacts on its Housing Revenue Account (HRA). In practice, and for appraising future decisions, this sets a very high threshold which is out of step with other developing organisations. In addition, while the hurdle rate allows the local authority to focus on the risks and impacts of potential developments on its HRA business plan and helps ensure that rental income covers operating

costs and the cost of borrowing, there is a case for assessing schemes on a range of other measures. These might include other longer-term 'market standard' measures (such as Net Present Value) and value for money measures (such as cost to value). This could provide a rounded assessment of development viability and account for measures that other established developing organisations are likely to consider.

Further work is ongoing to finalise and agree a full suite of key performance indicators, informed by corporately agreed assumptions. Given the centrality of this to the proposed gateway process, these will be agreed through the Council's Development Board, which will receive a recommendation from the Building Homes and Communities Delivery Board. The agreed assumptions and benchmarks will be included as part of the revised business case in the proposed update to Cabinet in January 2020.

## Appendix B


### Schemes approved for early design stage and resident consultation

	GF or HRA	Status	Units	RIBA 0&1	RIBA 2	RIBA 3	RIBA 0-3
Flora Gardens School	GF	Approved	86	£ 451,500	£ 376,250	£ 677,250	£ 1,505,000
Avonmore Primary School	GF	Approved	70	£ 367,500	£ 306,250	£ 551,250	£ 1,225,000
<b>GF Approved Sub total</b>	<b>GF</b>	<b>Approved</b>	<b>156</b>	<b>£ 819,000</b>	<b>£ 682,500</b>	<b>£ 1,228,500</b>	<b>£ 2,730,000</b>
White City Estate	HRA	Approved	282	£ 864,000	£ 720,000	£ 1,296,000	£ 2,880,000
Old Laundry Yard	HRA	Pending	62	£ 390,000	£ 325,000	£ 585,000	£ 1,300,000
<b>HRA Approved Subtotal</b>			<b>344</b>	<b>£ 1,254,000</b>	<b>£ 1,045,000</b>	<b>£ 1,881,000</b>	<b>£ 4,180,000</b>
	GF or HRA	Status	Units	RIBA 0&1	RIBA 2	RIBA 3	RIBA 0-3
General Fund	GF	N/A	807	£ 2,165,958	£ 3,248,937	£ 8,890,338	£ 14,502,938
Housing Revenue Account	HRA	N/A	468	£ 1,484,119	£ 2,226,179	£ 4,763,991	£ 8,474,269
<b>Total for all schemes</b>			<b>1275</b>	<b>£ 3,650,077</b>	<b>£ 5,475,116</b>	<b>£ 13,654,329</b>	<b>£ 22,977,207</b>

Cabinet has provided approval that Flora Gardens and Avonmore Schools can be progressed to design stage and committed budget for a multi-disciplinary team, including a Client Design Advisor to work with the school and local community. Further decisions will be required for planning and before entering into a contract for construction work.

All schemes are at an exploratory stage and substantive progress will rely on engagement and consultation with residents and other local stakeholders.



<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>1 JULY 2019</b></p>	
<p><b>COMMUNITY ASSET TRANSFER</b></p>	
<p><b>Report of the Deputy Leader – Councillor Sue Fennimore and the Cabinet Member for Finance &amp; Commercial Services – Councillor Max Schmid</b></p>	
<p><b>PART EXEMPT:</b>  <i>Appendices 1 &amp; 2 of this report are currently part exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a 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.</i></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes.</b></p>	
<p><b>Consultation</b>          Finance, Legal, Equality, Commercial procurement; ICT, Economic Development Community Investment, Risk Management, and Property sections.</p>	
<p><b>Wards Affected: Ravenscourt Park</b></p>	
<p><b>Accountable Director: Jo Rowlands, Strategic Director of Growth, and Place.</b></p>	
<p><b>Report Author: Nigel Brown</b>, Head of Asset Strategy, and Portfolio Management.</p>	<p><b>Contact Details:</b>          Tel: 0208 753 2825          E-mail: <a href="mailto:nigel.brown@lbhf.gov.uk">nigel.brown@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report requests approval for the community asset transfer of the freehold interest in respect of Grove Neighbourhood Centre, Bradmore Park Road, W6. This freehold community asset transfer is a continuation of the programme commenced by H&F in 2016.
- 1.2 The Council's Business Plan 2018-2022 sets out how community owned assets can help with sustainable growth run by local organisations for the benefit of local residents. Dynamic and well-run community buildings can be

the bedrock for local communities, housing a wealth of support services upon which neighbourhoods can (1) develop and thrive; and (2) local citizenship and engagement can be strengthened.

- 1.3 This report outlines a proposal for the Council to consider a freehold transfer at nil consideration and full options are outlined in section 5 of this report and in the exempt Appendices 1 and 2. In previous community asset transfers, similar appendices were provided as exempt documents.

## **2. RECOMMENDATIONS**

- 2.1 That Cabinet approve the surrender of the current lease granted to Grove Neighbourhood Centre, Bradmore Park Road and to agree a community asset transfer of freehold interest.
- 2.2 To delegate to Strategic Director, The Economy in consultation with Cabinet Member for Finance and Commercial Service as well as Assistant Director of Law to agree to the legal property transfer document to be completed.

## **3. REASONS FOR DECISION**

- 3.1. The driver for this decision is that the Council is committed in the long-term availability and sustainability of community assets now, and into the future by
- guaranteeing local communities and facilities thrive and offer the best possible services and support to residents and at the same time, consider alternative arrangements under which these assets can be best managed
  - ensuring those with the right skills, expertise and experience are entrusted with this vital role.
- 3.2. Grove Neighbourhood Centre (GNC) are amongst a handful of H&F community and voluntary organisations established in the Borough which are providing local services without access to public sector funding. The wider community and voluntary sector have targeted three pillars to their sustainability and these are (1) lever in additional funding to support the development of local services, (2) to build on their innovative and creative approaches to meeting local needs, and (3) support the development of their capacity and skills to provide positive community outcomes from a grassroots level.

GNC's main source of income stream comes from the hiring of the halls and letting of rooms on an ad-hoc basis to a few 3<sup>rd</sup> sector organisations including individual private businesses. GNC also receives financial support from other numerous local businesses and personal donations. The project is designed and tailored for residents of Hammersmith & Fulham and for mature citizens and includes people in need of care and support locally. The centre is also used as a drop in surgery for local ward members too.

- 3.3 H&F granted a long lease to GNC in 1983 for a one-off capital premium of £23,500 for the new building. GNC pay a peppercorn rent and are responsible for all maintenance and repair as well as the running of the centre. The lease is currently 63 years unexpired. A plan of the property and its location is shown in Appendix 3. The centre is a reasonable state of repair but GNC are keen to modernise parts of the centre as part of a long-term vision to reflect wider use of the centre from different local community groups, uses and age groups. H&F and GNC have conducted discussions to explore a community asset transfer. The different options and their associated opportunities and risks as outlined by H&F officers are outlined in the exempt Appendix 1.

#### **4. PROPOSAL AND ISSUE**

- 4.1 The proposal is to agree a surrender of the current lease to GNC and undertake a freehold transfer of the asset to GNC. The Council and GNC are both committed to ensuring community use of the centre is protected so safeguards and title transfer restrictions have been included. The Council has undertaken similar community asset transfers since 2016 and the same freehold legal transfers are being proposed.
- 4.2 The community centre is a General Fund asset and is not adjacent to HRA housing stock. Grove Neighbourhood Centre is opposite the new Quakers House building being constructed on Bradmore Park Road.

#### **5.0 OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1 As with other community asset transfers, officers have explored options available to the Council and this also takes on best practice by MHCLG on community asset transfer. These options are set out **in the exempt Appendix 1** with the two main proposals listed as follows;
- (i) Long leasehold option. To extend the terms in current lease from January 1983 for up to another 125 years at nil consideration. To modify the existing restrictive user and alienation clauses in the lease to permit GNC to hire out space no more than 45% of the total floor area for commercial ancillary uses. (Similar to other asset transfers H&F have agreed).
  - (ii) Freehold transfer option. To transfer the freehold of the property to GNC at nil consideration with pre-emption rights. There will be a legal charge which stipulates the building must in its entirety be retained for community use
- 5.2 Offering GNC an extended lease e.g. 125-year term may not provide the adequate comfort required to fully satisfy the organisation's long terms aims and aspirations, particularly as they do not want to be tied with any leasehold interest with the Council. Whilst National Lottery funding has traditionally supported capital and revenue funding for leases less than 30 years, most funding and grants that GNC will seek to lever in are likely to be more supportive of freehold ownership by a community group.

- 5.3 If GNC did not own the freehold of the asset, it can still access some external grant funding but experience from previous asset transfers is a freehold asset transfer does maximise commercial and grant funding obligations.
- 5.4 In the unlikely event, GNC were to cease as an organisation then provisions are in place under the freehold transfer for the asset to return to H&F at a nil cost. The Council is working with GNC so they can gain access to external funding but this must not impinge on the Council's core principle to keep the asset as a local community asset for residents.

## **6.0 CONSULTATION:**

- 6.1 GNC have discussed the various options with their Management Committee and prefer a freehold transfer. There has been no formal consultation with end users for this asset transfer but GNC is planning to work on a robust business plan to ensure they balance providing services for their clients and secure fund and resources to deliver their service.
- 6.2 An overview with the advantages and disadvantages of each option including the financial implications are contained in the exempt Appendix 1 (options and risk appraisal).

## **7.0 EQUALITY IMPLICATIONS**

- 7.1 As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the transfer of the freehold of these premises to GNC.
- 7.2 Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 The Council has power to dispose under Section 123 Local Government Act. There is a requirement under this Section, that property be disposed for best consideration that can reasonably be obtained. This Act also outlines where a disposal or assets are sold below market value – the community asset transfer proposed in this report falls under this remit.
- 8.2 The Council may utilise one of its general consents under the Local Government Act 1972 which permit disposal at undervalue up to £2 million. The Council's external property value has confirmed the undervalue is £29,000 and therefore this allows a general consent to be granted and there will be no requirement to seek formal consent from the Secretary of State.
- 8.3 Implications verified/completed by: (Rachel Silverstone, Senior Property Solicitor, 0208 753 2210).

## **9 FINANCIAL IMPLICATIONS**

- 9.1 The subject property was leased to the Grove Neighbourhood Council in 1983 at a peppercorn rent. A one-off premium was paid as a consideration at the commencement of the lease. The Council receives no other income on the existing lease of this property.
- 9.2 The council does not pay grant to GNC and they have been responsible for all cost relating to the running and maintenance of the property. If the Council did not proceed with the freehold option, then if GNC did not maintain the property, the Council may need to use its lease powers to step in to undertake emergency capital works and this would impact on the Council's planned corporate maintenance programme. As the current lease requires all maintenance and repair to be undertaken by GNC the Council will not benefit from any savings from property expenditure if the property is maintained. The Council does levy a charge for building insurance estimated at £1,055 for 2019/20 and the GNC would need to bear this cost.
- 9.3 As a community asset transfer the Council will not receive a capital receipt for the transfer of this property as it will be transferred at nil value. This therefore reduces the potential capital resources available to the Council for other capital investment and priorities.
- 9.4 Any cost including legal and professional charges relating to the transfer of the freehold interest will be borne by GNC.
- 9.5 Implications completed by Gary Hannaway, Head of Finance, Tel: 02087536071.
- 9.6 Implications verified by Emily Hill, Assistant Director, Corporate Finance, Tel: 020 8753 3145.

## **10 IMPLICATIONS FOR BUSINESS**

- 10.1 GNC may expand their services from the property so additional suppliers from local business could benefit from this.
- 10.2 GNC will collaborate with the Economic Development Team and their local supply chain initiative to use local small and medium size enterprises where appropriate.
- 10.3 Implications verified/completed by: Albena Karameros (Economic Development Team). Tel/mobile number - 07739 316 957.

## **11 COMMERCIAL IMPLICATIONS**

- 11.1 There are no procurement related matters associated with this report as property related transactions are outside the scope of the Public Contracts Regulations 2015 (as amended).

- 11.2 The Council does not receive rent from GNC under the current arrangements. Therefore, this does not currently represent a source of income for the Council.
- 11.3 However, this asset could represent a potential source of income, after the expiry of the current lease terms to GNC in 64 years' time. This potential source of income to H&F will cease once the asset is transferred to Grove Neighbourhood Council.
- 11.4 Implications verified/completed by:( Andra Ulianov, Procurement Consultant, tel. 020 8753 2284).

## **12 IT IMPLICATIONS**

- 12.1 There are no direct IT implications contained in this proposal as there is no IT infrastructures or equipment at the property.
- 12.2 Implications verified/completed by: Veronica Barella, Chief Information Officer, Tel. 020 8753 2927.

## **13 RISK MANAGEMENT**

- 13.1 Community Asset Transfer is the transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation (such as a Development Trust, a Community Interest Company, or a social enterprise) to achieve a local social, economic, or environmental benefit.

Thousands of buildings and spaces across England, such as swimming pools, town halls, libraries, and parks, have all been taken on and successfully managed by community organisations for the benefit of their local community. GNC will also provide services to the local community and the transfer will contribute positively to H and F Values and our Priorities.

There are several legal options for Community Asset Transfer, but most tend to be long term leasehold arrangements or a freehold transfer to enable external funding to be secured.

Community assets can help local organisations to develop a thriving and diverse civil society and promote long-term economic resilience in their neighbourhood. GNC will be fully liable for all property compliance and health & safety matters and are aware of their obligations.

- 13.2 Implications verified by: Michael Sloniowski, Risk Manager, tel: 020 8753 2587.

## **14.0 PROPERTY IMPLICATIONS**

- 14.1 Full property comments are outlined in the report above.

However as outlined in section 8.2 of this report, an external valuation is being commissioned from a property consultancy who has provided asset transfer valuation advice on best consideration in accordance with s123 Local Government Act 1972. A valuation has been undertaken as procured by the Council's property team and this reports the under value is less than £ 2 million and therefore local authority can grant general consent without the need for a formal application to Secretary of State. The professional costs/fees associated with the freehold transfer of the property will be borne by GNC.

14.2 Ade Sule (Valuer) Corporate Property Services, tel. 02087532831.

## 15.0 IMPLICATIONS PARAGRAPHS

15.1 *A risk assessment has been undertaken and outlined in the exempt Appendix 1 taking on board CLG guidance on Asset transfers. A regular H&F /BCP group meet regularly to ensure all risks are known and are actions taken to reduce their impact. Risk analysis is also shown in the exempt **Appendix 1**.*

## 16.0 BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1	CLG Managing Risk in Asset Transfer - <i>PUBLISHED</i>	CLG publication 2008.	
2	Community Asset Transfer Cabinet Report October 2016 - <i>PUBLISHED</i>	Kim Dero/Sue Spiller	

### LIST OF APPENDICES (exempt):

Appendix 1: Options and risk appraisal – attached to the exempt part of the report.

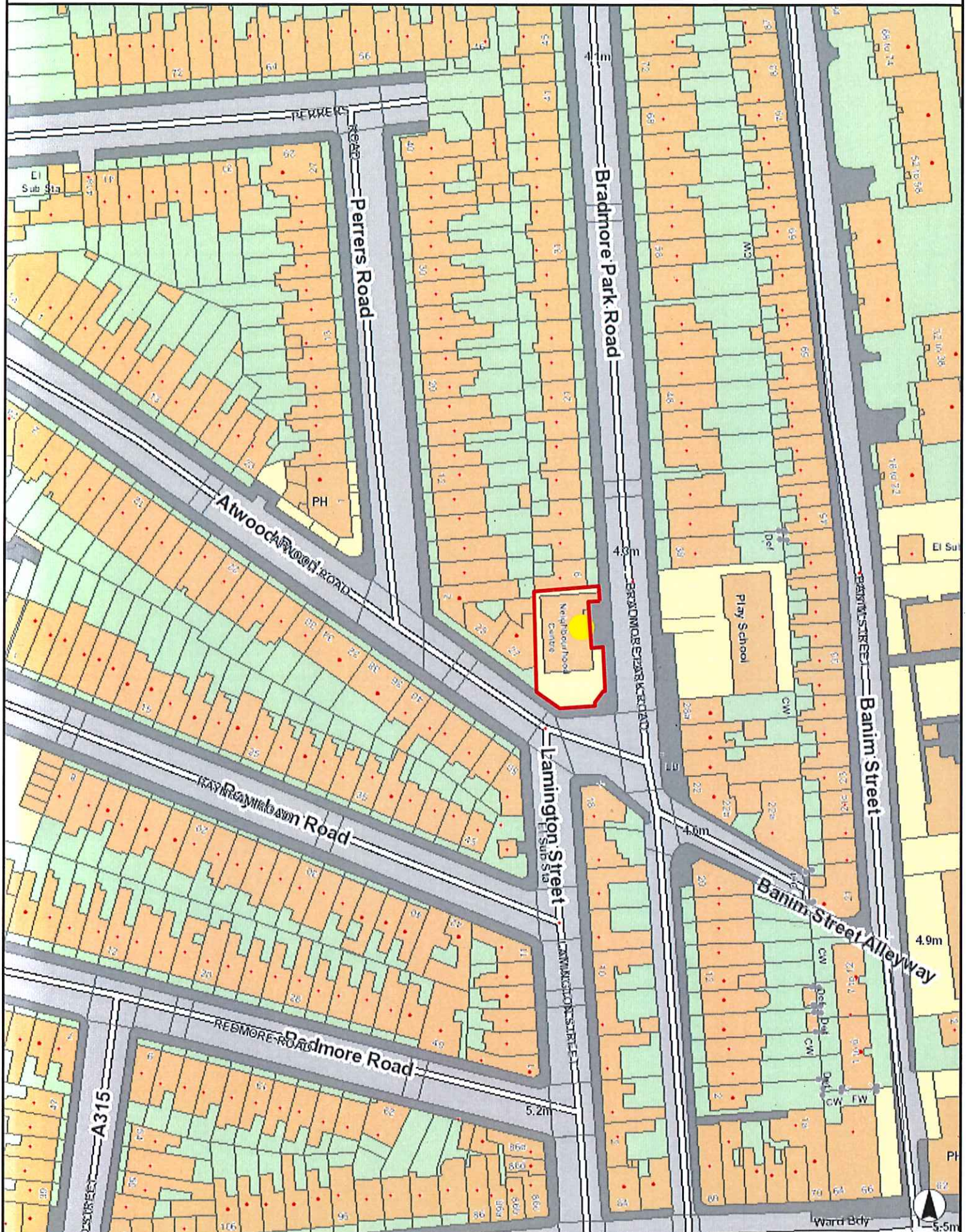
Appendix 2 (a) Exempt Proposed Heads of Terms and conditions to be granted to GNC as a freehold transfer.

### LIST OF APPENDICES (open)

Appendix 3: Location map of the Property (not exempt).

# London Borough of Hammersmith & Fulham

Grove Neighbourhood Centre , 7 Bradmore Park Road London W6 0DS ( Appendix 3)





<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>1 July 2019</b></p>		
<p><b>OLD LAUNDRY YARD, SHEPHERDS BUSH</b></p>		
<p><b>Report of the Cabinet Member for the Economy – Councillor Andrew Jones</b></p>		
<p><b>Open Report with Exempt Appendices</b>  Appendix 3 and 4 are exempt from disclosure on the grounds that it contains information relating to the <b>financial or business affairs of a particular person (including the authority holding that information) under paragraph 3</b> 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><b>Classification - For Decision</b>  <b>Key Decision: Yes</b></p>		
<p><b>Consultation:</b>  Equalities, Legal, Finance, Business, Commercial, IT, Risk, Property</p>		
<p><b>Wards Affected:</b> Shepherds Bush Green</p>		
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director for The Economy</p>		
<p><b>Report Author:</b>  David Burns, Assistant Director – Growth</p>	<p><b>Contact Details:</b>  Tel: 020 8753 6090  E-mail: <a href="mailto:David.Burns@lbhf.gov.uk">David.Burns@lbhf.gov.uk</a></p>	

## 1. EXECUTIVE SUMMARY

- 1.1. This report sets out the rationale for progressing a planning application at the Old Laundry Yard site in Shepherds Bush and entering into a development management agreement with U+I Ltd to submit the planning application as part of a joint application with U+I's adjoining site, and for U+I manage any development going forward.
- 1.2. It seeks approval for a budget of £1.3m for professional fees and project management costs to submit planning permission in partnership with U+I for the development of the Old Laundry Yard for residential housing and the commercial units (on land owned by the Council) and commercial units (on land owned by U+I's special purpose vehicle Orion Shepherds Bush (Market) Ltd).

- 1.3. It also asks Cabinet to allow the Council to enter into the draft Heads of Terms that will form the basis of a development management agreement with U+I, which will govern the relationship between the Council and U+I.
- 1.4. A feasibility study has identified that, subject to planning (and the Council approving the masterplan), the Council owned land can accommodate approximately 62 new homes, with a minimum of 50 per cent affordable housing, together with 7,000 square feet of affordable commercial space. The land owned by U+I can accommodate, subject to planning, up to 145,000 sq. ft of commercial/office space including new affordable workspaces and studios, of up to 26,000 sq. ft.

## **2. RECOMMENDATIONS**

- 2.1. That Cabinet approves a budget of up to £1.3m funded from HRA borrowing for the Council's share of the Old Laundry Yard professional fees to enter into a Development Management Agreement with U+I and submit a planning application and the associated costs.
- 2.2. That Cabinet approves the set-aside of HRA reserves of £1,300,000 to mitigate the risk of potential write off of capital costs should the scheme not proceed.
- 2.3. That Cabinet agrees to waive the usual tendering requirements of Contract Standing Order 10 pursuant to the procedure in CS03 on the grounds that the circumstances are covered by legislative exemptions, to permit the direct award of the Development Agreement.
- 2.4. That the Council enters into the Heads of Terms and Development Management Agreement with U+I or any subsidiary company guaranteed by U+I, which are required to facilitate the delivery of the Old Laundry Yard.
- 2.5. To delegate authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for the Economy and the Arts and the Assistant Director of Legal and Democratic Services, to finalise and complete negotiations with U+I in order to give effect to the decision in 2.3 above.
- 2.6. Resolves that the area of land at Old Laundry Yard, Pennard Road referred to in this report and shown edged red, coloured yellow on the plan at Appendix 1 is no longer required for the purpose for which it is currently held in the HRA.
- 2.7. To approve in principle the appropriation of the area of land as shown edged red at Appendix 1, for the planning purposes of facilitating redevelopment for residential and other uses pursuant to section 122 of the Local Government Act 1972 which will enable the Council to override easements, covenants and other third party rights in respect of the land pursuant to section 203 of the Housing and Planning Act 2016 and note that final approval will be subject to a further report demonstrating that the requirements set out in the legal implications section having been satisfied.

### **3. REASONS FOR DECISION**

- 3.1. To enable the long-term redevelopment of the Council owned Old Laundry Yard site for residential homes and commercial uses.
- 3.2. To enable a planning application to be submitted for the development of private and affordable housing, affordable workspace, commercial and office space

### **4. PROPOSAL AND ISSUES**

#### **Background**

- 4.1. The Council owns the Old Laundry Yard (OLY) site that sits to the east of the Shepherds Bush market, with the only access via Pennard Road. This is shown coloured yellow on the attached plan (Appendix 1).
- 4.2. The properties along Pennard Road form part of the Shepherds Bush Conservation Area and those along Lime Grove are designated as part of the Coningham and Lime Grove Conservation area. Pennard Road mansions and the former Shepherds Bush Library to the north and south of the site are both identified on the Council's Register of Buildings of Merit.
- 4.3. The OLY site is currently leased to U+I for meanwhile uses – and is occupied by affordable start-up studio space for biotech focussed innovators (Open Cell), entrepreneurs and community space until 2020, on the basis of a temporary planning permission. U+I's special purpose vehicle Orion Shepherds Bush (Market) Ltd (OSBL) owns the site to the south of the Council site as well as the market (with TfL).
- 4.4. U+I have approached the Council with a proposal to jointly develop their sites and the Council's OLY site for a mixed-use development of residential and commercial uses. U+I also have control of the market site and so are able to provide the necessary rights of access which are required for the development and use of the OLY site for residential and commercial purposes.

#### **Proposal**

- 4.5. The proposal is for the Council and U+I to enter into a development management agreement (DMA) for the submission of a planning application on both sites, and the development management of construction through to completion. In any development, the Council and U+I will retain their separate land ownerships.
- 4.6. Under the proposed appointment, U+I will provide the full DM service for the joint development, and the Council will pay its share (i.e. for the OLY site only) of the DM service and professional fees through the whole of the development. This arrangement will be governed through a development management agreement (DMA) between the Council and U+I.

- 4.7. The Council will only pay U+I for DM services once the DMA has been signed. It is anticipated that it will take a further 12 weeks to finalise the agreement if Cabinet approval is granted. The Council will need to commission and pay for its own legal and valuation fees circa £80,000 while the DMA is being negotiated. These fees are included in the recommendation 2.1.
- 4.8. The Council will ensure that U+I as DM is getting value for money in the appointment of the consultants and contractors that will be used in the development, through its role as client and controls placed in the DMA. U+I have appointed Gardiner and Theobald to provide advice on their procurement strategy confirming the appointments represent value for money. See Exempt Appendix 3 for this report.
- 4.9. The DMA will be based upon the HOTs (Exempt Appendix 4) but will set out in greater detail the services to be provided. The services span the whole of the development process, from consultation and planning to construction and completion of the new residential and commercial properties. It will include a project plan and timetable with cashflows that show drawdown profiles for the professional fees. It also provides a detailed specification for the DM and other professional services, setting out milestones for consultation, planning, procurement, construction and completion. There will be termination rights for the Council in the event that milestones are missed and/or are not rectified within reasonable time, ensuring that (amongst other things) the Council will not be obligated to incur further costs if the masterplan cannot be agreed.
- 4.10. The Council will be fully involved in approving the masterplan of the joint site, ensuring the submitted planning application achieves the Council's objectives. The DM role will provide the support services but the Council will, subject to achieving planning and further Council and Cabinet authority, approve a capital budget for the scheme and procure a contractor to build the new homes and affordable workspace on its land.
- 4.11. The Heads of Terms set out terms on which the two parties will work together to develop the design of the comprehensive development and seek to obtain planning permission and subsequently to develop out the site together. They require both parties to review the viability of their respective schemes should planning permission be obtained. This allows for both parties to review before commencing if there are changes in market conditions. It also to allow further approvals to be sought in line with the Council's Constitution, Financial Regulations and Contract Standing Orders once the full development costs are known following a tender process.
- 4.12. The Heads of Terms set out the following key protections for the Council:
- A further viability assessment can be made once planning permission is granted that enables the Council to return to Cabinet and Council for approval to proceed with a fully costed scheme
  - The Council can terminate at any stage where key milestones are not met, this includes submission of the planning application

- If planning permission is granted for a joint scheme U+I will be required to give the Council access over their land although they are not compelled to build their site out
  - If the Council decides not to build their scheme out following grant of planning approval, access through the U+I owned site will be granted to enable the Council to sell the site should it wish to.
- 4.13. The initial viability appraisal has demonstrated that, on current assumptions, a viable development of 62 residential homes, of which 50% are affordable, is achievable on the OLY site. Initial pre-application discussions with planners have provided a positive steer in terms of use and density.
- 4.14. U+I will work with the Council to submit a joint planning application for both sites. The Council's site could accommodate circa 62 new homes (of which a minimum of 50% to be affordable) as well as circa 7,000 sq. ft of affordable work space, but only as part of a joint scheme due to the site access restrictions.
- 4.15. To develop the site jointly will require U+I to move 20 market units, affecting 15 market trader tenants, to enable construction of the improved market entrance at Goldhawk Road. All the affected tenants will be offered alternative accommodation within the existing market during construction of the new development. A communications and consultation strategy to maximise trader and resident engagement in the process is in development. This will be developed in parallel with the U+I asset management strategy for the market.
- 4.16. The temporary nature of the meanwhile space on the OLY site (Open Cell) will also mean having to relocate the current occupants to enable the development. However, the Council will support them to find alternative accommodation.

### **Strategic links**

- 4.17. The 2018-2022 Business Plan sets out clear priorities around delivering 1,500 new affordable homes, including 500 for affordable home ownership, and to review all sites including smaller areas to use every available piece of land for housing. The Council also has London Plan commitments to deliver new housing. To support these policies, the Council has been preparing an assets and growth strategy with the objectives to:
- Increase the supply of affordable housing in line with the administration's priorities
  - Use capital resource to increase the Council's income in line with the long -term financial strategy
  - Utilise assets to help manage demand and avoid costs, for instance from specialist housing or temporary accommodation.
- 4.18. The Council's key drivers in the proposals is to use the site for much needed homes, including half at affordable levels for local residents, responding to the Council's business plan and one of the visions to build and share prosperity. It also supports the aspirations within the Council's Industrial Strategy to

collaborate across sectors with the aim to provide more job opportunities across the borough in 21<sup>st</sup> Century industries.

- 4.19. U+I development proposals are led by the following key principles:
- Provide space for the market to grow and expand with varied scales and opportunities
  - Upgrade pedestrian routes and improve and manage site permeability
  - No net loss of market space
  - New affordable workspaces and studios, up to 26,000 sq. ft.

### **Governance**

- 4.20. The Council will use a gateway process to manage the financial risk by reviewing the feasibility and the financial case before committing additional investment. This is set out briefly below, with stages 1 and 3 requiring Cabinet or Council decisions:

Gateway 0	Feasibility Stage	Identification of the Opportunity
Gateway 1	Strategic Outline Business Case	<b>Current stage</b> Approval to procure and appoint consultant team/Development Manager
Gateway 2	Outline Business Case	Approval to submit planning application
Gateway 3	Final Business Case	Approval to Procurement strategy and, Approval to enter into contract
Gateway 4	Completion	Review at both completion and final account, to include lessons learned

- 4.21. There is sufficient evidence to proceed through gateways 1 and 2 and approve initial budgets to progress towards a planning application as in recommendation 2.1. The initial budgets will be capitalised.
- 4.22. In order to manage the risk of potentially abortive costs, the HoTs set out agreed milestones. The Council is only liable to pay for the consultancy fees provided there is sufficient progress against these milestones.
- 4.23. If planning permission is granted, then the Final Business Case (Gateway 3) will come back to Cabinet and Council for approval to continue with the scheme, approval of a capital budget and to appoint a contractor in line with the Council's Constitution and Financial Regulations. At this stage there will be a fully tendered scheme and any future costs and risk would be managed.
- 4.24. Indicative timetables suggest a planning application could be submitted in Spring 2020 and the Final Business Case could be submitted to the Council for approval in Autumn 2020.

## **Long term ownership of the completed homes**

- 4.25. The current proposal will (subject to planning) deliver 62 new homes, the 32 affordable homes will be owned and let within the HRA and the 30 private homes will be sold on the open market or retained for private rent by the Council.

## **5. OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1. The alternative options and analysis for use of the OLY site have been considered and are set out below:
- 5.2. Option 1 – ‘do nothing’ retain for current meanwhile use. This option would require the Council to renew a fresh lease to U+I and obtain a renewal of the temporary planning permission for ‘meanwhile’ uses. The temporary planning permission covers both the Council and U+I land. The Council’s letting to U+I would need to be re-negotiated as the commercial return has been low and terms will need to be agreed. This is not an attractive long-term solution for the Council as it does not make effective use of the land holding and foregoes the opportunity for new housing. This option is not preferred.
- 5.3. Option 2a - disposal of land. The Council could market the site based on a title restriction for income from meanwhile uses subject to the temporary planning permission. The disposal would result in a low capital receipt and would not unlock wider delivery of new homes, modernised market stall accommodation and new business space. This option is not preferred.
- 5.4. Option 2b - The Council’s land interest could be acquired by adjoining landowners but the majority of the site (U+I land) is also land locked. It is difficult to assess how an adjoining land owner apart from U+I would want the Council’s land. U+I could acquire the land from the Council, so it re-develops the combined sites for a scheme to be delivered on their own. U+I or another developer could develop a planning application, in accordance with planning policy, but may not take into account the Council’s wider drive for a mixed-use development that is considered in consultation with residents and local traders. This option is not preferred.
- 5.5. Option 3 - Council to redevelop the land. 15 Pennard Road has restrictions both spatially, from a planning point of view, and also access/egress from a highway stance that makes it impossible for vehicles to pass over LBHF land during the construction period. This option is not preferred.
- 5.6. Option 4 – Council to redevelop in partnership with adjacent land owner U+I as per the proposal set out in section 4. The Council will retain its freehold ownership and benefit from a joint planning permission with U+I. This is the preferred option as it provides the Council with the only realistic option to build much needed new homes, of which 50% will be affordable. U+I want to work with the Council to enable a joint development with their sites and is willing to provide access through their sites if they are appointed to provide development management (DM) services.

- 5.7. As the Council's preferred option 4 may result in the market sale homes being sold on long leases the Council will be selling part of its land interest, and therefore it is required to follow Best Consideration guidelines. The Council will confirm the land is being held for regeneration purposes and therefore best value under S233 Town and Country Planning Act 1990 will be required; this may also require Secretary of State consent before any homes are sold on the open market.

## **6. CONSULTATION**

- 6.1. A full and detailed consultation will be carried out with market traders and local residents as the planning application is developed.

## **7. EQUALITY IMPLICATIONS**

- 7.1. It is not anticipated that there will be any negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010, from the progression of this development proposal.
- 7.2. Implications completed by: Peter Smith, Head of Policy & Strategy, Tel. 020 8753 2206.

## **8. LEGAL IMPLICATIONS**

- 8.1. The Council has been advised by Lewis Silkin LLP on the negotiation of the Heads of Terms and the real estate aspects of the proposed transaction, and by Sharpe Pritchard LLP on the procurement aspects of the proposed transaction.

### **Appointment of U+I as Development Manager**

- 8.2. Lewis Silkin have confirmed that the Heads of Terms will form the basis of a Development Management Agreement pursuant to which the development of the OLY site will be managed by U+I, but through contractors and a professional team who will owe a duty of care directly to the Council.
- 8.3. The Heads of Terms provide the Council with the required level of control over the design and carrying out of the proposed development on the OLY site, as well as providing that U+I (as owners of the adjoining land) will be required to grant such rights over their adjoining land as are sufficient to enable the development at the OLY site to take place, and for occupiers going forward.
- 8.4. In addition, the Heads of Terms set out termination and step-in rights for the Council where U+I fail to achieve pre-agreed milestones in carrying out the development of the OLY site, or in the event of any other material non-performance by U+I.



- 8.5. The Council has agreed to pay the development costs in arrears on an ongoing basis, against evidence of costs incurred and/or progress with the development.
- 8.6. Lewis Silkin have confirmed that they envisage being able to draft and negotiate a Development Management Agreement with U+I within the timescales agreed in the Heads of Terms, on the assumption that U+I and their solicitors are fully engaged, and that the Council is able to provide instructions promptly, when requested to do so.

### **Property Issues**

- 8.7. Lewis Silkin have carried out an initial review of the Council's title to the OLY site and confirmed that they do not see any insurmountable development constraints, although this is subject to a more detailed review and any issues which may be raised by U+I and their solicitors.
- 8.8. Given that the Heads of Terms do not deal with the disposal of any interests in land owned by the Council to U+I, Lewis Silkin have advised that there is no need to advise on the Council's powers to dispose of land for the purposes of the transaction envisaged in the Heads of Terms.
- 8.9. A general power to appropriate land is conferred on local authorities under section 122 of the Local Government Act 1972 (LGA 1972). A Council may appropriate land:
  - Belonging to that Council
  - That is no longer required for the purpose for which it is held
  - For any other purpose for which it is authorised by statute to acquire land

There is no statutory requirement to advertise or consult on a proposal or decision to appropriate land under this section (unless the appropriation relates to special categories of land such as open space, common or allotment land). Local authorities must, however, adopt a conscious process to the appropriation of land, to ensure that the statutory powers under which the land was held, and the appropriation made is clear

*Legal comments completed by Anthony van Hoffen, Partner at Lewis Silkin Solicitors LLP - [Anthony.VanHoffen@lewissilkin.com](mailto:Anthony.VanHoffen@lewissilkin.com)*

*Legal comments verified by Rachel Silverstone, Senior Solicitor - [Rachel.silverstone@lbhf.gov.uk](mailto:Rachel.silverstone@lbhf.gov.uk)*

## **9. FINANCIAL IMPLICATIONS**

- 9.1. The recommendations in this report request that Cabinet approve a capital budget of up to £1,300,000 for the Council's contribution towards the Development Managers fees for taking the scheme to the point of a planning application.

## **Budget and funding requirements**

- 9.2. The intention is for the scheme to be delivered within the Housing Revenue Account (HRA) and therefore the funding will be from a combination of increasing internal or external borrowing as measured by the HRA Capital Funding Requirement (CFR)<sup>1</sup> and either Right to Buy receipts, S106 contributions and/or GLA grant funding. The Council still has time to decide on what the optimal funding strategy will be given the timing and application restrictions of each funding source therefore this will be initially funded from borrowing and any amendments will be requested from Cabinet through the Quarterly Capital Monitoring reports.
- 9.3. The interest charges incurred on any borrowing taken out to fund these (and construction) costs can be capitalised during the development period<sup>2</sup>, therefore not immediately affecting revenue budgets.
- 9.4. The expenditure will be approved by the Council, in addition it is recommended that no expenditure is committed until the Development Management Agreement is finalised. It will need to include sufficient milestones that need satisfying before the Council agrees to pay for its contribution to that milestone (i.e. payment in arrears) and progression to the subsequent milestone.

## **Appropriation of land**

- 9.5. The recommendations include the approval in principle of the appropriation of the area of land for planning purposes with final approval subject to a further report. The Old Laundry Yard site is currently within the HRA therefore if appropriated for planning purposes, a further appropriation back to the HRA will be required. Statutory accounting regulations require a notional debt adjustment to be made to reflect the appropriation of land and assets between the Council's HRA and the General Fund and vice versa, based on valuation in the financial year the transaction occurs.
- 9.6. Any appropriations may need to be carefully managed to avoid unintended revenue implications of borrowing costs on the general fund. Further legal advice is being sought on the timing/ sequencing of the appropriations required and formal valuations will be required to establish the financial implications. These will be included in full in any future appropriation decision report.

## **Implications and appraisal of full scheme**

- 9.7. If successful in achieving planning the scheme would need to demonstrate viability prior to the Council approving the progression of the full scheme and the report recommending this will need to be considered alongside a fully

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<sup>1</sup> The Capital Financing Requirement is the non-funded element of capital spend which is in respect of borrowing or credit arrangements used to **finance capital** expenditure on assets. This is not restricted to external borrowing as the council may elect to internally borrow against cash balances.

<sup>2</sup> As per International Accounting Standard 23.

costed scheme and validated appraisal model. A draft appraisal developed the Economy department officers indicates that the private housing makes a surplus capital receipt for the Council and that whilst the affordable housing has negative present value it demonstrates that net income is sufficient to cover interest costs.

- 9.8. The final assessment of viability is dependent on the final rents agreed and tenure mix in relation to the cost of construction, level of RtB/S106/ GLA funding available and applied and the cost of borrowing. All of this will need to be determined ahead of the Council approving the full scheme.
- 9.9. As set out in 4.17, the Council is developing an Assets and Growth Strategy to meet the Council's priority of delivering new affordable homes. This strategy will provide an overview and framework for Council capital investment priorities. In addition, the Council is preparing its Housing Revenue Account Asset Management Strategy to prioritise capital investment in its current housing stock. Any future decision on capital investment by the general fund and/ or the HRA will need to be made in the context of potentially competing demands for capital investment and the affordability of the revenue implications of these within available resources and may influence the potential options through which future schemes can be delivered.

#### **Financial standing of U+I and Orion/Appointment of works contractor**

- 9.10. A credit check was run on U+I and its SPV Orion Shepherds Bush (Market) Ltd on 29 April 2019 resulting in a very low and moderate risk respectively. The strong score of U+I provides sufficient re-assurance for the lower score of its subsidiary Orion Shepherds Bush (Market) Ltd.
- 9.11. There is a requirement in the HoT's that U+I are required consult with, and obtain the approval of, the Council prior to the appointment of the building contractor for the development on the OLY site so that there is an opportunity for the Council to have an input on the procurement process and make any desired checks on the financial standing of the contractors under consideration.

#### **Financial context**

- 9.12. This decision is not expected to affect the level of HRA cashable reserves as the funding requested is capital and it is not proposed to fund these from revenue reserves or contributions. The level of debt for the HRA is measured by the HRA Capital Financing Requirement (CFR) and the Capital Programme Monitor & Budget Variations, 2018/19 (Third Quarter) report that went to Cabinet on 4 February 2019 sets out that the CFR is forecast to be within prudential borrowing limits. The proposal in this report will increase the CFR by up to £1,300,000 in the HRA depending on whether RtB receipts, S106 contributions or GLA grant can be applied to reduce the HRA borrowing requirement.

## **Financial risks and mitigation**

- 9.13. There is an inherent risk with capital projects that if the scheme is not considered viable, or the scheme is aborted, the capitalised costs incurred to date must be written off as an unbudgeted charge to revenue. Therefore, should the scheme not progress the DM fees of up to £1.3m will need to be written off to revenue. The Council can elect to set aside HRA reserves for expenditure incurred until the scheme achieves planning to mitigate this risk.
- 9.14. *Implications completed by: Firas Al-Sheikh, Head of Housing Financial Investment and Strategy, Tel: 020 8753 4790.*
- 9.15. *Implications verified by: Emily Hill, Assistant Director, Corporate Finance, Tel. 020 8753 3145.*

## **10. IMPLICATIONS FOR LOCAL BUSINESS**

- 10.1 This proposal will directly affect Open Cell and their current biotech microbusinesses as well as several market stallholders. U+I have indicated that they will offer comparable temporary accommodation for these businesses. Consultation with affected businesses will be carried out and ways to mitigate any negative impact identified.

There is likely to be some disruption for the market traders in the construction stage but this will be mitigated by having a detailed construction programme and migration strategy that limits the disruption as far as possible.

There will be no opportunities for local SMEs at the design stage but there will be scope for local supply chain opportunities as part of the development.

- 10.2 *Implications verified/completed by: Albena Karameros, Economic Development Team, Tel. 020 7938 8583.*

## **11. COMMERCIAL IMPLICATIONS**

- 11.1. The author of the report is requesting Cabinet approval to directly award a development contract to U+I for the purposes of the development of the Old Laundry Yard. Cabinet is being asked to approve a sum of up to £1.3 million to cover the cost of the Council's obligations under the proposed contract.
- 11.2. The proposed contract would be considered as a public service contract under the Public Contract Regulations 2015 ("the Regulations") for which the relevant threshold is £181,302. As the total contract sum will exceed this figure the contract would be considered "regulated" and subject to the full provisions of the Regulations. The Legal Implications contained in the report detail how the proposed direct award of contract would be permissible under the Regulations.
- 11.3. Hammersmith & Fulham Contract Standing Order ("CSO") 10.2 classifies a public service contract with a value of £181,302 or greater as "High value"

and requires that if it is not possible to “call off” from an existing framework agreement a full tender in accordance with the Regulations should be conducted.

- 11.4. CSO Section 3: Waivers and Exemptions provides for the requirement to expose a service to commercial competition to be waived if one of five grounds are satisfied:

*A prior written waiver to these CSO's may be agreed by the Appropriate Persons if they are satisfied that a waiver is justified because there are circumstances which are genuinely exceptional.*

- 11.5. It is considered that the author of the report has demonstrated that there are exceptional circumstances which justify a waiver of the CSO's to allow for the direct award of the proposed development contract to U+L.
- 11.6. CSO 3.1 defines the Appropriate Persons to agree waivers with an estimated contract value of £100,000 or more as the appropriate Cabinet Member(s) and the Leader of the Council. The proposed waiver can therefore be agreed as a Cabinet report recommendation.
- 11.7. CSO 3.2 states that all waivers with an estimated value of £25,000 and more, and the reasons for them, must be detailed in a report either to the appropriate Cabinet Member or the Cabinet. This report satisfies this requirement.
- 11.8. On the basis the waiver is approved the proposed contract, as it will have a value of £100,000 or greater, must be awarded by Cabinet in accordance with CSO 17.3.
- 11.9. In the event the waiver of the Contract Standing Orders is approved, and the direct award of contract is made the award must be published in Contracts Finder, the contract between the council and U+L must be formally executed in accordance with CSO 19 and the contract details entered on capitalEsourcing.
- 11.10. *Implications completed by: Tim Lothian, Procurement Officer, 020 8753 5377*

## **12. IT IMPLICATIONS**

- 12.1 No IT implications are considered to arise from this report as sets out the rationale for, and seeks budget approval to, expend consultancy fees to progress a joint planning application with U+I at the Old Laundry Yard site (OLY). Should this not be the case, for example, by requiring new systems to be procured or existing systems to be modified, IT Services should be consulted.
- 12.2 IM implications: a Privacy Impact Assessment(s) should be carried out to ensure that all the potential data protection risks (e.g. in consulting with Goldhawk market trader tenants) around the area affected by the development are properly assessed with mitigating actions agreed and implemented.

- 12.3 Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 12.4 U+I will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.
- 12.5 *Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748*

### 13. RISK MANAGEMENT

- 13.1 As set out in the report, the most appropriate delivery mechanism for this scheme and funding terms are still subject to legal, tax and treasury advice. Changes to the current assumptions which have been made in the report and any potential changes in risks arising from the final advice will need to be considered and updated as necessary within any future Cabinet or delegated decision reports. Officers will ensure that the risk implications of any changes are fully understood. There are a number of risks associated with a project of this size and complexity. Regular project team and programme boards are used to manage risks.
- 13.2 Some of the key risks and associated mitigations, as identified by officers, are identified below:

#### Pre-Planning Risks

Risk	Impact	Mitigation
Heads of Terms/Development Management Agreement issues cannot be resolved or agreed	Delay to overall scheduled timescales  Council's interests not appropriately protected or indemnified	Continuous dialogue and communication to progress negotiations  Appropriate legal, finance and insurance input will be provided for the draft HoT/Development Management Agreement
Consultancy fees due for payment but milestones not achieved	Liable for payment but consultancy work not completed	Heads of Terms/Development Management Agreement requires milestones to be achieved before payment
Failure to obtaining a satisfactory planning Permission	Programme slips	Strong client approach in monitoring quality of work during the pre-contract period
Delays to obtaining a satisfactory construction budget	Programme slips and potential increase in costs	Strong client approach in monitoring quality of work during the pre-contract period
PR Consultation	Potential risk of disruption to PR process and disgruntled market traders	Continuous dialogue and input into the consultation process and style of the communication message

Build risk - timing and quality	Delay in delivery of the development	MDA to include LADs for the developer, which also flow through into the build contract
Construction budget cannot be met through procurement	Development cannot be funded and so cannot proceed	Opportunity to value engineer, and amend planning application so that budget can be met

The project team has identified the pre-planning risks in this project, as set out above, and sought to put in place appropriate mitigations. It is recommended that they continue to review, monitor, and escalate project risks as appropriate until the project objectives have been delivered and ensure that new risks identified are assigned to risk owners.

- 13.4 The financial implications section in this report identifies a number of key financial risks, including the viability of the project being assessed by both parties once planning permission has been secured, and the impact and treatment of abortive costs if the project does not proceed. The financial risks which will need to be closely monitored and managed and subject to regular reporting to senior management and Members.
- 13.5 If planning permission has been granted, officers will need to obtain appropriate advice regarding the viability of the scheme and make appropriate recommendations to Members in terms of progressing the project.
- 13.6 Officers will need to ensure that correct procedures are followed to make a direct award for to contract to develop the site is compliant with regulation 32 of the PCR 2015. This will mitigate the risk of potential future challenge.
- 13.7 Officers should ensure that appropriate legal, finance and insurance advice is sought on the draft Development Management Agreement to ensure that the Council is appropriately protected and indemnified.
- 13.8 Given the value and complexity of the proposed programme, officers should set out the officer and member governance arrangements which will provide project oversight and assurance and ensure that costs are appropriately controlled, and key actions taken once approvals have been confirmed.
- 13.9 Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, Tel: 020 7361 2389.

#### **14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

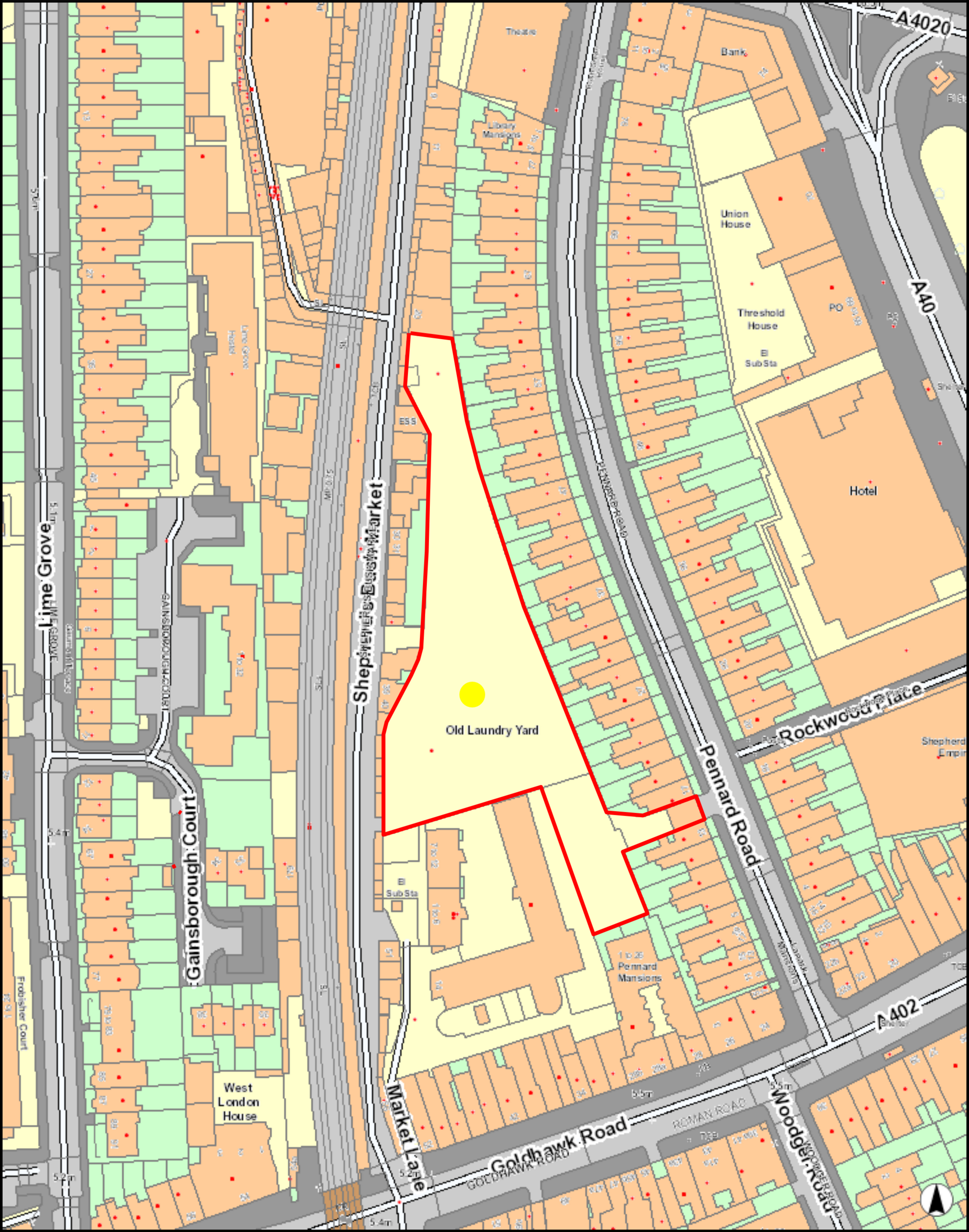
None.

#### **LIST OF APPENDICES:**

Exempt Appendix A – Exempt elements of the main report  
Appendix 1 – Existing Site Layout  
Exempt Appendix 2 – Land Ownership Plan  
Exempt Appendix 3 – Cost Consultant Report  
Exempt Appendix 4 – Draft Heads of Terms

# London Borough of Hammersmith & Fulham

## Old laundry Yard





<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>1 JULY 2019</b>		
<b>AWARD OF CONTRACT FOR THE INTEGRATED HOUSING MANAGEMENT SYSTEM</b>		
<b>Report of the Cabinet Member for Housing – Councillor Lisa Homan</b>		
<b>Open report with exempt appendix</b> Appendix A is exempt from disclosure on the grounds that it contains information relating to the <b>financial or business affairs of a particular person (including the authority holding that information) under paragraph 3</b> 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.		
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>		
<b>Other services consulted:</b> Legal, Procurement, ICT		
<b>Wards Affected:</b> All		
<b>Accountable Director:</b> Jo Rowland, Strategic Director for the Economy		
<b>Report Author:</b> David McNulty, Assistant Director, Operations, The Economy	<b>Contact Details:</b> Tel: 07867 160527 E-mail: <a href="mailto:david.mculty@lbhf.gov.uk">david.mculty@lbhf.gov.uk</a>	

## 1. EXECUTIVE SUMMARY

- 1.1 Cabinet approval was given in January 2019 for a revised procurement strategy for the integrated housing management system (IHMS). This strategy recommended the housing ICT system would be commissioned as a standalone and specialist housing system. The timetable for IHMS procurement was deferred until after the new Repairs model go-live date of 17 April 2019, to allow learning from the new repairs model to inform user requirements. The Cabinet report required procurement to commence before the end of the current contract on 19 July 2019. The project timetable is currently being constructed to align with commissioning of the new repairs contracts.

- 1.2 The report seeks Cabinet approval of the award of a contract between the Council and Northgate Public Service (UK) Ltd to cover the procurement period. The current contract ends on 19 July 2019.

## **2. RECOMMENDATIONS**

### **That Cabinet approves:**

- 2.1 The direct award of the contract between the London Borough of Hammersmith and Fulham and Northgate Public Service (UK) Ltd from 1 July 2019 to 1 July 2020.
- 2.2 A waiver of Contract Standing Orders(CSOs) to allow the contract to be awarded to Northgate Public Services (UK) Ltd at a value of £394,000 for a full year.
- 2.3 The delegation of authority to the Strategic Director for the Economy in consultation with the Cabinet Member for Housing to authorise a contract extension of up to six months between the London Borough of Hammersmith and Fulham and Northgate Public Services (UK) Ltd, to allow for mobilisation of the new housing ICT contract.

## **3. REASONS FOR DECISION**

- 3.1 The decision is required to maintain access to the Northgate IHMS while a new system is procured. Due to the prior decision to halt the procurement pending the mobilisation of the new repairs model, the Council is now in breach of Contract Standing Orders. The IHMS is vital to the practise and support of all housing delivery functions, including repairs, rents, tenancy management, allocations and temporary accommodation.

## **4. PROPOSALS AND ISSUES**

- 4.1 The Integrated Housing Management System (IHMS) stores the property records to the Council's 17,000 leasehold and tenanted properties, as well as the personal tenancy data of 12,000 tenants. The current contract with Northgate Public Services UK(Ltd) provides for up to 25,000 datasets within the system, and therefore has the capacity to cope with variations in stock numbers for the period of the contract award.
- 4.2 In 2018, Cabinet approved a corporate ICT procurement strategy that incorporated housing as one of four distinct but integrated lots that also included software and systems to support a self-service portal, a revenues and benefits system and an electronic document management system. Legal advice given concurrent to the Cabinet decision of 15 August 2018 suggested that the Council should procure a replacement service to go live on 1 August 2019.
- 4.4 Subsequently, the decision to terminate MITIE responsive repairs contract meant the procurement of the IHMS was put on hold until the new repairs

service went live. Short term improvements were instigated while a new longer-term repairs contract was procured and mobilised.

- 4.5 On 14 January 2019, Cabinet approved a new IHMS procurement strategy which disaggregated the housing elements from the wider corporate procurement of systems and authorised the deferral of procurement until July 2019. This would maximise the learning from the new repairs model and make sure that user requirements could inform the design of the new integrated housing Management System. The risk associated with not awarding a ICT new contract by the end of July was identified as low and acceptable if commissioning of the new system started as the current contract ended.
- 4.6 The new repairs model is operational, with workflows established through the IHMS, providing better controls and offering scope to identify service improvements. Early indications are of improved performance, suggesting that repairs should be retained and incorporated into the specification of the new IHMS contract. The repairs model will continue to generate further organisational learning to inform decisions on the scope and nature of the new housing system.
- 4.7 The proposed approach will provide for negotiations over the scope of the ICT contract to be incorporated into the tender process through adoption of the restricted process with negotiation. The intention is to complete the IHMS as quickly as possible, bearing in mind that it must align with the re-procurement of repairs contractors. To this end, work has already started on a more detailed timetable, and resources have been secured to revisit the user requirements and specification. Tender documents will be issued no later than November 2019, and the tender process for both responsive repairs and new ICT will conclude by July 2020 at the latest. The expectation is that mobilisation can be concluded in six months if a new provider is appointed, and less if the current incumbent bids successfully.
- 4.8 The current contract with Northgate ends in July 2019, when the new commissioning exercise commences. Cabinet approval is sought for authority to authorise the necessary extension of the current contract with Northgate for the duration of the procurement and mobilisation of the new contract.
- 4.9 Section 4.9 refers to the contract value and is attached in exempt Appendix A.

## **5. OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1 Options are limited in that the award of this contract is being requested to allow time to procure a new system. There is no alternative Council database that could acquire the functionality to manage housing functions in this interim period, thus the alternative is of no database and wholesale service failures in key housing service areas. Though this contract award does invite a risk of challenge, that risk is very low as the market for providers has been informed of the new procurement exercise and thus any potential challengers are also potential bidders. A new PIN will be issued to restate the Council's commitment to re-procurement.

## **6. LEGAL IMPLICATIONS**

- 6.1 This report is seeking approval for a waiver of the usual tendering requirements of Contract Standing Orders to permit a direct award of contract to the current provider of the Council's Housing ICT system. The direct award is proposed to be for 12 months with provision to extend for a further 6 months.
- 6.2 The history of this service is explained in the Commercial Implications. Software contracts of this type usually consist of at least two elements, with the software supplied under a licence agreement for a set number of users and a support contract for maintenance and fault-fixing. Legal Services have seen a copy of the contract for the support element, dating from 2002 with a predecessor company to the current provider. This is a rolling contract without an end date, however for the purpose of the EU Regulations on public procurement, extending this service is to be treated as a new contract.
- 6.3 The direct award proposed, even without the potential extension, is in excess of the threshold above which a tendering exercise is required under EU public procurement legislation. The waiver referred to in paragraph 12.1 only addresses compliance with the Council's own Contract Standing Orders, it is not possible to waive the requirements of the EU Regulations. Therefore, the proposed decision carries a risk of challenge from another provider in the market of Housing Management systems and support services. Such a challenge may be a low possibility in light of potential challengers being more interested in participating in the tender exercise, however if such a challenge were brought it would be likely to succeed.
- 6.4 Where a waiver of a provision of Contract Standing Orders is recommended, the process for this is set out in Contract Standing Order 3. A waiver can only be approved where one of five grounds set out in CSO 3 is made out. The ground proposed here is that the waiver is in the Council's overall interests, and Members needs to be satisfied on the basis of the information in the report that this ground is made out.

*Implications completed by: Deborah Down, Sharpe Pritchard, on behalf of the Legal Services. 020 7405 4600.*

## **7. FINANCIAL IMPLICATIONS**

- 7.1 Financial implications are contained in Exempt Appendix A.

*Implications completed by: Danny Rochford, Head of Finance (The Economy), 020 8753 4023.*

*Implications verified by: Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.*

## **8. COMMERCIAL IMPLICATIONS**

- 8.1 Commercial implications are contained in Exempt Appendix A.

*Procurement implications provided by Andra Ulianov, Head of Contracts and Procurement, 07776672876*

## **9. IT IMPLICATIONS**

- 9.1 The extension of the current contract will enable a safe transition to a potential new supplier as part of the procurement process.
- 9.2 IT Services will support the new procurement to ensure it supports the Council's corporate security and network standards.
- 9.3 The Northgate iWorld system is located within corporate data centres and managed by internal resources in the Economy Directorate and corporate IT services so management of information is delivered locally.
- 9.4 There should be a Privacy Impact Assessment in place which should be reviewed to confirm it is still up to date. The PIA will ensure all potential data protection risks in relation to this contract are being properly assessed and mitigated.
- 9.5 The contract will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.

*Implications verified/completed by: Veronica Barella, Chief Information Officer 0208 753 2927.*

## **10. RISK MANAGEMENT IMPLICATIONS**

- 10.1 The ongoing availability of housing management system is a critical requirement for the ongoing provision of services to the Council's tenants and leaseholders. In line with the council's objective of being ruthlessly financially efficient, officers have identified the need to secure the use and operation of the existing system while preparing to procure a new housing management system which is consistent with the vision, structures and processes being developed and which will demonstrate value for money through the forthcoming procurement exercise
- 10.2 Officers will ensure that appropriate measures are put in place to protect the sensitive personal data of those who are in receipt of housing services. This will include the completion of a Privacy Impact Assessment and ensuring that the required clauses relating to GDPR are included in the contract.
- 10.3 Officers will also need to ensure that robust contract management arrangements are in place to ensure appropriate and timely support from the provider, due to the critical nature of the system to delivering services.

10.4 To mitigate the risk of potential challenge in respect of the waiver and direct award proposed, officers should ensure that there is a clear timetable to procure and implement a new contract which is adhered to.

10.5 *Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance on 07817 507695 and 0207 361 2389.*

## **11. EQUALITIES IMPLICATIONS**

11.1 There is no negative impact on communities and groups protected by equalities legislation.

*Implications completed by Fawad Bhatti, Social Inclusion Policy Manager,  
[fawad.bhatti@lbhf.gov.uk](mailto:fawad.bhatti@lbhf.gov.uk)*

## **12. IMPLICATIONS FOR BUSINESS**

12.1 There are no implications for business as a result of this report.


*Implications completed by: David Burns, AD Growth,  
[David.Burns@LBHF.gov.uk](mailto:David.Burns@LBHF.gov.uk)*

## **13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

## **LIST OF APPENCICES:**

Exempt Appendix A – Exempt Aspects of the Report

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>Cabinet</b></p> <p style="text-align: center;"><b>1 July 2019</b></p>	
<p><b>LINFORD CHRISTIE OUTDOOR SPORTS STADIUM – OUTCOME OF PUBLIC CONSULTATION</b></p>	
<p><b>Report of the Cabinet Member for The Economy – Councillor Andrew Jones</b></p>	
<p><b>Open report with Exempt Appendices</b>  Appendix 3 is exempt from disclosure on the grounds that it contains information relating to the <b>financial or business affairs of a particular person (including the authority holding that information) under paragraph 3</b> 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><b>Classification – For Decision</b>  <b>Key Decision: Yes</b></p>	
<p><b>Wards Affected:</b> College Park and Old Oak</p>	
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director for the Economy</p>	
<p><b>Report Author:</b> Nigel Brown, Head of Asset Strategy and Portfolio Management</p>	<p><b>Contact Details:</b>  Tel: 020 8753 2835  E-mail: <a href="mailto:nigel.brown@lbhf.gov.uk">nigel.brown@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report summarises the outcome of the public consultation on the options available to the Wormwood Scrubs Charitable Trust (the Trust) and the Council for the future of Linford Christie Outdoor Sports Stadium (LCOSS). The Trust is expected to be taking a decision as to what the next steps are to be at its Committee meeting on 26 June 2019. Any proposals or recommendations in this report are dependent on the outcome of the Trust’s Committee meeting and therefore officers will provide a verbal update to Cabinet on 1 July 2019. The Cabinet are not being asked to take a decision on the preferred option at this time.
- 1.2. A consultation was launched following reports to the Trust and the Council which identified the strategic case for making changes at LCOSS. It is unlikely that the Council can continue to subsidise the maintenance and operational revenue pressures of the LCOSS.

- 1.3. The Council and the Trust held a joint consultation that began on 22 March 2019 and closed on the 12 June 2019. The Council promoted the consultation widely, through social media and its website and letters to residents who live in the four wards north of Goldhawk Road. Over 8,500 people responded, with 81% in favour of the Council completing a major redevelopment as their preferred option. There was also majority support for the Trust or the Council making provision for professional sports, community sports and a venue for major entertainments.
- 1.4. This report seeks the allocation of a budget via a grant to the Trust to create an outline business case, subject to the Trust approving this at their 26 June 2019 committee meeting.

## **2. RECOMMENDATIONS**

### **That Cabinet:**

- 2.1. Carefully consider all the responses to the consultation including officers' comments in paragraph 5 as well as full details in Appendix 1 of this report.
- 2.2. Note there is public support for a major intervention at the Linford Christie Outdoor Sports Stadium.

### **That subject to the Trust approving the recommendations of the report to the Wormwood Scrubs Charitable Trust Committee dated 26<sup>th</sup> June that Cabinet:**

- 2.3. Note the report to Wormwood Scrubs Charitable Trust Committee of 26 June, attached as Appendix 2 and agree the Procurement Strategy as set out as an exempt appendix of that report.
- 2.4. Delegate authority to the Strategic Director for the Economy, in consultation with the Chair of the Trust, to award contracts to multi-disciplinary advisors and enter into any other legal agreements which become necessary to obtain an Outline Business Case on behalf of the Trust.
- 2.5. Allocate a budget of £397,500 to progress the Outline Business Case on behalf of the Trust which will be funded from Community Infrastructure Levy receipts.

## **3. REASONS FOR RECOMMENDATIONS**

- 3.1. At the forthcoming meeting of the Trust Committee on 26<sup>th</sup> June 2019, the Trust will be asked to delegate the development of an Outline Business Case to enable it to make a decision on a preferred way forward. This report asks Cabinet to approve the grant funding to the Trust to fund the Outline Business Case.

## **4. BACKGROUND**

- 4.1. On 4 February 2019, the Cabinet received a report setting out the financial and strategic context for the Council and the Trust in relation to the LCOSS. This followed a report to the Trust Committee on 19 December 2018. The report set



out that the Council is subsidising the operation of the stadium, and therefore the Trust, by around £250,000 a year in revenue terms, while continuing to provide capital investment in the facilities. In the light of the Council's own funding position it has confirmed that it is unlikely to be able to continue providing this subsidy in the future.

- 4.2. Without the Council's subsidy, the Trust would have to rely on its own income and reserves to maintain and operate the facility. At the same time, the site needs major investment to bring it up to modern standards and it will be challenging for the Trust to continue to provide a stadium, athletics and sporting facilities of sufficient quality without an injection of capital and ongoing revenue resources from the Council.
- 4.3. This report sets out three main options that the Trust and the Council has considered, and the associated work completed to date to evaluate these options. The options presented for consultation were:
  - 1) Do nothing
  - 2) Enhance the current facilities
  - 3) Redevelop the site to create a larger venue to include athletics facilities
- 4.4. Within option 3, there were also further variations to consider ranging from a 45,000 multi-functional venue (that could accommodate sports and entertainment) to a smaller entertainment venue.
- 4.5. The Trust and the Council agreed that a joint public consultation should be completed.
- 4.6. A draft consultation questionnaire was presented to the Trust at the 13 March 2019 Committee meeting and it was agreed, subject to further amendments being made. The consultation was launched on 22 March 2019 and closed on 12<sup>th</sup> June 2019.
- 4.7. The consultation was widely publicised by the Council through its online channels. Letters were sent to residents in the four northern wards of the borough (closest to the stadium) and residents were able to request paper copies of the consultation for completion. Some residents on Old Oak Estate, near to East Acton tube, specifically requested hard copies of the consultation document, which were sent out.

## **5. OUTCOME OF CONSULTATION**

- 5.1. The consultation closed on 12 June 2019, with 8,782 respondents completing a questionnaire, and 16 separately submitted written responses. The responses show there is clear public interest in the Trust or the Council pursuing a major redevelopment of the site.
- 5.2. The summary of the responses is shown in Appendix 1. Please note individual responses to question 10 did not allow responders to be specifically identified.

All of the consultation responses have been collated and made available to Cabinet Members to review.

- 5.3. There is a clear majority of respondents showing support for redeveloping the site to provide a major venue.
- 5.4. The results of the full consultation will be reported to the Trust Committee on 26 June 2019. A copy of the Trust report is attached in Appendix 2.
- 5.5. In summary some key consultation results are shown below. Not all respondents answered every question, so there are differences in the total number of respondents for each individual question. The analysis doesn't include details where no answer was given.

#### Summary of results:

- 80% (6,155) of respondents live in London, 23% (1,996) in Hammersmith & Fulham
- 93% (8,126) of respondents were aware of the existing stadium
- 49% (4,075) of respondents use the facility – with 56% (2,736) playing football, and 26% (1,269) using the pitches more generally
- Of the respondents from Hammersmith and Fulham, 10% (280) said they used the facilities, and 35% (99) said they played football, and 35% (99) said they used the pitches on the Scrubs
- The Scrubs itself is valued for:
  - Exercise – 52% (3,935)
  - Relaxation – 42% (3,079)
  - Its protected wilderness areas – 30% (2,141)
- Respondents preferred options were:
  - Major Redevelopment – 81% (7,020)
  - Improve the current facilities – 18% (1,561)
  - Do nothing – 1% (110)
- Respondents in Hammersmith and Fulham preferred options were:
  - Major Redevelopment – 68% (1,360)
  - Improve the current facilities – 29% (5,79)
  - Do nothing – 2% (43)
- Respondents thought the Council and the Trust should consider the following uses:
  - Professional Sports – 77% (6,662)
  - Community Sports – 73% (6,283)
  - Venue for major events – 52% (4,497)
  - Athletics – 43% (3,751)
  - Conference Centre – 31% (2,659)

- 87% (7,378) of respondents wanted to see improved facilities for people using the Scrubs, with a café 79% (6,096) and changing rooms 59% (5,269) the most popular requests
- The 5 most important issues that respondents thought the Trust and the Council should consider when making decisions were:
  - Ensuring local people benefit from employment opportunities – 74% (6,186)
  - Traffic management – 47% (3,907)
  - Preserving the biodiversity of the Scrubs 47% (3,908)
  - Impact of large audiences entering and leaving the site – 36% (2,992)
  - Impact on the hospital – 34% (2,786)

### **Making a decision on a preferred option - developing an Outline Business Case**

- 5.6. For the Trust to make a decision on a preferred option, it will have to take into account the Charity Commission's guidance on decision making. Any proposals developed for the site will need to fit with the Trust's charitable objects or there may need to be a scheme approved by the Charity Commission in order to enable any future development to proceed.
- 5.7. A key part of this, is making sure that the Trust is sufficiently informed and that relevant factors have been considered in the decision-making process. The report to the Trust on the 26<sup>th</sup> June 2019 recommends that the Trust commissions an Outline Business Case (OBC) from professional advisors to enable the Trust to make an informed decision.
- 5.8. The OBC will allow the Trust to consider the options and the alternatives, and the risks and benefits of a preferred option. It is proposed that the OBC will include:
- A detailed analysis of the consultation responses and how they should be factored into the business case
  - An options appraisal process to enable the Trust to agree a recommended way forward
  - Economic appraisals on the options
  - A benefits appraisal
  - A risk appraisal
  - Sensitivity analysis
  - Procurement, contractual and accountancy issues and options
  - The legal position of each option in relation to the Trust and the Wormwood Scrubs Act 1879
  - Financial models the financial appraisal
  - A plan for delivery
- 5.9. In order to develop an OBC, additional technical work and surveys maybe required and the consultants may be asked to provide advice where it is necessary to support the OBC on:

- Transport modelling
- Any environmental and other surveys
- Further design work
- Cost consultancy
- Planning advice

5.10. The OBC and report to the Trust will also consider the legal powers available to the Trust, the objects of the Trust and the impact any decision will have on the ability of the Trust to carry out its objects.

5.11. The OBC will recommend an option for the Council and the Trust to consider and the Council will need to decide whether it wants to proceed further at a future Cabinet meeting. Any preferred option would then be subject to the normal procurement, planning and public consultation requirements before it could move into a delivery stage.

### **Engagement with the Charity Commission**

5.12. As the Council is the sole corporate trustee of the Trust therefore the Council and the Trust Committee must ensure that there is appropriate separation between Council functions and the different Council role as Trustee Committee. Any conflict of interests will be identified, considered, managed and recorded.

5.13. When making the future decisions, following receipt of the OBC, the Council and the Trust will have to consider any conflicts at that time.

### **Engagement with the Ministry of Defence (MOD)**

5.14. The Wormwood Scrubs Act 1879 requires the consent of the MOD before any development can happen on Wormwood Scrubs. Officers have engaged with representatives of the MOD for some initial discussions in parallel to the public consultation.

## **6. Consultation**

6.1. On 4<sup>th</sup> February 2019, Cabinet gave approval to consult upon the above proposals and the Council subsequently embarked on a detailed consultation exercise from 22 March 2019 for a 12-week period. Details of the consultation methodology and a detailed analysis of the responses made are contained within this report.

6.2. When the Trust and Cabinet have made recommendations following the OBC, then additional decisions, and appropriate consultation, will be undertaken.

6.3. If at a future date, a planning application is submitted then detailed consultation with residents will be undertaken in accordance with planning regulations.

## **7. Equality Implications**

- 7.1. Any proposals that come forward in due course will need to be assessed in compliance with the Council's equality duties. Further consultation will be needed at that stage.

## **8. Legal Implications**

- 8.1. The Council has undertaken an extensive consultation exercise, the responses to the consultation have been properly considered and summarised within this report as well as Appendix 1. The responses to the consultation are to be carefully taken into account before any decision on the proposals contained in this report can be taken.
- 8.2. The Council has wide powers to pursue the development of facilities for entertainment and leisure purposes including under section 145 Local Government Act 1972 and to encourage visitors (section 144). Additionally, there are powers to support non-profit distributing organisations such as the Trust in the provision of leisure and community facilities under section 19 Local Government (Miscellaneous Provisions) Act 1976. Delivery of any enhanced facilities are likely to improve sport and recreation opportunities that will support the Council's health and wellbeing duties under the NHS Act 2006 and Health and Social Care Act 2012. The Council may therefore fund the OBC through section 111 Local Government Act 1972 (as being calculated to facilitate or conducive or incidental to the Council's functions) pursuant to the above powers.
- 8.3. Following receipt of the OBC then a further report would be brought to the Cabinet and the Trust to consider the options to take matters further.
- 8.4. In order to ensure that conflicts of interest are managed, the consultation feedback is being considered by separate individuals on behalf of the Council and the Trust Committee in line with the arrangements that have been put in place pursuant to Charity Commission guidance. The report to the Trust Committee is at Appendix 2.
- 8.5. Implications completed by Bevan Brittan Solicitors and verified by Rhian Davies, Assistant Director Legal and Democratic Services, 07827 663794

## **9. Financial Implications**

- 9.1. The recommendations in this report include the approval of a budget of £397,500 for the preparation of an Outline Business Case to inform any decision to be made by the Council and the Trust on options for the future of Linford Christie Outdoor Sports Stadium (LCOSS). This is subject to the Trust approving the need for support in preparing an Outline Business Case.
- 9.2. It is proposed that the Council fund the costs relating to the Outline Business Case.
- 9.3. A breakdown of the costs of the business case are set out in the table in exempt appendix 3 and are estimated to be £397,500, which includes a £40,000 (10%)

contingency. The breakdown of the estimated costs for specialist advice is outlined in Appendix 3.

- 9.4 It is proposed that these costs are met from Council Community Infrastructure Levy (CIL) receipts. As at 18<sup>th</sup> June 2019, the Council held CIL receipts of £4.4 million.
- 9.5 The Full Council meeting on 23 January 2019 approved a capital budget of up to £45.6 million for the refurbishment and fit out of the Town Hall building as part of the West King Street Renewal programme to be substantially funded from expected Community Infrastructure Levy receipts of £33.7 million (subject to risks around commencement and phasing of developments). Use of CIL receipts to meet the OBC costs as set out above will reduce the CIL receipts available to fund the Town Hall refurbishment which will otherwise need to be met from borrowing. Based on the 50 year borrowing rate at 13 June 2018 of 2.14% and a minimum revenue provision of 2% an increase in borrowing of £397,500 will increase annual revenue costs of £16,456 per annum for 50 years (or until the borrowing is funded through the application of CIL or other capital receipts or revenue contributions).
- 9.5 Financial Implications completed by Emily Hill, Assistant Director, Corporate Finance, 020 8753 3145.

## **10. Commercial Implications**

- 10.1 The Council will seek value for money from the Trust for the procurement of the specialist consultant team.

## **11. IT Implications**

- 11.1. IT Implications: There are no apparent IT implications resulting from the proposals in this report.
- 11.2. The contracts for consultant services will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 11.3. *Implications to be verified/completed by: Karen Barry, Strategic Relationship Manager, IT Services, tel 0208 753 3481*

## **12. Implications for Business**

- 12.1. When procuring the consultants WSCT will be encouraged to invite local companies with relevant expertise to participate in the procurement process in reflecting their charitable status position. The initial scoping work has the potential to create supply opportunities for small and medium size business.
- 12.2. Implications completed by David McNulty, Assistant Director, Operations.

### 13. Risk Management Implications

The table outlines key risks as well as mitigation proposals. These will be reviewed following the WSCT Committee meeting on 26 June 2019.

<b>Risk</b>	<b>Mitigation</b>
If at a future date, the full business case concludes the project does not proceed then the Council will not be able to recover these costs	The information and data secured from the consultants' work could be used for alternative proposals that may come forward.
CIL income that is currently profiled funding may fall short.	CIL Board regularly monitor and track CIL income and expenditure commitments so Chief Planning Officer is confident there will be funds to meet the expenditure above.
Secure commitment from WCST that consultant advice received can be shared with H&F.	To ensure intellectual property rights of the consultants' reports will be allow sharing of the reports, data and information with H&F
The Trust does not take account of and adhere to the Charity Commission's guidance on decision-making which could invalidate the process.	The Trust has been established since the Wormwood Scrubs Act 1879 and the Trust Committee has a long track record of managing the land and the Trustees have experience of complying with Charity Commission's guidance under the Charities Act 2011.
Risk that a suitable consultant team will not be appointed or that tenders received are in excess of the approved budget.	To request the Trust set out a timeline and procurement process for the appointment of the suitable consultant team and provide regular updates via the Trust Committee. Robust scoping of specifications for the tendering of the consultant team should provide tenders are within the budget. If the tenders are in excess of the agreed budget, then the Trust will be requested to bear this additional cost.

*Risk implications verified by David Hughes, Director of Audit, Fraud, Risk and Insurance*

### 14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

#### **Appendices**

*Appendix 1 – Summary results of the Public Consultation*

*Appendix 2 – Report to Wormwood Scrubs Charitable Trust 26<sup>th</sup> June 2019 including an exempt appendix (Procurement Strategy)*

*Exempt Appendix 3 – Breakdown of OBC Budget*

Row Labels	Count of Where do you live?	
Greater London	4,159	48%
UK	2,386	28%
4 Northern Wards	1,654	19%
Rest of H&F	342	4%
Abroad	111	1%
Not Answered	130	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>8,652</b>	

**Notes:**

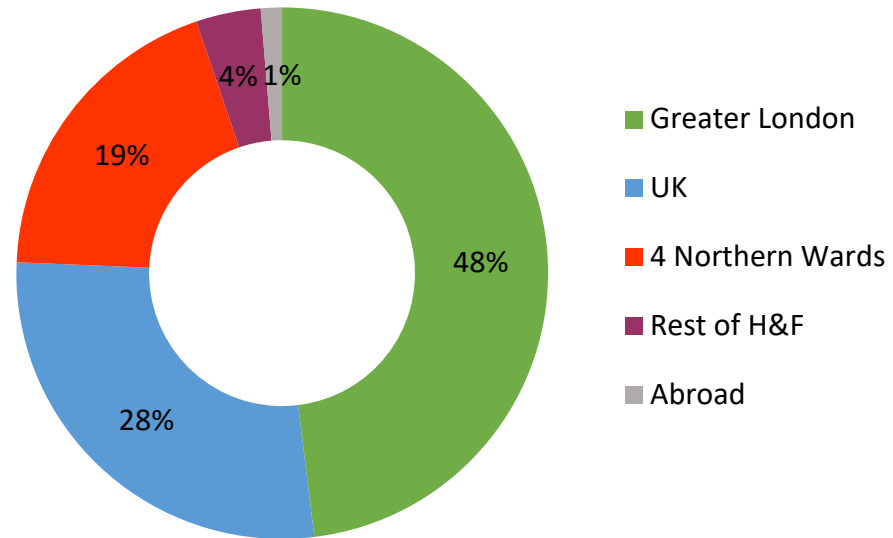
Greater London - excluding H&F

UK - excluding London

4 northern wards - College Park & Old Oak, Wormholt & White City, Sh

Rest of H&F - excluding 4 northern wards

Q1: Where do you live?

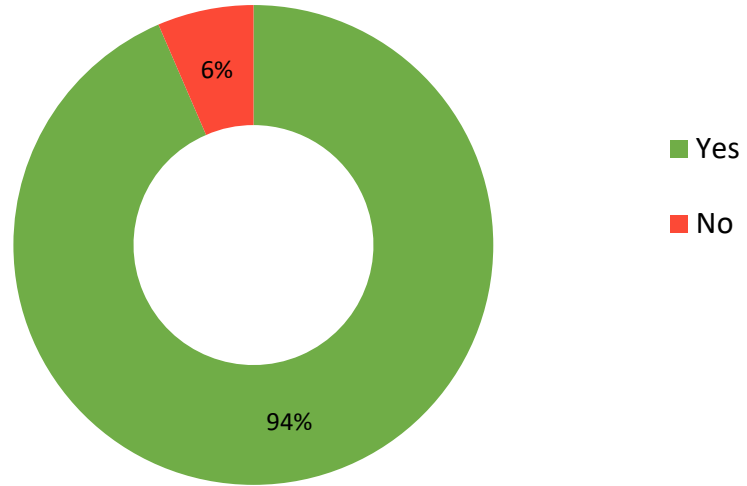


Provided by Business Intelligence Services, PSR



Row Labels	Count of Were you aware of the Linford Christie Stadium?	
Yes	8126	94%
No	562	6%
Not Answered	94	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>8,688</b>	

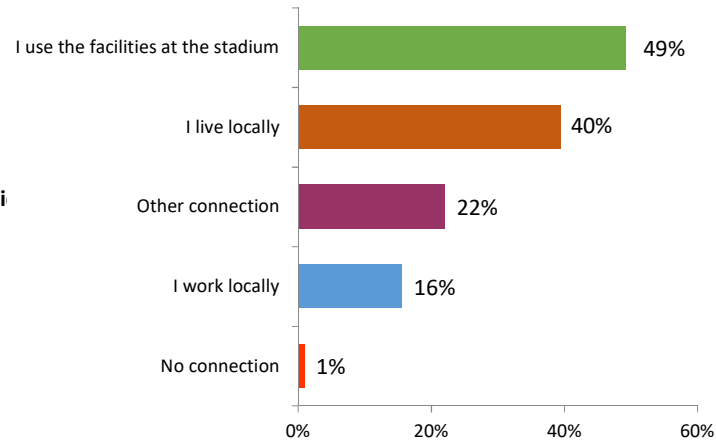
Q2: Were you aware of the Linford Christie Stadium?



Provided by Business Intelligence Services, PSR

Row Labels	Count of What is your connection to the Linford Christie Stadium?	
I use the facilities at the stadium	4,075	49%
I live locally	3,276	40%
Other connection	1,826	22%
I work locally	1,294	16%
No connection	78	1%
Not Answered	492	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>8,290</b>	

Q3: What is your connection to the Linford Christie Stadium?



Row Labels	Count of Use the facilities	
Football	2,736	56%
Pitches on the Scrubs	1,269	26%
Athletics	843	17%
Hockey	80	2%
<b>Grand Total</b>	<b>4,928</b>	

**Other connection (main):**

- A QPR supporter
- Family live nearby
- Children use the stadium
- Former resident of the area
- Grew up in the area
- Used facilities in past
- Dog walking
- Walking
- School sports day
- Wormwood Scrubs pony centre

Provided by Business Intelligence Services, PSR

**Row Labels**

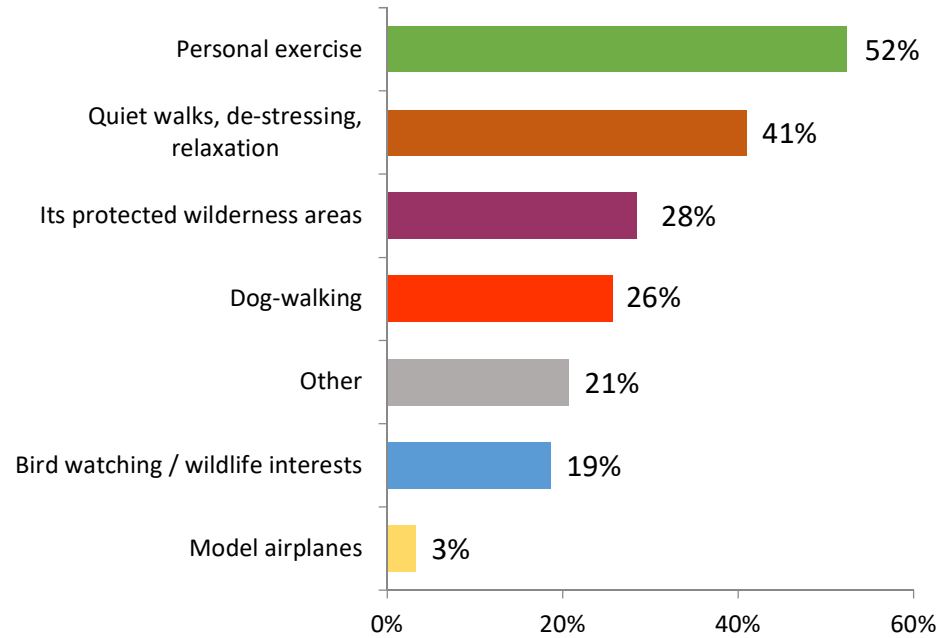
Personal exercise	3,935	52%
Quiet walks, de-stressing, relaxation	3,079	41%
Its protected wilderness areas	2,141	28%
Dog-walking	1,936	26%
Other	1,556	21%
Bird watching / wildlife interests	1,401	19%
Model airplanes	245	3%
Not Answered	1,263	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>7,519</b>	

**Other values (main):**

- Children's play area
- Green open space
- Fresh air
- Potential space for QPR stadium

**Count of Wormwood Scrubs. What do you value it for?**

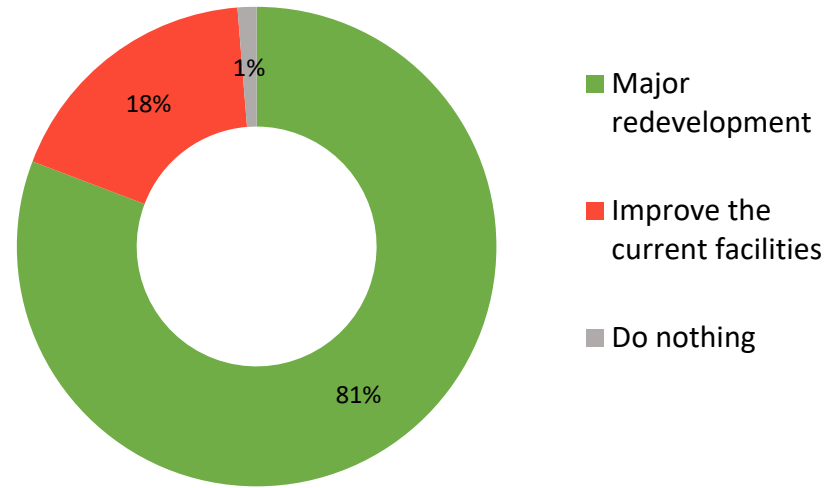
Q4: What do you value Wormwood Scrubs for?



Row Labels	Count	Percentage
Major redevelopment	7020	81%
Improve the current facilities	1561	18%
Do nothing	110	1%
Not Answered	91	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>8,691</b>	

Count of Which of the following options do you prefer for the Linford Christie Stadium?

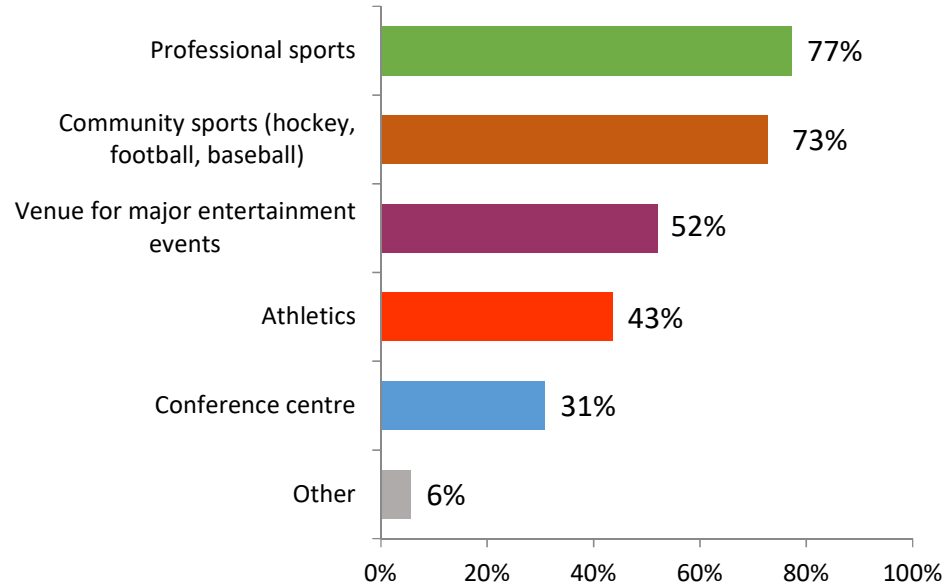
Q5: Which of the following options do you prefer for the Linford Christie Stadium?



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Row Labels	Count of What kind of uses should the council and the Trust consider?	
Professional sports	6,662	77%
Community sports (hockey, football, I	6,283	73%
Venue for major entertainment even	4,497	52%
Athletics	3,751	43%
Conference centre	2,659	31%
Other	484	6%
Not Answered	151	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>8,631</b>	

Q6: What kind of uses should the council and the Trust consider?

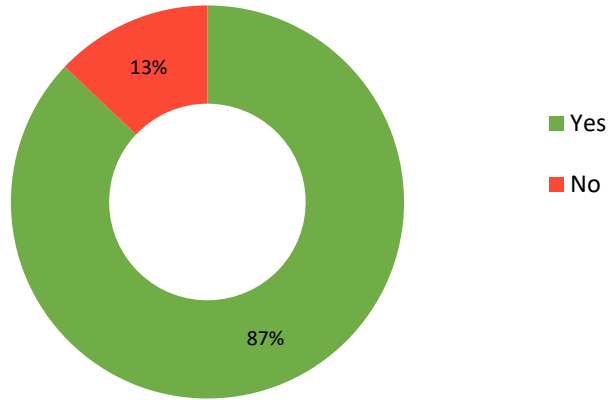


**Row Labels**

Yes	7378	87%
No	1097	13%
Not Answered	307	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>8,475</b>	

**Count of Would you like to see better facilities within the stadium for the benefit of users of Wormwood Scrubs e.g. changing rooms, café?**

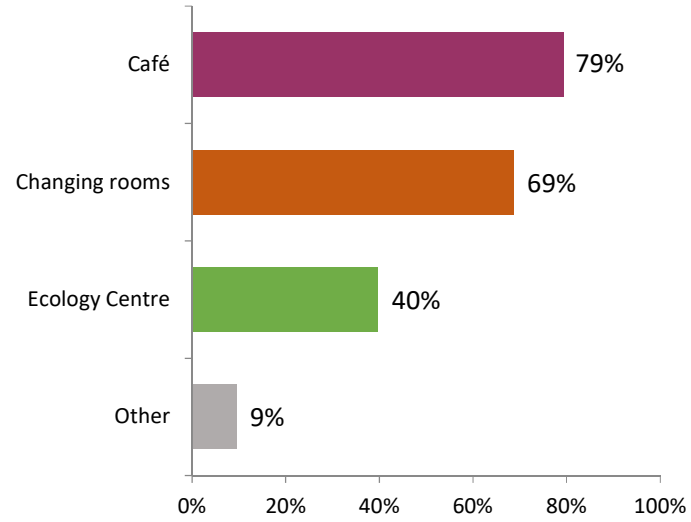
Q7: Would you like to see better facilities within the stadium for the benefit of users of Wormwood Scrubs?



Provided by Business Intelligence Services, PSR

Row Labels	Count of Which additional facilities would you like to see within the Stadium site? - Which additional facilities - Changing rooms	
Café	6096	79%
Changing rooms	5269	69%
Ecology Centre	3049	40%
Other	723	9%
Not Answered	1,104	
Grand Total	8,782	
<b>Grand Total (excl. not answered)</b>	<b>7,678</b>	

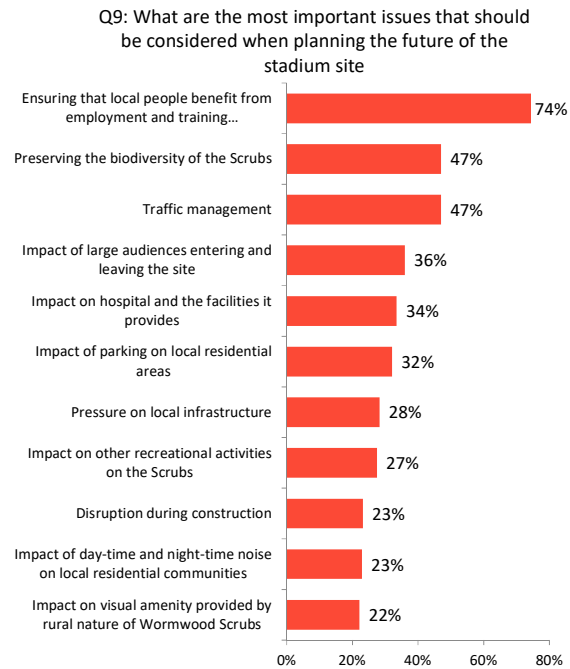
Q8: Which additional facilities would you like to see within the Stadium site?



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Row Labels	Count	Percentage
Impact on visual amenity provided	1,842	22%
Impact of day-time and night-time noise on local residential communities	1,904	23%
Disruption during construction	1,932	23%
Impact on other recreational activities on the Scrubs	2,285	27%
Pressure on local infrastructure	2,349	28%
Impact of parking on local residential areas	2,671	32%
Impact on hospital and the facilities it provides	2,786	34%
Impact of large audiences entering and leaving the site	2,992	36%
Traffic management	3,907	47%
Preserving the biodiversity of the Scrubs	3,908	47%
Ensuring that local people benefit from employment and training opportunities	6,186	74%
Not Answered	468	
<b>Grand Total</b>	<b>8,782</b>	
<b>Grand Total (excl. not answered)</b>	<b>8,314</b>	

Provided by Business Intelligence Services, PSR





**Linford Christie Outdoor Sports Stadium – Outcome of public consultation and next steps**

**Report to Wormwood Scrubs Charitable Trust Committee**

**Report Author:**

Mahmood Siddiqi (as Trust officer)

**Contact Details:**

Tel: 020 7361 3589

E-mail: mahmood.siddiqi@lbhf.gov.uk

**1. EXECUTIVE SUMMARY**

- 1.1. This report summarises the outcome of the public consultation on the options available to the Trust for the future of Linford Christie Outdoor Sports Stadium (LCOSS). It sets out the recommended next steps for the Trust, ahead of a future decision on a preferred option.
- 1.2. This report sets out the next steps in developing an outline business case, which will allow the Trust to select its preferred option. It also sets out the considerations, including legal and Charity Commission requirements in relation to the Trust's decision making, before the Trust Committee makes a decision on a way forward.

**2. RECOMMENDATIONS**

The Wormwood Scrubs Charitable Trust Committee:

- 2.1. Notes the results of the public consultation.
- 2.2. Approves the Procurement Strategy in Appendix 2 for the appointment of multi-disciplinary advisors for the Trust, to consider the consultation responses in more detail, to develop a business case, and to complete any necessary surveys, technical and planning work that may be required.
- 2.3. Delegates the award of contracts for multi-disciplinary advisors as set out in the Procurement Strategy in Appendix 2 to the Council's Assistant Director of Growth acting on behalf of the Trust in consultation with the Chair of the Wormwood Scrubs Charitable Trust Committee subject to the Council's agreement to provide sufficient funding to the Trust.
- 2.4. Delegates authority to the Council's Assistant Director of Growth acting on behalf of the Trust to develop an outline business case for the different options, on the basis that regular updates and reports are provided to the Trust Committee.
- 2.5. Notes the requirements in relation to conflict of interests and decision-making procedures set out in this report.
- 2.6. Delegates authority to the Council's Assistant Director of Growth acting on behalf of the Trust to consult with the Charity Commission in relation to the Trust's decision making process in connection with the future of the LCOSS

and for ongoing dialogue with the Charity Commission and to provide a report to the Trust following the discussions with the Charity Commission.

### **3. REASONS FOR DECISIONS**

- 3.1. The decisions above establish the process for the Trust to decide upon a preferred option for development at LCOSS, following the completion of the public consultation. They will enable the Trust to tender and enter into contracts for the appointment of multi-disciplinary consultants to complete an outline business case and provide the Trust with the necessary advice and information to evaluate the options in detail, as part of a future decision-making process.
- 3.2. The decisions above will allow the Trust to engage with the Charity Commission, to confirm that an appropriate conflict of interest process has been followed in relation to the Council's role as corporate trustee, and to continue discussions with the Charity Commission as the process moves forward.

### **4. BACKGROUND AND NEXT STEPS**

- 4.1. On the 19<sup>th</sup> December 2018, the Trust Committee received a report setting out the financial and strategic context for the Trust in relation to the LCOSS. That report set out that the Council is subsidising the operation of the stadium, and therefore the Trust, by around £250,000 a year in revenue terms, while continuing to provide capital investment in the facilities. In the light of the Council's own funding position it has confirmed that it may not be able to continue providing this subsidy in the future.
- 4.2. Without the Council's subsidy, the Trust would have to rely on its own income and reserves to maintain and operate the facilities. At the same time, the site needs major investment to bring it up to modern standards and it will be challenging for the Trust to continue to provide a stadium and athletics and other sporting facilities of sufficient quality without an injection of capital and ongoing revenue resources.
- 4.3. The December report set out three main options that the Trust could consider and the work that had been completed to date to evaluate these options. The options presented were:
  - 1) Do nothing
  - 2) Enhance the current facilities
  - 3) Redevelop the site to create a larger venue as well athletics facilities
- 4.4. Within option 3, there were also further variations to consider ranging from a 45,000 multi-functional venue (that could accommodate sports and entertainment) to a smaller entertainment venue.
- 4.5. The Trust agreed in principle that a joint public consultation with the Council should be completed, subject to agreeing the final form of consultation.

- 4.6. The Council's cabinet on the 5<sup>th</sup> February approved a report summarising the information presented to the Trust and agreed to hold a joint public consultation.
- 4.7. A draft consultation questionnaire was presented to the Trust at the 13<sup>th</sup> March Committee meeting and it was agreed, subject to further amendments being made. These amendments were approved by the Chair of the Committee, and the consultation was launched on the 22<sup>nd</sup> March.
- 4.8. The Council promoted the consultation widely, through social media and its website, and through letters sent to residents who live in the four wards north of Goldhawk Road. Residents on Old Oak Estate, near to East Acton tube, specifically requested hard copies of the consultation document, which were sent out.
- 4.9. The Council and the Trust held the joint public consultation, opening on 22<sup>nd</sup> March and closing on the 12<sup>th</sup> June.
- 4.10. Over 8,782 completed questionnaires were received and 13 responses not using the online or paper forms, with over 80% of respondents supporting the Trust or the Council completing a major redevelopment as their preferred option. The consultation responses also showed majority support for the Trust or the Council to consider making provision for professional and community sports, and as a venue for major entertainments. However, it will be for the Trust to commission an Outline Business Case (OBC) which makes a recommendation on the preferred option, from the Trust's perspective, taking into account the issues and factors which are in line with the Trust's objects and the resources available to it.
- 4.11. A summary of the public consultation results is included in Appendix 1.

#### **Making a decision on a preferred option - developing an Outline Business Case**

- 4.12. For the Trust to make a decision on a preferred option, it will have to take into account the Charity Commission's guidance on decision making. Further details on this is set out in the legal section of this report.
- 4.13. A key part of this, is making sure that the Trust is sufficiently informed and that relevant factors have been considered in the decision making. This report recommends that the Trust commissions an outline business case (OBC) from professional advisors to enable the Trust to make a decision.
- 4.14. The OBC will allow the Trust to consider the options and the alternatives, and the risks and benefits of a preferred option. The OBC will:
  - Consider the public consultation responses
  - Complete the options appraisal process to enable the Trust to agree a recommended way forward
  - Complete economic appraisals on the options

- Undertake a benefits appraisal
  - Undertake a risk appraisal
  - Complete sensitivity analysis
  - Determine procurement, contractual and accountancy issues and options
  - Assess the legal position of each option in relation to the Trust
  - Complete financial models for the financial appraisal
  - Identify next steps and a plan for delivery
- 4.15. In order to develop the OBC, additional technical work and surveys may be required and the consultants be asked to provide advice on the need for:
- Transport modelling
  - Any environmental and other surveys that may be required
  - Further design work
  - Cost consultancy
  - Planning advice
- 4.16. The OBC and the future report to the Trust will also consider the legal powers available to the Trust, the objects of the Trust, and the impact that any decision will have on the ability of the Trust to carry out its objects.
- 4.17. The OBC would conclude with a recommended option for the Trust to consider. The Trust would then be able to decide whether it wants to recommend this option to Cabinet. Any agreed preferred option would then be subject to the normal procurement, planning and public consultation requirements before it could move into a delivery stage.
- 4.18. A procurement strategy for these services is included in Appendix 1 to this report.
- 4.19. The Council's Cabinet will also receive a report on the 1<sup>st</sup> July setting out the above and recommending that the Council provide the funding for the completion of the OBC (subject to the Trust Committee approving this report).

### **Engagement with the Charity Commission**

- 4.20. As the Council is the sole corporate trustee of the Trust, it and the Trust Committee must ensure that there is appropriate separation between Council functions and its role as Trustee, and that conflicts of interests have been dealt with appropriately in compliance with Charity law. When making the final decision once the OBC is completed, the Council will need to consider whether it has complied with its Charity law obligations in its capacity as trustee of the Trust at the time.
- 4.21. Early engagement with the Charity Commission is recommended to obtain their approval that the decision-making process that is being followed continues to be compliant and that the Trust has the powers to carry out the development under the current governing documents. In addition, should there

be a requirement for the granting of any leases, then Charity Commission consent is likely to be required.

## **5. EQUALITY IMPLICATIONS**

- 5.1. Any proposals that come forward in due course will need to be assessed in compliance with the Trust's equality duties. Further consultation will be needed at that stage.

## **6. LEGAL IMPLICATIONS**

- 6.1. In order to ensure that conflicts of interest are managed, the consultation feedback will need to be considered by separate individuals via the Council and the Trust Committee in line with the arrangements that have been put in place pursuant to Charity Commission guidance and previous Charity Commission recommendations made to the Trust.
- 6.2. When making any decision, the Trust Committee should take into account the Charity Commission's guidance on decision making (It's your decision: charity trustees and decision making (May 2013)). This guidance provides that when making decisions trustees must:
- act within their powers;
  - act in good faith and only in the interests of the charity;
  - make sure that they are sufficiently informed;
  - ignore any irrelevant factors;
  - manage conflicts of interest; and
  - make decisions that are within the range of decisions that a reasonable trustee body would make.
- 6.3. The Trust Committee members are not trustees, but they are making decisions for the Council in its capacity as corporate trustee of the Trust. The Trust Committee members should therefore follow and comply with Charity Commission guidance and charity law when carrying out actions or making decisions collectively as the Trust Committee.
- 6.4. As the Trust's main function is to hold the Wormwood Scrubs, it doesn't have any employees to carry out work on its behalf. One of the advantages of having the Council as corporate trustee is that the Trust is able to delegate authority via a scheme of delegation to Council officers to carry out work on its behalf. This should ensure that the Council officers don't exceed their delegated authority (and the Trust's powers) and that the decision-making power of the Trust continues to rest with the Trust Committee on behalf of the Council as corporate trustee.
- 6.5. The Council is currently in the process of seeking Charity Commission comment on the proposed options to ensure that any development is compliant with Charity law. The Trust Committee will also be required to follow any specific Charity Commission recommendations or conditions that are imposed on the Trust as a result of the proposed LCOSS development.

6.6. The fact that the Council is the corporate trustee of the Trust does not automatically mean that the Trust is subject to procurement rules, but depending on a number of other factors may be subject to them. However, given that the nature of any contracts to be entered into at this stage in relation to the future (re-development of and/or business operations at LCOSS) is unknown, it is reasonable for the Trust Committee to follow the Council's internal procedure for procurement and award of contracts for external advisers. In terms of compliance with the Trust's charity law obligations, this requires the Trust Committee to consider a number of issues when entering into contracts with third parties on behalf of the Trust including:

- 1) that the contract (and associated expenditure is in the best interests of the Trust);
- 2) that the contract represents value for money to the Trust;
- 3) the contract and its terms are clearly set out in writing; and
- 4) that the terms of the contract are not detrimental to or place the Trust's assets at risk in any way.

On the basis that the Council's procedure is focused on value, fairness and ensuring that the Council gets the best value for money from third party contracts, the Trust should still be complying with its charity law obligations by following this procedure. However, the Trust Committee or those persons acting with delegated authority on the Committee's behalf should record the deliberations and the reasons for entering into any contract in writing to evidence that it/they took the relevant considerations on board and discharged the Council's role as corporate trustee appropriately.

## **7. FINANCIAL IMPLICATIONS**

7.1. The recommendations in this report includes the delegation of the award of contracts for multi-disciplinary advisors to prepare an Outline Business Case (OBC) for LCOSS options subject to the Council's agreement to provide sufficient funding to the Trust.

7.2. The costs of preparing the OBC are estimated to be £397,500, which includes a £40,000 (10%) contingency. The Trust does not have sufficient liquid funds to commit to the total estimated costs and the Council have committed to funding this work.

7.3. The Cabinet on 1 July 2018 will consider a recommendation to provide funding to the Trust for these purposes. The Trust should therefore ensure that it does not commit itself to any expenditure before the Council has approved the provision of funding.

7.4. Financial Implications completed by Emily Hill (as Trust officer).

## **8. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

*Appendix 1 – Public Consultation Summary*  
*Exempt Appendix 2 – Procurement Strategy*

## 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 Neale on [katia.neale@lbhf.gov.uk](mailto:katia.neale@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 1 JULY 2019 AND AT FUTURE CABINET MEETINGS UNTIL NOVEMBER 2019

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 Neale on 020 8753 2368 or by e-mail to [katia.neale@lbhf.gov.uk](mailto:katia.neale@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](http://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 2019/20**

<b>Leader:</b>	<b>Councillor Stephen Cowan</b>
<b>Deputy Leader:</b>	<b>Councillor Sue Fennimore</b>
<b>Cabinet Member for the Environment:</b>	<b>Councillor Wesley Harcourt</b>
<b>Cabinet Member for Housing:</b>	<b>Councillor Lisa Homan</b>
<b>Cabinet Member for the Economy:</b>	<b>Councillor Andrew Jones</b>
<b>Cabinet Member for Health and Adult Social Care:</b>	<b>Councillor Ben Coleman</b>
<b>Cabinet Member for Children and Education:</b>	<b>Councillor Larry Culhane</b>
<b>Cabinet Member for Finance and Commercial Services:</b>	<b>Councillor Max Schmid</b>
<b>Cabinet Member for Public Services Reform:</b>	<b>Councillor Adam Connell</b>
<b>Cabinet Member for Strategy:</b>	<b>Councillor Sue Macmillan</b>

*Key Decisions List No. 80 (published 31 May 2019)*



## KEY DECISIONS LIST - CABINET ON 1 JULY 2019

**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>
<b>1 July 2019</b>				
Cabinet	1 Jul 2019	<p><b>REGULATION OF INVESTIGATORY POWERS (RIPA)</b></p> <p>This report concerns the working arrangements of Hammersmith &amp; Fulham Council for the exercise of functions under the Regulation of Investigatory Powers Act 2000 (RIPA).</p>	Deputy Leader	<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.</p>
	Reason: Affects 2 or more wards		Ward(s): All Wards	
		Contact officer: Claire Rai Tel: 020 8753 3154 claire.rai@lbhf.gov.uk		
Cabinet	1 Jul 2019	<p><b>Community Asset Transfer</b></p> <p>Grove Neighbourhood Council has approached the Council to acquire the Freehold of the property which they currently occupy under a 99 year lease from 20th January 1983 on a full repairing and insuring basis at a "peppercorn rent".</p> <p>PART OPEN PART PRIVATE</p> <p>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</p>	Cabinet Member for Finance and Commercial Services	<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.</p>
	Reason: Expenditure more than £100,000		Ward(s): Ravenscourt Park	
		Contact officer: Nigel Brown, Ade Sule Tel: 020 8753 2835, Tel: 0208 753 2850 Nigel.Brown@lbhf.gov.uk, ade.sule@lbhf.gov.uk		

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> )
		disclosing the information.		
Cabinet	1 Jul 2019  Reason: Expenditure more than £100,000	<b>TREASURY OUTTURN REPORT 2018/19</b>  The report presents an overview of treasury management activity in 2018/19	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Emily Hill  emily.hill@lbhf.gov.uk	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	1 Jul 2019  Reason: Expenditure more than £100,000	<b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2018/19 (OUTTURN)</b>  This report provides a summary of the Council's Capital Programme out-turn for the financial year 2018/19.	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	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	1 Jul 2019  Reason: Affects 2 or more wards	<b>2018-19 CORPORATE REVENUE OUTTURN REPORT</b>  The report will compare the final outturn position to the budget for the financial year 2018-19	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Emily Hill  emily.hill@lbhf.gov.uk	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	1 Jul 2019  Reason: Expenditure more than £100,000	<b>Housing Revenue Account 2018/19 Outturn</b>  This report details and requests that Cabinet note the Housing Revenue Account outturn, the Housing capital programme outturn and the HRA reserves position for 2018/19.	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Danny Rochford	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

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> )
			Danny.Rochford@lbhf.gov.uk	background papers to be considered.
Cabinet	1 Jul 2019  Reason: Affects 2 or more wards	<b>Planning Obligations Draw Down Report</b>  The report sets out the recommended use of funds received through Section 106 agreements and received as a result of the CIL schedules in force in the borough and seeks authority for the spend for the financial year 2018/9.	Cabinet Member for the Economy  Ward(s): All Wards  Contact officer: Matt Butler, David Gawthorpe Tel: 020 8753, matt.butler@lbhf.gov.uk, David.Gawthorpe@lbhf.gov.uk	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	1 Jul 2019  Reason: Expenditure more than £100,000	<b>The Old Laundry Yard Site</b>  Progressing planning application and entering into a development management agreement with U+I	Cabinet Member for the Economy  Ward(s): Shepherds Bush Green  Contact officer: Jacquie Agyemang-Johnson Tel: 020 8753 6090 Jacquie.Agyemang-Johnson@lbhf.gov.uk	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	1 Jul 2019  Reason: Expenditure more than £100,000	<b>Nourish Refurbishment Works</b>  Procurement of contractor for refurbishment works  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 the Economy  Ward(s): Shepherds Bush Green  Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	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.

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> )
Cabinet	1 Jul 2019	<b>Building Homes and Community Assets</b>  Agreement of strategy and approval of delegated budgets to progress schemes	Cabinet Member for the Economy	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	1 Jul 2019	<b>Asset Management Compliance Strategy and Capital Programme</b>  Following Cabinet approval of H&F Housing Compliance and Asset Management Strategy 2018 to 2022, this report set's out how Growth and Place will implement the new strategy into operation. The report will also include how our compliance led capital programme of works will be profiled over the next 4 years.	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		Ward(s): All Wards	
Cabinet	1 Jul 2019	<b>Award Of The Contract For The Integrated Housing Management System</b>  This report seeks a contract extension to cover the re-commissioning of the contract for the current integrated housing management system. In seeking delegated authority for this extension it rectifies an omission in the previous January 2019 Cabinet Report that received approval for a revised procurement strategy and deferred timetable.	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		Ward(s): All Wards	
Cabinet	1 Jul 2019	<b>CONTRACT EXTENSION TO ALLOW CONTINUATION OF THE STEP UP TO SOCIAL WORK TRAINING PROGRAMME</b>  This report seeks approval for the extension of the existing contract with the University of Hertfordshire	Cabinet Member for Children and Education	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
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision <b>Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.</b>	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> )
		to deliver the Step Up to Social Work Programme. Fully funded by central government via a grant from the Department for Education, the programme trains Children's Services social workers to a Post-Graduate Diploma with the opportunity to obtain credits towards a Master's degree in Social Work. This means that H&F is better able to attract and retain well-qualified children's social workers at a time when this is proving difficult nationally. The contract is let by Hammersmith & Fulham Council on behalf of the West London Alliance. The contract commenced on 21 July 2017 and will run for six-years, until August 2023 at a total value of c.£1,100,000 (c.£380,000 per cohort). The first successful two-year draw down of that contract is due to expire on the 25 June 2019. In order to continue delivery of the programme for Cohort 6 (due to start in January 2020), Cabinet approval is sought for a continuation.	Contact officer: Craig Holden Tel: 07850 541 477 Craig.Holden@lbhf.gov.uk	documentation and / or background papers to be considered.

**2 September 2019**

Cabinet	2 Sep 2019	<p><b>AWARD OF INTERIM CHS ASSETS REPAIRS AND MAINTENANCE CONTRACTS 2019-2020</b></p> <p>This report seeks approval from the Cabinet to award responsive repairs and maintenance contracts, for the benefit of our schools, for a period of up to 12 months, with effect from the 1st August 2019.</p> <p>1.2 This contract is awarded follows the modification of the Housing Services' Repairs and Maintenance contract(s), which were tendered in early 2019.</p> <p>PART OPEN</p>	Cabinet Member for Children and Education	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		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision <b>Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.</b>	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> )
		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	2 Sep 2019  Reason: Expenditure more than £100,000	<b>Reprocurement of Mosaic for Adults and Children's Social Care</b>  The Mosaic system has been in use for the management of cases in Adults and Childrens Social Care. The existing contract comes to an end in January 2020 and needs to be renewed.	Cabinet Member for Children and Education, Cabinet Member for Health and Adult Social Care  Ward(s): All Wards  Contact officer: Josh Hadley, Veronica Barella Tel: 020 8753 1980, Tel: 020 8753 2927 Josh.Hadley@lbhf.gov.uk, Veronica.Barella@lbhf.gov.uk	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	2 Sep 2019  Reason: Expenditure more than £100,000	<b>Highway Maintenance Work Programme 2019/20</b>  Reports seeks approval for the planned highway maintenance work programme for 2019/20.	Cabinet Member for the Environment  Ward(s): All Wards  Contact officer: Ian Hawthorn, Donna Kelly Tel: 020 8753 3058, Tel: 020 8753 3040 ian.hawthorn@lbhf.gov.uk, Donna.Kelly@lbhf.gov.uk	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	2 Sep 2019  Reason: Expenditure more than £100,000	<b>Ultra-Low Emission Vehicle Last-Mile Freight Hub</b>  Provision of a 'Freight Hub' facility to serve Council departments and businesses and help to reduce traffic and congestion in Hammersmith.	Cabinet Member for the Environment  Ward(s): Hammersmith Broadway	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

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 (other relevant documents may be submitted)
			Contact officer: Hinesh Mehta  Hinesh.Mehta@lbhf.gov.uk	documentation and / or background papers to be considered.
Cabinet	2 Sep 2019  Reason: Affects 2 or more wards	<b>CORPORATE REVENUE MONITORING 2019/20 MONTH 2 - 31ST MAY</b>  Revenue monitor showing spend v budget and virement requests.	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Emily Hill  emily.hill@lbhf.gov.uk	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	2 Sep 2019  Reason: Expenditure more than £100,000	<b>Offsite Records Storage Service</b>  Offsite Records Storage Service, for the secure storage of documents and records in a physical format including paper, microfilms, microfiche and some objects. This will also include retrieval services with the capability of doing scan on demand as well as a bulk scanning service and secure destruction of records as requested.  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 Finance and Commercial Services  Ward(s): All Wards  Contact officer: Edward Crow, Anthea Ferguson Tel: 02087536641 Edward.Crow@lbhf.gov.uk, Anthea.Ferguson@lbhf.gov.uk	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	2 Sep 2019  Reason: Expenditure more than £100,000	<b>Corporate Property Services Framework</b>  The report outlines revised LOTS to ensure external advice can be secured on a wide range of property advice to ensure the administrations outcomes on assets are delivered	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: David Burns, Nigel Brown Tel: 020 8753 2835 David.Burns@lbhf.gov.uk, Nigel.Brown@lbhf.gov.uk	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	2 Sep 2019  Reason: Affects 2 or more wards	<b>School Organisation Strategy 2019</b>  School Organisation Strategy 2019 submitted for approval	Cabinet Member for Children and Education  Ward(s): All Wards  Contact officer: Christine Edwards Tel: 020 8753 5179 christine.edwards@lbhf.gov.uk	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	2 Sep 2019  Reason: Expenditure more than £100,000	<b>Rough Sleeper Supported Accommodation Procurement Strategy</b>  Various supported housing contracts are expiring in 2020; a procurement strategy is required to ensure new services deliver better outcomes for residents and better value for money.  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	Cabinet Member for Housing  Ward(s): All Wards  Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@lbhf.gov.uk	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.



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> )
		disclosing the information.		
Cabinet	2 Sep 2019  Reason: Expenditure more than £100,000	<p><b>Procurement of external training venue</b></p> <p>The Centre for Systemic Social Work requests approval to procure an external training venue(s) for the courses it delivers for staff in the three boroughs and in 10 partner authorities around the UK.</p> <p>PART OPEN</p> <p>PART PRIVATE</p> <p>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>Cabinet Member for Children and Education</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Deborah Parfitt Tel: 020 7361 2897 deborah.parfitt@rbkc.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	2 Sep 2019  Reason: Expenditure more than £100,000	<p><b>Direct Award - Health Hearts Contract</b></p> <p>Report recommends a direct award for six months for the Healthy Hearts Contract.</p> <p>PART OPEN</p> <p>PART PRIVATE</p> <p>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>Cabinet Member for Health and Adult Social Care</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@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.

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> )
Cabinet	2 Sep 2019	<p><b>Annual Parks Capital Programme 2019-20</b></p> <p>Seeking Cabinet approval to continue to improve and enhance the borough's parks and open spaces in 2019-20</p>	Cabinet Member for the Environment	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	2 Sep 2019	<p><b>APPROVAL OF EARLS COURT COMPULSORY PURCHASE ORDER STRATEGY</b></p> <p>A report seeking approval of the council's acquisition and Compulsory Purchase Order strategy in relation to the Earls Court Opportunity Area.</p>	Cabinet Member for the Economy	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): North End	
Cabinet	2 Sep 2019	<p><b>BUSINESS CASE &amp; PROCUREMENT STRATEGY IN RELATION TO THE CREATION OF A DYNAMIC PURCHASING SYSTEM (DPS) FOR THE PROVISION OF PLANNED AND REACTIVE CAPITAL WORKS TO COUNCIL PROPERTIES</b></p> <p>This report, proposed by Children's Services, is seeking permission to carry out a procurement exercise to establish a Dynamic Purchasing System (DPS) in order to engage local Small and Medium Enterprise (SME) contractors to undertake repairs and maintenance and other construction related works at our schools.</p> <p>The DPS will also be made available for use by other departments to carry out repair and construction related works at other Council-owned buildings.</p>	Cabinet Member for Children and Education	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		Ward(s): All Wards	

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 (other relevant documents may be submitted)
		<p>The DPS framework proposed will be used for:  ? &gt;Planned Repair and Replacement Programme  ? &gt;Emergency / Urgent (Responsive) Repairs</p> <p>The purpose of the DPS is to engage local organisations and SMEs to carry out works and services and support the Council's commitment to work with local businesses and invest in the local economy with a view to building shared prosperity by creating jobs in the borough and for the benefit of their community</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>		
<b>7 October 2019</b>				
Cabinet	7 Oct 2019  Reason: Affects 2 or more wards	<b>CORPORATE REVENUE MONITOR 2019-20 MONTH 3 30TH JUNE</b>  Report of variance of actual to budget at end of June. Virement requests.	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Emily Hill  emily.hill@lbhf.gov.uk	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.

<b>Decision to be Made by (Cabinet or Council)</b>	<b>Date of Decision-Making Meeting and Reason</b>	<b>Proposed Key Decision</b> <b>Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.</b>	<b>Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents</b>	<b>Documents to be submitted to Cabinet (other relevant documents may be submitted)</b>
Cabinet	7 Oct 2019	<b>Housing Strategy 2019</b>  Report on the Council's new Housing Strategy	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		Ward(s): All Wards	
		Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk		
Cabinet	7 Oct 2019	<b>Healthy Lifestyles Service Procurement Strategy</b>  Report containing the procurement strategy and business case for a new Healthy Lifestyles Service.	Cabinet Member for Health and Adult Social 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	
		Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@lbhf.gov.uk		
<b>4 November 2019</b>				
Cabinet	4 Nov 2019	<b>CORPORATE REVENUE MONITOR 2019-20 MONTH 4 31ST JULY</b>  Report of variance to budget at end of July. Virement requests.	Cabinet Member for Finance and Commercial 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: Affects 2 or more wards		Ward(s): All Wards	
		Contact officer: Emily Hill  emily.hill@lbhf.gov.uk		

## NOTICE OF CONSIDERATION OF AN ADDITIONAL KEY DECISION PROPOSED TO BE MADE BY CABINET ON 1 JULY 2019 (published 14 JUNE 2019)

In accordance with paragraphs 9 and 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Cabinet hereby gives notice of an additional Key Decision which it intends to consider on its Cabinet meeting on 1 July 2019.

*If you have any queries on this Key Decisions List, please contact  
Katia Neale on 020 8753 2368 or by e-mail to [katia.neale@lbhf.gov.uk](mailto:katia.neale@lbhf.gov.uk)*

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>
Cabinet	1 Jul 2019	<p><b>Linford Christie - Outcome of Public consultation</b></p> <p>The report seeks authority for H&amp;F to fund specialist advice following the outcome of public consultation.</p> <p><b>Reasons for urgency:</b> The report includes the outcome of the public consultation that closed on 13<sup>th</sup> June 2019, therefore the report cannot be completed within normal deadlines but must go to Cabinet in July.</p>	Cabinet Member for the Economy	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): College Park and Old Oak  Contact officer: Nigel Brown Tel: 020 8753 2835 <a href="mailto:Nigel.Brown@lbhf.gov.uk">Nigel.Brown@lbhf.gov.uk</a>	