

# Cabinet

## Agenda

**MONDAY**  
**7 OCTOBER 2019**  
**7.00 pm**

**MEETING ROOM 2**  
**SECOND FLOOR**  
**3 SHORTLANDS**  
**LONDON W6 8DA**

### 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**  
**27 September 2019**

If you require further information relating to this agenda please contact:  
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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 **15-17** 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**



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3 Shortlands,  
Hammersmith,  
London W6 8DA



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Hammersmith



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Latymer Court (Stop G)

### DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on item numbers **5-17** 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 2 October 2019.**

### COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Tuesday 8 October 2019**. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 11 October 2019 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 11 October 2019**.

# Cabinet Agenda

7 October 2019

<u>Item</u>		<u>Pages</u>
1.	<b>MINUTES OF THE CABINET MEETING HELD ON 2 SEPTEMBER 2019</b>	6 - 14
2.	<b>APOLOGIES FOR ABSENCE</b>	
3.	<b>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>	
4.	<b>APPROVAL TO ESTABLISH 5 FIRST STAGE ROLL OUT WARD ACTION GROUPS</b>	15 - 22
5.	<b>DEVELOPING OUR RELATIONSHIP WITH THE VOLUNTARY AND COMMUNITY SECTOR</b>	23 - 30
6.	<b>CORPORATE REVENUE MONITOR 2019/20 MONTH 3 - 30 JUNE 2019</b>	31 - 73

7.	<b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2019/20 (FIRST QUARTER)</b>	74 - 101
8.	<b>ENGINEERING AND MOTOR INSURANCE TENDER STRATEGY FOR 2020-25</b>	102 - 111
9.	<b>PROCUREMENT STRATEGY TO COMMISSION AN EXTERNAL TRAINING VENUE FOR PARTNERS IN PRACTICE PROGRAMME</b>	112 - 122
10.	<b>APPROVAL OF PROCUREMENT STRATEGY AND PAYMENTS TO THE WEST LONDON ALLIANCE FOR USE OF AND CONTINUED ACCESS TO DYNAMIC PURCHASING VEHICLES FOR CHILDREN'S SOCIAL CARE AND SUPPORT SERVICES</b>	123 - 137
11.	<b>ANNUAL EMERGENCY PLANNING &amp; BUSINESS CONTINUITY REPORT</b>	138 - 160
12.	<b>APPROVAL TO MAXIMISE EMPLOYMENT AND SKILLS SUPPORT AND FUNDING (STRATEGIC INVESTMENT POT GRANT FUNDING)</b>	161 - 167
13.	<b>EARLS COURT COMPULSORY PURCHASE ORDER STRATEGY</b>	168 - 217
14.	<b>REMAIN IN H&amp;F - OUR RESPONSE TO BREXIT</b>	218 - 235
15.	<b>PROCURING AND DELIVERING A LONG-TERM REPAIRS AND MAINTENANCE MODEL FOR HAMMERSMITH AND FULHAM</b>	236 - 251

This report has five 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.	<b>PROCUREMENT STRATEGY AND BUSINESS CASE IN RELATION TO THE RECOMMISSION OF STATUTORY ADULT ADVOCACY SERVICES</b>	252 - 278
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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.***



**17. STRATEGY AND OPTIONS FOR PROCURING THE WASTE,  
RECYCLING AND STREET CLEANSING CONTRACT**

279 - 283

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.

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**18. FORWARD PLAN OF KEY DECISIONS**

284 - 301

**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.*

# Agenda Item 1

London Borough of Hammersmith & Fulham

## Cabinet Minutes



Monday 2 September 2019

### **PRESENT**

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

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

#### **RESOLVED:**

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

### **33. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Ben Coleman and Councillor Larry Culhane.

### **34. DECLARATION OF INTERESTS**

There were no declarations of interest.

**35. BUSINESS CASE & PROCUREMENT STRATEGY IN RELATION TO THE AWARD OF CONTRACTS TO DELIVER IMPACT PROJECT INDEPENDENT DOMESTIC VIOLENCE ADVOCACY AND CASE PROGRESSION SERVICES**

**RESOLVED:**

To approve the Business Case & Procurement Strategy for the procurement of Impact Independent Domestic Violence Advocacy, and Case Progression services, as set out in Appendix 1 of the report.

To approve a delegation of the decision to award the contracts to the Strategic Director of Environment, in consultation with the Deputy Leader.

**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.

**36. CORPORATE REVENUE MONITOR 2019/20 MONTH TWO - 31 MAY 2019**

**RESOLVED:**

1. To require the Directors and Cabinet members to identify and deliver actions that offset the forecast General Fund overspend.
2. To delegate to the Strategic Director of Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services, the decision to agree the necessary budget virements required to align budgets to the new 2019/20 departmental structures.
3. To note the HRA forecast overspend.

**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.

### **37. THE HIGHWAY MAINTENANCE WORK PROGRAMME 2019-20**

#### **RESOLVED:**

- 1.1. To approve the programme in Appendix B. which lists several locations for works to take place over the coming year.
- 1.2. That authority be delegated to the Strategic Director of Environment in consultation with the Cabinet Member for the Environment to make amendments to the Highway Maintenance and LIP programmes as agreed for operational and cost-effective reasons, in order to make the optimum use of resources and to better meet residents' needs.
- 1.3. To note that reports and updates on programme amendments (additions and removals) to the approved scheme list be made, as and when required, during the year to the Cabinet Member for the Environment.
- 1.4. That authority be delegated to the Strategic Director of Environment in consultation with the Cabinet Member for the Environment to award the contracts listed in the annual highway maintenance work programme for 2019-2020 as set out in appendix B.

#### **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.

### **38. PROJECTS FOR ANNUAL PARKS CAPITAL PROGRAMME 2019/20**

#### **RESOLVED:**

- 1.1. To approve that the £500,000 s106 contributions are used to fund the full list of new parks projects identified in section 5 of this report.
- 1.2. To approve the Business Case and Procurement Strategy set out at Appendix 1 in accordance with the Council's Contract Standing Orders ('CSOs') 8.12.
- 1.3. To approve the procurement of individual projects in accordance with CSO 10.2 (table 10.2d) and 11.2, where the total value of the works does not exceed the £500,000.

- 1.4. To delegate the decision to award the contracts in respect of each project to the Strategic Director of Environment in consultation with the Cabinet Member for the Environment.

**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.

**39. WAIVER OF COUNCIL'S CONTRACT STANDING ORDERS AND DIRECT AWARD OF A CONTRACT FOR THE PROVISION OF HEALTHY HEARTS SERVICE**

**RESOLVED:**

1. To approve a waiver under Contract Standing Orders (CSO) 3.1 in relation to the competition requirements of CSO 10.2 and CSO 11.2 (either to call off a framework or to advertise the contract and seek public quotations). The justification of the waiver is that the nature of the market for the services to be provided has been investigated and it is demonstrated to be such that a departure from these CSOs is justifiable and in the Council's overall interest.
2. To approve the direct award of the contract for the delivery of a Healthy Hearts service to Thrive Tribe for six months from 1 October 2019 with an option to extend by two periods of up to three months each. The maximum contract cost over twelve months would be £472,029.
3. To delegate the decision to extend the contract to the Director of Public Health in consultation with the Cabinet Member for Health and Adult Social Care.

**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.

**40. HARTOPP AND LANNOY POINTS**

**RESOLVED:**

Councillor Lisa Homan stated that this was the latest report regarding the demolition of the two housing blocks, Hartopp and Lannoy Points. Since Cabinet agreed to the demolition in April, there had been extensive negotiations with tenants and leaseholders. The recommendations on this report would allow the Council to continue with the plans.

**RESOLVED:**

**That Cabinet:**

1. Authorises the making of a CPO for the land edged red on Plan 1 (appendix 1) pursuant to section 17 of the Housing Act 1985, to enable the demolition of Hartopp Point, Lannoy Point and achievement of a future qualitative gain in housing stock within 10 years of the confirmation of the 'Order'.
2. Delegates authority to the Strategic Director for the Economy, in consultation with the Assistant Director of Legal and Democratic services take all necessary steps to make the CPO, pursue its confirmation by the Inspector, Secretary of State (or the Council) to implement the CPO (these steps are set out in section 4.14 of this report).
3. Delegates authority to the Strategic Director for the Economy, in consultation with the Assistant Director of Legal and Democratic Services, to make General Vesting Declarations (GVDs) under the Compulsory Purchase (Vesting Declarations) Act 1981 and/or to serve notices to treat and notices of entry (if required) following confirmation of the order.
4. Delegates authority to the Strategic Director for the Economy, in consultation with the Assistant Director of Legal and Democratic Services, to issue and serve any warrants to obtain possession of property acquired by the Council following the execution of a GVD or service of a notice of entry relating to the order if it is considered appropriate to do so.
5. Delegates authority to the Strategic Director for the Economy, in consultation with the Assistant Director of Legal and Democratic Services, to acquire third party interests in the land within the CPO either

by agreement or compulsorily and up to the value of the revised budget approved as part of this report.

6. Approves an increase in the property acquisition budget by £859,000 to ensure consistency in the offers made to acquire third party interests. This will be funded by HRA borrowing and takes the total Property Acquisition budget to £10,676,391.
7. Approves an additional budget of up to £250,000 to meet costs arising in preparing and presenting the Council's case, in the event of a CPO public inquiry being required and should such inquiry take place. This will be funded by HRA borrowing and takes the total CPO budget to £350,000.
8. Approves an extension to Avison Young's existing instruction in the event of an inquiry being required and that these costs will be met from the budget increase set out in 2.8. The value of the such extension is estimated at £60,000.
9. Approves a budget of up to £250,000 to procure design services (including surveys, cost consultancy and project management) to develop feasibility stage redevelopment options for the Order land to deliver a qualitative improvement in the council's housing stock and to enable community engagement on these options. This will be funded from 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.

**41. WEST KING STREET DEVELOPMENT: AUTHORITY TO SIGN UNILATERAL UNDERTAKING**

**RESOLVED:**

Councillor Andrew Jones stated that the decision on this report was required to give the Council the authority to enter into a unilateral undertaking for the planning obligations for West King Street development. This would allow the planning permission to be issued and enable the overall programme to remain on target.

**RESOLVED:**

That the Council in its capacity as landowner of the majority of the development site is authorised to sign the Unilateral Undertaking under Section 106 of the Town and Country Planning Act 1990 for the purposes of achieving planning permission.

**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.

**42. BUSINESS CASE & PROCUREMENT STRATEGY DYNAMIC PURCHASING SYSTEM (DPS) FOR PLANNED AND REACTIVE CAPITAL WORKS**

**RESOLVED:**

That the Cabinet:

1. Approves the Procurement Strategy & Business Case set out in Appendix 1 for the procurement of a Dynamic Purchasing System (DPS) for repair and maintenance requirements to schools and other buildings for use with work packages of up to £350,000.
2. In relation to any works packages proposed, estimated to be in excess of £100,000, to be procured using the DPS, to waive pursuant to CSO 3 the requirements of Contract Standing Orders (CSO) 8 for prior approval of a procurement strategy, on the grounds that this is in the Council's overall interests.



3. In relation to any works package proposed to be procured using the DPS, to waive pursuant to CSO 3 the requirements of Contract Standing Order 10 in relation to the procurement process to be used, on the grounds that the circumstances of the proposed contract are covered by legislative exemptions.
4. Delegate the decision to appoint new contractors to the DPS, over its duration, to the Director of Children's Services in consultation with the Cabinet Member for Children and Education.
5. Note that it is not proposed that the DPS be available for use to procure works contracts in excess of £350,000 in value.
6. Approves that the award of any contracts recommended following a competitive tender exercise under the DPS framework, is delegated to the appropriate Chief Officer for awards up to £25,000, in accordance with CSO 17.1.
7. Note the decision to approve contracts in excess of £25,000, recommended following a competitive tender exercise under the DPS framework, is for appropriate Cabinet Member to make in accordance with:
  - CSO17.2 - where the value of the contract is in excess of £25,000 but below £100,000
  - CSO 17.3.1 - where the actual contract value exceeds £100,000 but is less than £5m.

**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.

43. **AVONMORE, BROOK GREEN AND ADDISON NEIGHBOURHOOD PLAN AREA**

**RESOLVED:**

This report is recommending Cabinet to:

- Refuse the Neighbourhood Area application.

**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.

44. **FORWARD PLAN OF KEY DECISIONS**

The Key Decision List was noted.


45. **ANY OTHER BUSINESS**

None.

Meeting started: 7.00 pm

Meeting ended: 7.05 pm

Chair .....

<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>7 OCTOBER 2019</b></p>	
<p><b>APPROVAL TO ESTABLISH 5 FIRST STAGE ROLL OUT WARD ACTION GROUPS</b></p>	
<p><b>Report of the Cabinet Member for Strategy – Councillor Sue Macmillan</b></p>	
<p><b>Open Report</b></p> <p><b>Classification - For Decision</b></p> <p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Lisa Redfern, Strategic Director of Social Care</b></p>	
<p><b>Report Author:</b> Ruth Redfern - Community Engagement Lead</p>	<p><b>Contact Details:</b> E-mail: <a href="mailto:Ruth.redfern@lbhf.gov.uk">Ruth.redfern@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 The Council has made a clear commitment to establishing Ward Action Groups. Ward Action Groups are considered by the Council to be an essential part of renewing civic life and building an ongoing relationship with our communities. Building on the success of the prototypes in Ravenscourt Park, Avonmore & Brook Green and Sands End, this report seeks approval to establish five first stage roll outs of Ward Action Groups to continue to test out effective models to be rolled out in the remaining eight wards. These will be College Park & Old Oak, Fulham Broadway, Fulham Reach, North End and Palace Riverside.
- 1.2 The aim of Ward Action Groups is to empower residents to improve their own communities.

## 2. RECOMMENDATIONS

- 2.1 To approve that the further roll outs for three out of five Ward Action Group roll outs) be funded from the existing approved budget of £45,000.

## 3. REASONS FOR DECISION

- 3.1 Community engagement is a key strand of 'doing things with residents and not to them'.

3.2 Ward Action Groups are expected to build trust with local people, reflect the Council's business plan priorities and relentlessly search for better solutions, whilst building individual and collective confidence to inspire change.

#### 4. PROPOSAL & ISSUES

4.1 Ward Action Groups are:

- 'Doing' not talking Groups, for example they will identify key issues in wards that the Groups wish to tackle, champion and/or consolidate;
- Diverse and reflect the demography of the ward;
- Welcoming to new arrivals in the borough and will embrace new thinking and ways of working that encourage participation;
- Flexible in approach to actively facilitate innovation and participation;
- Able to responsibly advocate and represent residents' views, concerns and ambitions;
- Useful and responsive to the needs of all the public organisations that may utilise their expertise and knowledge of their wards, e.g. council, police, health, further and higher education.

4.2 **Mission:** We will ensure we do things with residents not to them.

4.3 **Overall Outcome:** All people who live in the wards of Hammersmith and Fulham take pride in their neighbourhoods and actively participate in their community – doing more for themselves and each other.

4.4 **Objectives:** There are a number of key objectives for Ward Action Groups:

- To actively develop new thinking to resolve issues and promote the development of communities and civic engagement and participation;
- To increase cohesion and mutual solidarity across all communities in Hammersmith and Fulham wards and enhance neighbourliness;
- To 'talent spot' those individuals in communities who are able and willing to take on active roles, with particular reference to excluded groups, e.g. young people, disabled people;
- To improve health, wellbeing, resilience and safety of residents;
- To increase the numbers of those volunteering and those people who live and work here making their contribution;
- To increase neighbourhood prosperity and reduce poverty and inequality;
- To develop trust and mutual respect between residents and the public bodies who serve them.

#### Ward Action Group Structure

4.5 Ward Action Groups are currently being prototyped in three wards; Ravenscourt Park, Avonmore & Brook Green and Sands End. These wards are geographically spread across the borough and have diverse economic,

social and demographic variations to provide helpful analysis from prototyping.

- 4.6 Ward Action Groups are between 6 - 12 individuals sourced by the Chair (who will be a local ward Member) who will identify local, third sector and business engagement whilst ensuring diversity, inclusivity and productivity.
- 4.7 Ward Action Groups identify activities or issues or ambitions they wish to work on within the Council's priorities i.e. Building shared prosperity, Being compassionate and Taking pride in your Ward.
- 4.8 These activities, issues or ambitions are expected to:
- Fast track resolution of local issues;
  - Encourage wider participation on the activity, issue or ambition, e.g. a hackathon on social isolation and loneliness;
  - Be specific and achievable and demonstrate clear community 'buy-in' e.g. <https://www.spacehive.com/movement/hf>;
  - Be created, led and managed by the Group;
  - Increase the numbers of those volunteering and people who live and work in the Borough making their contribution e.g. community champions;
  - Respond to an awareness of the specific needs of a Group and/or the neighbourhood in which the activity is to be delivered.

The WAGs are successfully advocating and implementing residents' ideas. So far, the WAGs are/have:

- led on a successful litter picking initiative;
  - organised a mobile visit from a bike fixing initiative to visit young people on estates;
  - completed a world record breaking puzzle with young people;
  - establishing a business forum for local business;
  - designing a historical trail;
  - creating a booklet containing a list of activities for young residents;
  - offering the free use of premises within their wards, in the gift of WAG members;
  - tree pit planting;
  - implemented traffic calming measures;
  - setting up a coffee morning for mothers concerned about local crime;
  - creating a community garden;
  - planning a community picnic.
- 4.9 Within existing resources, the Council has created two posts of community action and engagement officers, one permanent and one fixed term. These officers are supporting the Ward Action Group Chairs and are guiding the work of the groups to meet the objectives.

- 4.10 A virtual team of officers working on community engagement across the council have set the overall parameters of the programme under the leadership of the Cabinet Member for Strategy. This has provided additional corporate capacity across the council through greater synergy and less silo working within community engagement.
- 4.11 It is noted that the Strategic Director of Social Care, in consultation with the Cabinet Member for Strategy and relevant Ward Action Group Chairperson, is responsible for spending Ward Action Group funds.

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

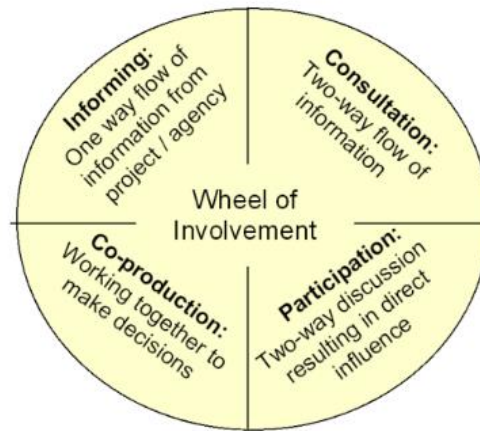
- 5.1 A variety of models exist throughout the UK. In the spirit of devolution to local Members, the Council will delegate authority to spend a small budget to the Strategic Director of Social Care (in consultation with the Cabinet Member for Strategy and the relevant Chair of their Ward Action Group). This will be based on the Council's priorities.
- 5.2 There is a wide-ranging body of work exploring the theory of good community engagement. This report, and the previous Cabinet Member decision report, draws on research and practical experience from around the country. Following desktop research and analysis and literature review, Council Officers and the Cabinet Member for Strategy have visited a number of places who have invested in similar structures e.g. Neighbourhood Forums, Area committees, Ward Forums. Places visited included Bradford, Salford, Lewisham, Calderdale, Sutton, Frome and Doncaster.
- 5.3 The learning from each of these places informed the recommendations for the type and style of Ward Action Groups in Hammersmith & Fulham. Research into models has also included LGA, NESTA, Volunteering Matters, Participatory City, Joseph Rowntree Foundation, Involve and UpRising. With a variety of models that are potentially workable, the conclusion reached was to use a prototyping approach i.e. an early sample, model, or release of a product, service or approach built to test a concept and to act as a thing to be replicated or learned from.
- 5.4 Research suggests that having a voice in the community and feeling a sense of empowerment gives citizens a stronger commitment to their local area. As a consequence, they will be more likely to be a part of local activities. In addition, according to Understanding Participation (a literature review by the participation organisation Involve), "when an active interest is shown in their opinion...and feel their engagement was influential and acted upon" a resident will be more motivated to be involved and stay involved.
- 5.5 The WAGs are still in the early stages of development, but they have shown some wonderful examples of ideas and plans that residents have suggested and implementing. The WAGs are continuing to work towards being truly reflective of their wards and are reaching out to residents who are not members, both through people that live in the wards and grassroot community organisations.

- 5.6 The WAGs have shown a transformation from a “we talk, you listen, you do” model to a “we talk, we listen, and we do” model. This has led to the sharing of knowledge, skills and resources. The WAGs are championing new thinking and generating ideas to empower neighbourhoods, creating ways of working together for better sustainable outcomes.
- 5.7 All WAGs are at different stages of development. Each has an action plan, drafted by the Chair in response to discussions at the WAG meetings. The plans reflect differing priorities and will inevitably include the impact of larger environmental projects. For example; the cycle highway project both within Ravenscourt Park and Avonmore & Brook Green, and the new development of the community and arts centre in Sands End. These projects bring both opportunities and challenges for ongoing community engagement with residents.
- 5.8 The Chairs have used the WAGs to take leadership of local need. These provide an important pathway and platform where WAG members can engage with the development, share community tensions/concerns and influence plans.
- 5.9 Whilst there is inevitably some storming, norming and performing as WAGs begin to find their collective feet and develop firm relationships, it is notable that the Chair and members of the WAGs have taken collective ownership of any issues and used an Asset Based Community Development (ABCD) approach to resolve them.
- 5.10 Whilst officers have collectively gathered narrative/qualitative data to shape and inform the direction of the WAG prototypes, under the leadership of their chairs, key evidence and learning through participatory evaluation, is currently being progressed. A formal participatory evaluation process is planned with Avonmore & Brook Green WAG in July, followed by Ravenscourt Park and Sands End later in the year as they progress. This will provide a much more comprehensive analysis of the model, which will in-turn continue to feed into existing development and indeed the delivery of future WAGs rolled out across the borough.

## **6. CONSULTATION**

- 6.1 The International Association for Public Participation (IAP2) has developed a framework for looking at the depth and scope of engagement. This is based on five levels of engagement, each one increasing levels of participation and involvement. At one end of the spectrum engagement is simply an information sharing exercise, for example through the provision of websites or newsletters. At the other end, engagement can lead to genuine community empowerment and social entrepreneurialism through mechanisms such as Ward Action Groups.
- 6.2 This framework has been used by different agencies wishing to present options for involvement and participation and to make a distinction within the

spectrum of engagement, see below. Ward Action Groups are in the sphere of co-production and participation within the spectrum and consultation is therefore implicit in their design and roll out.



## **7. 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 no direct negative impact on groups with protected characteristics, as defined by the Act, from these proposals.
- 7.2 The WAGs aim to engage a more diverse range of residents in decision making.
- 7.3 Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

## **8. LEGAL IMPLICATIONS**

- 8.1 There are no legal implications arising from this report.
- 8.2 Implications completed by Rhian Davies, Assistant Director of Legal and Democratic Services

## **9. FINANCIAL IMPLICATIONS**

- 9.1 One-off funding of £45,000 has previously been approved for the initial 3 Ward Action Groups. £43,000 of this sum is uncommitted and will be made available for the new, and existing Ward Action Groups.
- 9.2 Currently, with the support of the Chairs, Ravenscourt Park and Sands End have access to a budget and Avonmore & Brook Green does not. Therefore, we propose that, in consultation with the Chairs, the next five roll outs follow the same model i.e. three will have access to resource and two will not. Officers will evaluate which has the most success.



9.3 Whilst the proposed expenditure is business critical, it is important to continue to learn and evaluate progress, provide Ward Action Groups with the incentive to fundraise together and ensure we continue to improve organisational accountability. Should further roll-outs be proposed, or the financial commitment increased, then this will need consideration as part of the Council's overall Medium Term Financial Strategy process.

9.3 Implications completed by Andrew Lord, Head of Strategic Planning and Monitoring, Corporate Finance, tel. 020 8753 2531.

## **10. COMMERCIAL IMPLICATIONS**

10.1 It is not considered there are any procurement or commercial implications for the recommendations of this report. The budget must be spent in accordance with the CSOs and PCR 2015 if third party contractors are contracted.

10.2 Implications completed by Andra Ulianov, Head of Procurement & Contracting, tel. 020 8753 2284.

## **11. RISK MANAGEMENT**

11.1 Ward Action Groups are focused on tackling the top priorities as identified by their communities, contribute positively to the management of local issues and in doing so enhance local resilience. Development of Ward Action Groups contributes to the delivery of the Council's Vision and Priorities, is a positive thing as it helps with community cohesion and any improvements made in the local area benefits all of the local community. The proposals outline the potential of encouraging more residents to join in making local decisions.

11.2 Implications completed by Michael Sloniowski, Risk Manager, tel. 020 8753 2587.

## **12. IMPLICATIONS FOR BUSINESS**

12.1 Ward Action Groups give local business an opportunity to engage with residents and support local projects and initiatives that improve their area and thus potentially grow their businesses.

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

## **13. IT IMPLICATIONS**

13.1 This proposal has no direct IT implications.

13.2 Any sensitive personal information gathered by the Ward Action Groups needs to be managed in line with the data protection principles of GDPR and the Data Protection Act 2018.

13.3 Implications verified/completed by: Veronica Barella, Chief Information Officer.  
tel. 0208 753 2927.

**BACKGROUND PAPERS USED FOR THIS REPORT**

None

<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>7 OCTOBER 2019</b></p>	
<p><b>DEVELOPING OUR RELATIONSHIP WITH THE VOLUNTARY AND COMMUNITY SECTOR</b></p>	
<p><b>Report of the Deputy Leader - Councillor Sue Fennimore</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification – For review and decision</b></p>	
<p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Lisa Redfern, Strategic Director of Social Care</b></p>	
<p><b>Report Author:</b> Ruth Redfern, Strategy &amp; Communities Lead</p>	<p><b>Contact Details:</b> Email: <a href="mailto:ruth.redfern@lbhf.gov.uk">ruth.redfern@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report sets out an emerging new relationship between Hammersmith & Fulham Council and our voluntary and community sector.
- 1.2 The report details the social and economic context of the relationship, the shift in demand from residents and the ambition we have for a participatory culture.

## 2. RECOMMENDATIONS

- 2.1 That the Cabinet agrees with the ambition statement set out in Appendix 1.
- 2.2 That the Cabinet instructs officers to seek an initial response from the sector and work together to co-produce a shared vision that ensures we jointly deliver council priorities:
  - Building shared prosperity
  - Doing things with residents not to them
  - Taking pride in Hammersmith & Fulham
  - Creating a compassionate council
  - Bring ruthlessly financially efficient

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

- 3.1 The evolving participatory culture which Hammersmith & Fulham Council is seeking to promote, and the social action we support, cannot be achieved without a strong voluntary and community sector.
- 3.2 In Hammersmith & Fulham we are reframing the relationship with our communities and our residents and to do this effectively we need even better collaboration with our voluntary and community sector. A relationship that focuses on what is needed and who can contribute. With meaningful equal partnerships, cross-sector collaboration and best practice, we can address a myriad of local challenges. In Hammersmith & Fulham we want residents to be co-producers of solutions, working side by side with the voluntary and community sector and local government to create real and lasting change.
- 3.3 We have begun to explore ways of developing a participatory culture with increased social action and social entrepreneurialism. This action may, most notably, take the form of a campaign or lobby for change but is increasingly about people coming together to help improve their own lives and solve the problems that are important in their communities. It can include volunteering, giving money, community action or simple neighbourly acts. Through the commitment and skill of residents, social action can empower communities, help people in need, and complement public services.
- 3.4 Social action in Hammersmith and Fulham already covers the full spectrum, from resident-led Commissions, co-production with residents, Councillor-led Ward Action Groups, responding to emergencies through community resilience, community-led campaigns on preventing Hospital closures and Heathrow expansion to community champions. The Council is facilitator, enabler, advocate, funder and friend.
- 3.5 The Chief Executive met with Third Sector Leaders (TSL) in December 2018 and consulted on the shared goals:
- Stronger, more effective working relationships between sectors;
  - A more sustainable and diverse third, voluntary and community sector;
  - Better outcomes for local people by planning and delivering services in new ways.

### **4. OPTIONS AND ANALYSIS OF OPTIONS**

- 4.1 Hammersmith & Fulham have an ambitious vision and five priorities that build on the success that has already set Hammersmith & Fulham Council apart as a leader and innovator in compassionate local government.
- 4.2 In Hammersmith & Fulham we recognise that we live in a model of society that can leave people isolated and highly vulnerable to cuts and austerity. There are also very real and immediate challenges where a number of dynamics are becoming more acute, from an ageing population that

increasingly requires more health and social care, to rising atomisation whereby individuals feel more isolated. These social trends will continue to drive changes in how local government, together with our partners, acts and reacts. Not least, to drive up economic prosperity and ensure good work for our residents. Hammersmith & Fulham Council has a modern, flexible and compassionate approach and we are seeking new ways to engage with our voluntary and community sector to address these challenges.

- 4.3 In Hammersmith & Fulham Council we recognise that we need to do things with residents not to them, because we know that when people help each other communities are stronger and tougher, neighbourhoods and the residents who live there are more resilient and overall health and wellbeing improves. The positive impact of the voluntary and community sector working with disadvantaged and under-represented groups is vital to bring about this change.
- 4.3 Therefore, we are seeking a refreshed relationship with the third, voluntary and charitable sector – all of us working together to develop a new approach fit for 2020 and beyond.

## **5. BACKGROUND & CONTEXT**

- 5.1 The composition of the third sector nationally is predominantly smaller organisations, with 82% of the number of charities in the UK reporting an income of £100,000 or less (<https://data.ncvo.org.uk/a/almanac18/size-and-scope-2015-16/>). Whilst local organisations, operating in the heart of communities are undoubtedly a good thing, predominantly smaller organisations can leave the sector vulnerable to changing circumstances and austerity, without the capacity to adapt.
- 5.2 In Hammersmith and Fulham, there are 750 known voluntary and community sector organisations of which the Council grant aids and commissions over 143 providers and Hammersmith United support over 25. Funding for the sector is also received from the lottery, local and national trusts and increasingly from crowdfunding. In February 2018 new service priorities were set by Hammersmith & Fulham Council to clarify outcomes expected from the sector. Research indicates that Hammersmith & Fulham Council gives the most resource to enable capacity in the voluntary and community sector across London. As budgets to the local government sector decrease, it is likely that we will be regarded as a major funder nationally.
- 5.3 In 2017/18 £217k of Fast Track grants was awarded to 65 local projects with voluntary and community sector organisations match funding £503k to deliver those projects. An estimated 15,000 residents benefitted. In 2018/19 £145,130 was allocated to 49 groups.
- 5.4 In 2017/18 the coach trip scheme awarded a total of £10k to 29 local groups to contribute to the cost of transport, 778 H&F users benefitted of which 588 of the users were aged 65+. A total of £2,114 was raised/match funded by the

groups to cover the cost of transport. In 2018/19 £6,050 was been allocated to 28 groups with 437 residents benefitted and 358 of those being 65+.

- 5.5 For the main grants programme, 37 organisations are currently funded to provide 45 services from April 18 to March 2021 and 3 organisations are funded to run 7 services from April 18 to March 2028, at just over £3 million per annum. The sector are collectively achieving a total of £2.6 million in additional funding per annum to deliver local services. In addition, at least 128,178 volunteer hours per annum support the delivery of those services at a London living wage, which is equivalent to an additional amount of £1,307,416.
- 5.6 Our grants and commissioning of the voluntary and community sector will require a Cabinet report in 2020 to make recommendations for re-tendering of grant-funded services.
- 5.7 However, the effects of austerity have brought continued and increased challenges to the voluntary and community sector. With reduced resources, many organisations have less capacity to involve and manage volunteers, bid for funding or respond to increased demand. The National Council for Voluntary Organisations 2019 annual report '*The Road Ahead*' warns that a combination of Brexit, economic uncertainty, tight government budgets and a slow economy will continue to put increased pressure on beneficiaries and front-line third sector services.
- 5.7 The impact of Brexit on the voluntary and community sector may mean they continue to do more with less and has already resulted in lower levels of giving. The reduction of EU funding streams is also likely to cause difficulties. There are various estimates for the financial impact, NCVO estimates over £300 million per year, depending on the availability and direction of the Shared Prosperity Fund.

## **6 CONSULTATION**

- 6.1 The Chief Executive met with TSL in December 2018 and consulted on the shared goals. Ongoing dialogue continues with Sobus (Hammersmith & Fulham's VCS umbrella organisation) and colleagues across the sector and with internal colleagues. Should the Cabinet agree the recommendation we would seek an initial response from the sector and work together to co-produce a shared vision.

## **7 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 there will be no anticipated negative impact on groups with protected characteristics from these proposals.
- 7.2 Given the general positive impact of the voluntary and community sector on disadvantaged and under-represented groups, it is anticipated the

implementation of this recommendation will have positive implications for groups with protected characteristics.

- 7.3 Implications verified by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

## **8 LEGAL IMPLICATIONS**

- 8.1 The report makes a recommendation to continue to improve and reframe the Council's relationship with the voluntary and community sector. Any new arrangements will have to take account of any relevant legislation and statutory guidance.

- 8.2 Implications verified/completed by: Rhian Davies, Assistant Director of Legal and Democratic Services.

## **9 FINANCIAL IMPLICATIONS**

- 9.1 There are no financial implications arising from this report. This report recognises our grants and commissioning of the voluntary and community sector and the impending report in 2020 to make recommendations for re-tendering of grant-funded services. Any future financial implications will need to be evaluated and considered as part of the Council's financial planning process.

- 9.2 Implications completed by: Emily Hill, Assistant Director of Corporate Finance.

## **10 IMPLICATIONS FOR BUSINESS**

- 10.1 The economic importance of the third sector has been acknowledged by international organisations in the last few decades. In the UK, the sector employs nearly 800,000 people and generates a turnover of £37bn. Hammersmith & Fulham Council recognises the contribution the sector makes to the local economy. The voluntary and community sector also plays a key role in linking social and economic goals, for example, they make a vital contribution to the integration of disadvantaged workers and to urban regeneration. Hammersmith Bid and Shepherds Bush and Fulham Bid as they develop have already shown a keen interest in supporting local third sector organisations and are actively working on increasing volunteering.

- 10.2 The third sector are key employers in the borough and they take a leading role in identifying, developing and promoting good practice.

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

## **11 COMMERCIAL IMPLICATIONS**

- 11.1 There are no commercial implications. However, any budget must be spent in accordance with the CSOs and PCR 2015 if third party contractors are contracted.
- 11.2 Implications verified/completed by: Andra Ulianov, Head of Contracts and Procurement, email Andra.Ulianov@lbhf.gov.uk.

## **12 IT IMPLICATIONS**

- 12.1 Hammersmith and Fulham Council is proactivity encouraging platforms to engage residents. This is particularly helpful for the third sector, not least utilising Next Door, Spacehive and Comoodle to support the third sector in communicating, fundraising and sharing resources. As a support function, IT Services should be consulted on new initiatives to encourage a coordinated approach and to clarify the support required from the IT team going forward.
- 12.2 The contents of this proposal do not refer to any personal data being held therefore there are no implications under GDPR.
- 12.3 Implications verified/completed by: Karen Barry, Strategic Relationship Manager.

## **13 RISK MANAGEMENT**

- 13.1 Hammersmith & Fulham Council has always worked with and supported the voluntary and community sector and recognises the contribution the sector makes to maintain and improve the quality of life for the community. The council ensures that grant funds and commissions are administered in line with recommended best practice, recognising the impact of austerity on the sector. All services are funded under a service level agreement, which sets out the of the service to be provided, with targets and outcome measurements forming part of the agreement. Monitoring information provides a degree of assurance that services are being delivered as intended. Organisations are visited and supported, and the refreshed relationship will enhance this dialogue and support.
- 13.2 Implications verified/completed by: Michael Sloniowski, Risk Manager.

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT - None**

### **LIST OF APPENDICES:**

**APPENDIX 1 – Ambition Statement**



## **APPENDIX 1 – Ambition Statement**

Hammersmith & Fulham Council has invested more in our residents, we are collaborating more, and we are delivering better outcomes - aspiring to deliver what residents want. Building on this success that has already set Hammersmith & Fulham Council apart as a leader and innovator in compassionate local government, we will continue to create real dialogue by doing things with residents and not to them. We are fundamentally reforming the way we work with public, private and voluntary and community sector organisations to achieve more for residents and borough businesses. Success for the borough will depend on the continued commitment and support of local organisations and our residents.

Our philosophy in Hammersmith & Fulham Council is to enhance civic life by working with and empowering residents to change their own neighbourhoods for the better. We believe that our residents and their community and voluntary organisations can often change things for the better and do it faster than anyone else. We are committed to reforming the Council with our third sector partners, communities and residents to help tackle some of the intrinsic problems facing the borough. We know we'll succeed if we bring people together and work with them to tackle the barriers that hold us back.

This includes supporting people, so everyone has a fair chance to be heard and to take part. As we reframe the relationship with our communities and our residents, we need even better collaboration with our voluntary and community sector. A relationship that focuses on what is needed and who can contribute. With meaningful equal partnerships, cross-sector collaboration and best practice, we can address a myriad of local challenges.

We are committed to lasting and sustainable relationships with the voluntary and community sector. In February 2018, we committed to 10-year contracts for the provision of community advice and legal support services for our residents. Hammersmith & Fulham Citizens Advice, Hammersmith & Fulham Law Centre and Action on Disability support some of the most vulnerable residents in our borough, providing invaluable expertise and impartial advice and guidance. At the same time, we committed to a further three years of our third sector Investment Fund Grant, recognizing the importance of stable funding to allow our community and voluntary sector to innovate and achieve. We will continue to support asset transfer and the growing independence of the sector.

In Hammersmith & Fulham we want residents to be co-producers of solutions, working side by side with the voluntary and community sector and local government to create real and lasting change.

Our vision is a dynamic, sustainable voluntary and community sector in Hammersmith & Fulham working in partnership with Hammersmith & Fulham Council to deliver effective and efficient cross-sector services and support that leads to positive social change for residents.

## **Our Ambition is:**

To ensure our relationship with, and funding of, the voluntary and community sector supports the Council vision;

To develop our participatory culture, increase informal and formal volunteering, drive an impact volunteering campaign on social isolation and loneliness and, in line with our thinking on social value, reframe CSR to focus on skills exchange;

To support increased philanthropy, individual and collective giving, supporting community foundations and promoting crowd-funding through the H&F Hive;

To encourage cross-sector collaboration and drive efficiency and effectiveness by sharing capacity, assets and space;

To promote a real partnership between organisations and their users, where co-production becomes the norm and stakeholders of the voluntary and community sector are co-directing decision making;


To plan, organise and support each other to include all residents and to put residents at the heart of decision making;

To maximize investment, including support to access funding and promoting agreement/collaboration between funders to reduce wasted effort and time. Avoiding duplication, we will support partners to deliver more together;

To encourage partnership within Hammersmith & Fulham's voluntary and community sector able to create coalitions, collaboration and joint commissioning;

To support H&F initiatives that seek to be agile in response to local needs and crisis, reflecting our commitment to community resilience; and

To promote social action, encouraging residents to actively engage with their neighbours and their communities that can create social capital and positive social change.

<p style="text-align: center;">London Borough of Hammersmith &amp; Fulham <b>CABINET</b> 7 OCTOBER 2019</p>	
<p><b>CORPORATE REVENUE MONITOR 2019/20 MONTH 3 – 30 JUNE 2019</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 - For decision and for information</b> <b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Hitesh Jolapara – Strategic Director of Finance &amp; Governance</b></p>	
<p><b>Report Author: Emily Hill, Assistant Director, Finance</b></p>	<p><b>Contact Details:</b> Tel: 020 8753 3145 Emily.Hill@lbhf.gov.uk</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 produced as part of the Council's 2019/20 budgetary control cycle.
- 1.3. The General Fund forecast outturn is an overspend of **£10.497m**.
- 1.4. Action plans of **£2.130m** have been developed and are proposed as partial mitigation against the forecast overspend. If delivered they will reduce the forecast net overspend to **£8.367m**. Work is underway to identify measures to close the remaining overspend.
- 1.5. The High Needs Block and Early Years Block, funded through Dedicated Schools Grant (DSG), was overspent by a cumulative £13.6m at the close of 2018/19. A further overspend of £5.1m in 2019/20 is forecast that will increase the total

cumulative deficit to £18.7m by 31 March 2020. Work is underway to address this overspend. In addition, councils are lobbying nationally to address acute government underfunding of this area.

- 1.6. The Council tracks savings on a regular basis. Budgeted savings for 2019/20 are £10.34m. The forecast as at June 2019 identifies a potential shortfall of £2.11m against this target. Mitigating actions need to be taken to close this gap.
- 1.7. The 2019/20 budget addressed some of the significant budget pressures faced in 2018/19 with growth of £3.3m for Children's Service and £2.6m to realign Public Service Reform (PSR) income budgets.
- 1.8. The Housing Revenue Account (HRA) forecast has an overspend variance of **£3.463m**.

## **2. RECOMMENDATIONS**

- 2.1. To note that Directors and Cabinet Members continue to identify and deliver actions that offset the forecast General Fund overspend.
- 2.2. To note the HRA forecast overspend.
- 2.3. To approve the virements requested in Appendix 10.
- 2.4. To note the MTFS Monitor and forecast shortfalls against targets in Appendix 10.

## **3. REASONS FOR DECISION**

- 3.1. To report the revenue expenditure position and comply with Financial Regulations.

#### 4. MONTH 3 GENERAL FUND

- 4.1. The forecast month 3 overspend is **£10.497m** with risks of £8.642m identified.

**Table 1: 2019/20 General Fund gross forecast outturn variance**

Department	Revised budget £m	Forecast outturn variance month 3 £m	Forecast outturn variance month 2 £m
Children's Services	43.666	4.003	1.328
The Economy Department	8.369	0.316	0.428
The Environment Department	66.726	2.520	2.479
Controlled Parking Account	(27.938)	(1.018)	(0.692)
Finance & Governance	1.383	1.661	1.151
Public Service Reform	10.731	3.491	3.377
Social Care	52.902	2.376	1.893
Centrally Managed Budgets	17.599	(0.300)	(0.300)
<b>Total</b>	<b>173.438</b>	<b>13.049</b>	<b>9.664</b>
Balance of unapplied unallocated contingency	0.000	(2.552)	(2.252)
<b>TOTAL</b>	<b>173.438</b>	<b>10.497</b>	<b>7.412</b>

#### 5. MONTH TWO - HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account is currently forecasting an outturn overspend of £3.463m at month 3 (Appendix 8).

**Table 3: Housing Revenue Account forecast outturn**

Housing Revenue Account	£m
<b>Balance as at 31 March 2019</b>	<b>(11.890)</b>
Less: Budgeted (contribution to) / appropriation from balances	4.369
Less: Forecast overspend	3.463
<b>Projected balance as at 31 March 2020</b>	<b>(4.058)</b>

#### 6. DEDICATED SCHOOLS GRANT (DSG)

- 6.1. Dedicated schools grant (DSG) is paid in support of local authority schools' budgets, being the main source of income for the schools. In common with other London Boroughs, the High Needs Block element has come under increased pressure in supporting children with special educational needs and spend is significantly higher than the funding provided by central government. The cumulative total DSG deficit balance carried forward to 2019/20 was £13.6m with an additional £5.1m deficit now forecast in 2019/20.

- 6.2. The £18.7 million forecast cumulative deficit at the year-end represents spending more money than grant available and will impact on future school and Council resources.
- 6.3. The Education and Schools Funding Agency now expect local authorities to prepare deficit recovery plans however given the scale of the challenge, the Council has set aside an earmarked reserve equivalent in value to the DSG deficit in 2018/19. The DSG deficit reserve is used to cover the potential overspend and based on the current in-year forecast may need to be increased during the year by £5.1m, this will be reviewed during the year.
- 6.4. A programme of work is required and is underway to reduce the underlying overspend in this area.

**Table 4: Dedicated Schools Grant**

	<b>£m</b>
<b>DSG deficit brought forward from prior years</b>	<b>13.616</b>
In-year forecast deficit	5.129
<b>Forecast deficit at end of 2019/20 financial year</b>	<b>18.745</b>

## **7. GENERAL FUND RESERVES**

- 7.1 The Council is preparing an updated reserves position that will be the subject of a future report.

## **8. VIREMENTS & WRITE OFF REQUESTS**

- 8.1. Virements to realign budgets of £1.216m are requested (appendix 10). This includes an adjustment for legal recharges of £0.511m which realigns the budget to reflect the new recharge methodology.

## **9. CONSULTATION**

- 9.1. All departments.

## **10. EQUALITY IMPLICATIONS**

- 10.1. 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 adjustments to the budgets required because of this Corporate Revenue Monitor.
- 10.2. In the event that any such adjustments might lead to a service change that could have a negative impact on groups with protected characteristics then an Equality Impact Assessment will need to be carried out.
- 10.3. Implications completed by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

## **11. LEGAL IMPLICATIONS**

- 11.1. There are no legal implications for this report.
- 11.2. Implications verified by: Rhian Davies, Borough Monitoring Officer, tel. 07827 663794

## **12. FINANCIAL IMPLICATIONS**

- 12.1. This report is financial in nature and those implications are contained within.
- 12.2. Implications completed by: Gary Ironmonger, Finance Manager, 0208 753 2109, implications verified by Emily Hill, Assistant Director, Corporate Finance 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. The report seeks the approval of strategies developed to bring any staffing overspends in line with allocated budgets.
- 14.2. There are no procurement implications. Commercially, these strategies will have a positive impact on the Council's budgets and spending.
- 14.3. Implications completed by: Andra Ulianov, Procurement Consultant, x2284.

## **15. IT STRATEGY IMPLICATIONS**

- 15.1. There are no IT implications for this report.
- 15.2. Implications verified/completed by Veronica Barella, Chief Information officer, x2927.

## **16. RISK MANAGEMENT**

- 16.1. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
- 16.2. Councils face significant challenges in managing the implications of the current economic climate. Central government funding is reducing and there is limited scope to increase council tax levels. A forecast outturn variance showing an unfavourable of £13.049m places the Council at risk to its financial resilience if the position is not

rapidly addressed, this has been considered a high risk on the corporate risk register and if untreated may result in a potential adverse Value for Money opinion.

- 16.3. Revenue expenditure against budget is monitored by regular reports to the Strategic Leadership Team and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council and provide details of any projected additional budget pressures and risks, or any significant under or overspends. As the Section 151 Officer, the Strategic Director of Finance and Governance is required to keep under review the financial position of the Authority. The monthly revenue monitoring is a key part of this review process. If required, measures will be put in place to address any risks identified through the monitoring process and to contain expenditure within approved budgets.
- 16.4. Effective monitoring assists in the provision of accurate and timely information to Members and officers and allows services to better manage their resources. Corporate Revenue Monitoring contributes to the delivery of all Council Priorities but chiefly Being Ruthlessly Financially Efficient and sound risk management.
- 16.5. The effective use of financial resources underpins the Council's activities in support of its strategic priorities. Plans to take remedial action to manage a number of the significant issues highlighted in this report where they approach and exceed our financial risk appetite and risk tolerance have been referenced in appendix 10.
- 16.6. There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the medium term:
  - Austerity imposed by national government and its impact on Local Government.
  - Achievement of resulting challenging savings targets.
  - Brexit and the state of the UK economy.
  - Commissioning and Procurement outcomes.
  - Impact of the fall in the pound on inflation and pay.
  - Demand-led Service Pressures E.g. Adult Social Care, Child Protection etc.
  - Potential adjustments which may arise from the various Grant Claims.
  - Movement in interest rates.

Risks associated with specific services are mentioned elsewhere in this report.

- 16.7. Implications verified/completed by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703



## 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	Title
Appendix 1	Children's' Services
Appendix 1a	Dedicated Schools Grant
Appendix 2	The Economy Department
Appendix 3	The Environment Department
Appendix 3a	Controlled Parking Account
Appendix 4	Finance & Governance
Appendix 5	Public Service Reform (PSR)
Appendix 6	Social Care
Appendix 7	Centrally Managed Budgets
Appendix 8	Housing Revenue Account
Appendix 9	Virement Requests
Appendix 10	MTFS Savings Monitor Summary as at Quarter 1 2019/20

**APPENDIX 1: CHILDREN'S SERVICES**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Family Services	30,454	2,329	387
Special Educational Needs and Disabilities	8,380	1,763	941
Education	1,190	-63	0
Assets, Operations & Planning	3,642	-26	0
School Funding	0	0	0
<b>TOTAL</b>	<b>43,666</b>	<b>4,003</b>	<b>1,328</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Family Services</b>		
<p>Family Services Social Care Placements - The Family Services placement budgets received growth of £2.050m for 2019/20 and the service identified savings of £1m.</p> <p>Since the growth bid was prepared there has been significant growth in numbers above that modelled on previous trends. Looked After Children numbers have increased by 13 to 255, up from 242 in November 2018 when the growth bid was prepared. This has led to an overspend of £1.750m, £1.543m on placements and £207,000 on other associated costs such as travel and subsistence.</p> <p>The costs of under 18s in private or voluntary residential care are forecast to total £3.6m which is £618,000 higher than the last financial year and represents the largest increase despite the increase being just 2.4FTE. The second largest increase from 2018/19 is in spot purchased semi-independent costs which have increased by £442,000 to £2.2m with FTEs up by 11.8.</p> <p>The total 2019/20 placements forecast is £12.7m of which 29% (£3.7m) is attributable to just 20 of the 475 cases the service is working with. These are highly complex cases with 11 of the 20 expected to cost over £200,000 this financial year with weekly costs up to £6,400 per week.</p> <p>Work to review all high cost cases is ongoing and the LAC Assist Team is working to step down placements where possible.</p>	1,543	0
<b>Client related non-placement costs</b>		
There are a number of additional costs including travel and	207	252

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
subsistence and various statutory allowances. The forecasted client transport overspend is £327,000. There are 28 regular clients forecasted for the full financial year 2019/20. Regular review meetings between the transport team and services will be held in 2019/20 to monitor spend and usage.		
The special project to take additional children has been funded by Home Office grant and centrally (where costs exceed the grant) as it sits outside the usual remit of children's services. Growth was provided in 2019/20 to fund the full net expenditure on DUBs. Since the growth bid was prepared a further 5 Dubs children have been placed in the borough and a further 5 are expected to be placed in the next two months. However, due to large reductions in the placement costs for two of the highest cost placements, the 2019/20 budget is expected to cover all costs including the 10 additional placements and the associated staffing costs.	0	0
<b>Contact and Assessment</b> There is a projected staffing overspend of £148,000 of which £136,000 relates to the usage of 10 agency staff in the service including maternity cover for 3 social workers with the rest covering budgeted vacant posts whilst recruitment is taking place. Based on last year's maternity budget allocation we are only able to assume that 48% of the maternity costs will be funded.	141	0
<b>Family Support and Child Protection (FSCP)</b> Cabinet have approved a contract variation of £82,000, per annum, on the Multidisciplinary Family Assessment Service contract with the Tavistock and Portman NHS Foundation Trust. There are 2018/19 FSCP contract costs c. £70,000 which will be incurred in 2019/20. This overspend is included in the forecast. The service is carefully monitoring its usage of the contract and monitor costs to ensure that the assessments are covered under the block contract rather than spot purchasing.  There is a projected staffing overspend of c. £97,000 primarily due to use of agency staff. There are 3 postholders on maternity leave with agency cover. We assume that 48% of the maternity costs will be funded.  The service is currently going through a recruitment process and hope to fill vacant posts. The forecast assumes agency workers to the end of August 2019. There is a risk of not filling all vacant posts due to a low take-up rate. The service was unsuccessful in attracting applicants for Social Worker posts advertised previously. The successful candidates will be Social Care Workers progressing towards a Social Worker role. As Social Care Workers, they may not hold full caseloads, thus continuing the service's need to use agency. The Service is exploring overseas recruitment as an option to fill vacancies.	333	180

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
There is under 3 years nursery placement forecast c. £50,000 which is unbudgeted.		
<p><b>Contact Centre</b></p> <p>The service is experiencing an increase in the number of family supervision referrals both from within the directorate and directly from court orders. Based on the likely number of additional hours required, the service is employing 6 additional sessional workers. It is assumed that 2 of these workers will be required on a full-time basis with 4 workers being required for 20 hours a month. The forecast assumes that these 6 additional sessional workers will be fully utilised from around September to the end of the financial year.</p>	94	0
<p><b>Other minor variances</b></p> <p>Minor variances are spread across services including a £61,000 underspend on fostering and adoption staffing and a £82,000 pressure cause by unbudgeted contracts relating to the Council's commitments as part of the West London Alliance. These are WLA Commercial and Procurement (NWOW) £15,000, Children's Commissioning Service £44,000 and Careplace £23,000.</p>	11	(45)
<b>Total of Family Services</b>	<b>2,329</b>	<b>387</b>
<b>Special Educational Needs and Disabilities</b>		
<p><b>Travel Care and Support</b></p> <p>In 2019/20 there has been a 12% increase in student numbers using SEN transport, compared to the same period last year. In addition, there has been a 20% increase in the destinations students are transported to. Journey times have increased, as evidenced in the increase in average cost per trip in taxi transport. The current forecast includes part delivery of £170,000 of the 2019/20 savings initiatives totalling £260,000 but does not include additional demand growth over and above the current cohort of pupils using the service. Further opportunities to deliver savings are being explored to help mitigate the risk of under delivery of 2019/20 savings.</p>	816	507
<p><b>Education and Healthcare Planning (EHCP)</b> -There is a pressure of £164,000 due to the cost of 8 supernumerary agency staff required until the end of August 2019. The funding used to pay for the costs transferring children with existing statements to EHC plans was exhausted in 2018/19 causing the overspend against the established staffing budget. The service expects to return to establishment in September.</p>	164	193
<p><b>Children with Disability Placements - (Short breaks and care packages)</b></p> <p>There are currently 8 residential placements which the local authority currently pays in full or part funds with health. The LA contribution is £773,000.</p>	363	182

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<p>There are 71 care packages that the local authority part or fully pays for which total £755,000 and 94 direct payments recipients totalling £492,000.</p> <p>Overall short breaks and placements budget totals £1.883m against a projected net expenditure of £2.246m making a total overspend of £363,000.</p> <p>The majority of the movement from CRM 2 is due to £200,000 contingency being added to the forecast to allow for new residential placements and £34,000 for new care packages. This will reduce each month as they are agreed and built into the forecast.</p>		
<p><b>The Haven Centre and short breaks</b> The income generated by The Haven has reduced due to one RBKC child moving out. An additional LBHF service user is now placed at The Haven. The overall impact is a forecast overspend of £307,000 against budget.</p> <p>There are also 71 spot purchased care packages referred to above that are fully or part funded by the local authority</p> <p>This is partly offset by an underspend of £92,000 as the Head of Service post has been kept vacant. This budget is set to be reallocated within the service to fund a revised staffing structure and mitigate overspend reported within Short Breaks and the Haven.</p>	213	0
<p><b>SEND Staffing Pressures</b> Staffing pressures exist within the service due to 'vacancy factor' budget which was required to balance the required 'Moving On' structure to the funding available. However, holding vacancies at the level required to mitigate the budget shortfall is not currently possible given the demand and pressures within the service. A post level budgeting exercise is nearing completion and a longer-term strategy to address the shortfall is being developed alongside the requirement to reduce the structure by 2021/22 due to time limited growth coming to an end.</p>	186	0
Other minor variances from across the service.	21	59
<b>Total of Special Educational Needs and Disabilities</b>	<b>1,763</b>	<b>941</b>
<b>Education Service</b>		
A small underspend expected on the general fund for the Education directorate, partly due the Head of School Effectiveness post being covered by a part time consultant.	(63)	0
<b>Total of Education</b>	<b>(63)</b>	<b>0</b>
<b>Assets, Operations &amp; Planning</b>		
A small underspend currently expected on the general fund for	(26)	0

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
Assets, Operations & Planning.		
<b>Total of Assets, Operations &amp; Planning</b>	<b>(26)</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>4,003</b>	<b>1,328</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
Tower Hamlets Judgement - the likely liability should all connected carers be paid carers fees for prior years possibly back to 2011 is estimated to be in the region of £2.100m. Three families (6 children) have brought claims prior to 2018/19 via the same solicitors totalling £141,000. In addition, in 2018/19, two families (3 children) brought claims with costs of approximately £60,000. We continue to hold the risk.	2,100	2,100
Within Fostering and Adoption Placement budgets there is a 2019/20 savings target of £599,000 for 'Enhanced fostering/secure base'. The service has flagged this up as a risk of not being delivered in 2019/20 partly because the resource required to support the Head of Service is not in place and that the trained carers may not necessarily have LBHF children placed with them.	600	600
Placements - Placement savings through LAC and Family Assist must continue to be monitored to ensure that delivery of savings is on track. The continuing high cost placements forecast puts pressure on this activity being delivered. The number of young people in residential care remains small, however they are often complex and highly expensive cases meaning that LAC assist have to work with the young person for some time before they can be considered for step-down or non-residential placement. In addition to the contingency for net placement increase in year, there is a risk of further exceptional demand growth, particularly from high cost residential placements. This risk will decrease each month as new placements are built into the forecast. There is a substantial reduction in the risk from last month due to the detailed work undertaken on the placements model which has seen the risk materialise into the forecast.	500	1,500
SEND staffing Application of high needs DSG to SEND staffing may need to reduce which would increase the overspend on the general fund (offset by a reduction on the high needs block overspend). A review of High Needs Block usage is taking place and potential risk is estimated at £300,000.  In addition to the current staffing overspend the service is faced with the loss of time limited growth of £290,000 in 2021/22.	300	0

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
This will require the loss of a reduction of around 6 posts.		
A recent review of the finance regulations that informs DSG budget allocations has meant central spend previously funded by DSG now has to be funded by either traded income, additional fees or general fund. Charging an admin fee to other LAs who place pupils in LBHF maintained schools, was previously put forward as mitigation towards the forecast overspend on the HNB. However, this has since been applied against the general fund SEND budget in order to ensure central services are fully funded as part of the regularisation of the use of DSG. There is a risk to the general fund if this income is not achieved in 2018/19 and future years.	396	396
<b>TOTAL RISKS</b>	<b>3,896</b>	<b>4,596</b>

### Supplementary Monitoring Information

#### **Travel Care and Support**

Education and Healthcare Plans have increased by 40% since 2017/18. The increase in children with a plan has meant more qualifying for a travel care plan.

Year	2014	2015	2016	2017	2018	2019
Numbers of Statements / EHCs	647	725	783	776	906	1,113
Percentage change		12%	8%	-1%	17%	23%

The budget increased at a lower rate and reduced due to 2019/20 savings.

Hammersmith and Fulham - SEN Tra	2017/18	2018/19	% increase	2019/20	% increase
EHCP's	776	906	17%	1113	23%
Number of students receiving transport*	175	247	41%	275	11%
Budget**	£2.490m	£2.761m	11%	£2.603m	-6%
Outturn	£2.591m	£3.176m	23%	£3.472m	9%
Difference from budget to outturn	£0.101m	£0.415m	15%	£0.869m	33%

Also driving up the costs are single occupancy destinations which have increased by 19% since last year.

	May-18	May-19	Var
<b>SEN students</b>	247	279	12%
<b>Destinations</b>	56	67	20%
<b>Single Occupancy destinations</b>	31	37	19%



## Family Services Placements

Under 18 private and voluntary residential spend is set to increase by £618,000 and 2.4 FTEs. Semi-independent spot purchased spend has increased by £442,000.

Service Category	2018-19 outturn	2019-20 Forecast	Change between years	FTE for 2018-19	FTE for 2019-20	Change in FTE between years
P&V Residential U18	£2,971,906	£3,589,646	617,740	14.40	16.79	2.39
Semi Independent U18's	£1,740,577	£2,182,770	442,192	30.25	42.01	11.76
Staying Put Grant	-£117,722		117,722			
Semi Independent (Block Contract)	£1,011,115	£1,113,841	102,726	73.00	82.00	9.00
Semi Independent Non Funded Asylum Seekers		£100,000	100,000			
Secure Remand	£102,454	£161,028	58,574	1.27	1.59	0.32
Staying Put	£347,317	£349,612	2,295	16.78	19.06	2.28
Secure Welfare	£0	£0	0			
SIL (Block) - Centrepont	£0		0	0.00		0.00
Youth Justice Board	-£112,372	-£112,372	0			
Residence Orders	£67,210	£66,477	-733	6.70	6.62	-0.08
Health	-£180,618	-£201,263	-20,645			
Adoption	£381,190	£342,276	-38,914	30.42	31.23	0.81
P&V Fostering (Agency) U18's	£2,267,050	£2,225,793	-41,256	44.72	46.23	1.52
Kinship	£329,742	£285,991	-43,751	27.30	27.70	0.41
Mother & Baby Residential	£215,859	£169,312	-46,547	1.46	0.90	-0.56
SEN	-£243,544	-£295,704	-52,160			
UASC Legacy & National Rate	-£1,031,506	-£1,085,378	-53,872			
Special Guardianship	£1,285,774	£1,183,701	-102,073	124.74	123.73	-1.01
Semi Independent 18+	£1,450,702	£1,346,698	-104,004	32.05	32.77	0.72
Staying Put Grant & New Burdens		-£117,722	-117,722			
Leaving Care Legacy & National Rate	-£160,029	-£342,057	-182,029			
In-House Fostering (0-18)	£1,938,084	£1,738,832	-199,252	74.16	76.37	2.21
<b>Total</b>	<b>£12,263,191</b>	<b>£12,701,481</b>	<b>438,290</b>	<b>477.24</b>	<b>507.01</b>	<b>29.76</b>

**APPENDIX 1a: DEDICATED SCHOOLS GRANT (DSG)**

**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Dedicated Schools Grant - Paid in support of the Local Authority's School Budget</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
High Needs Block (HNB) Expenditure	21,269	5,129	5,129
Early Years Block Expenditure	15,716	0	(205)
Schools Block Expenditure	37,927	(0)	549
Central School Services Block Expenditure	4,065	(1)	0
DSG Income	(78,977)	0	0
<b>TOTAL</b>	<b>0</b>	<b>5,128</b>	<b>5,473</b>

	<b>£m</b>
<b>DSG deficit brought forward from prior years</b>	<b>13.616</b>
In-year forecast deficit	5.128
<b>Forecasted deficit at end of 2018/19 financial year</b>	<b>18.744</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>High Needs Block</b> ( <i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and in addition the Alternative Provision</i> )		
<p>The current HNB forecast over spend is £5.129m in 2019/20, before growth related to increased pupil numbers and inflation. This represents an improvement of £1.729m on the 2018/19 outturn position of £6.860m. The outturn position was £7.130m on expenditure in 2018/19, but £268,000 of costs were funded from an underspend against the Central Services block of the DSG.</p> <p>The improvement on the £6.860m outturn variance on the HNB is due to various factors. The allocation has increased by £1.650m from 2018/19 to 2019/20 due to growth in pupil numbers (£313,000), additional allocation (Yr2 of 2, £359,000) and a reduction in the place funding recouped by the ESFA (£985,000). We were able to transfer £497,000 more from the School's block and £350,000 more from the Central Services block of the DSG than in 2018/19, to support the pressures on the HNB.</p> <p>It is estimated that £1.250m of spend from 2017/18 in 2018/19 will not re-occur in 2019/20 due to the robust year end accruals process that was under taken. In addition, there was one off income of £400,000 for non LBHF pupils placed in LBHF schools, which will not repeat in 2019/20. There will be</p>	5,129	5,129

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<p>additional costs in 2019-20, including £254,000 related to a proposed top-up rate increase at Jack Tizard Special School, £728,000 increase in the Speech and Language Therapy contract costs pro-rata for the year and before recovering costs related to non LBHF pupils.</p> <p>We are expecting additional pressure on the High Needs block due to reduced regional commissioner charges being generated once two special schools move to academy status (£239,000). Alternatives to ensure a fair regional commissioner charges across LBHF schools are being considered. Alternative Provision costs will increase by £452,000 in year - the SLA was offset in 2018/19 by a pre-payment made in 2017/18 of £452,000. Contingency funding is forecast to be £200,000 higher than in 2018/19 because it is not clear how much of this expenditure will be offset against the EY SEN Inclusion fund.</p>		
<b>Total of High Needs Block</b>	<b>5,129</b>	<b>5,129</b>
<b>Early Years Block</b> ( <i>Funding for Early Years including Two-Year Old funding and Early Years Pupil Premium</i> )		
No variance is reported at this stage	0	(205)
<b>Total of Early Years Block</b>	<b>0</b>	<b>(205)</b>
<b>Schools Block</b> ( <i>This budget of the DSG forms the core funding for mainstream maintained schools</i> )		
Nil variance forecast. The budget has been set for 2019/20 on available activity data.	0	549
<b>Total of Schools Block</b>	<b>0</b>	<b>549</b>
<b>Central School Services Block</b> ( <i>Funding for the Local Authorities ongoing responsibilities</i> )		
No variance is reported at this stage.	(1)	0
<b>Total of Central School Services Block</b>	<b>(1)</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>5,128</b>	<b>5,473</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
EHCP case work and management services are statutory services and the ESFA guidelines are clear that these services should not be funded from HNB DSG but the general fund. The service has reduced the DSG contributions to these services in 2018/19 by substituting DSG funding with income generated from regional commissioner charges levied onto recharges to other LAs who have pupils placed in the borough. This income may be at risk as other LAs are slowly pushing back on paying these amounts. The risk is estimated to be £500,000 but could also be realised if two special schools become academies and we are unable to find a mechanism to levy these charges from Sept 2019.	500	500
A comparison of census data at January 2018 and January 2019 suggests that the cohort of LBHF pupils placed in LBHF schools has increased by 7.5%. The total spend in 2018/19 was £8.500m, which would suggest that the growth risk in year is in the region of £640,000, before any mitigating action. Spend in 2018/19 on LBHF pupils placed out of borough was £6.500m, however it is not clear whether this cohort will be increasing in 2019/20 because the relevant datasets are not available. If, however, a similar assumption is made, the growth risk is approximately £485,000, taking the overall risk of increased placement costs in 2019/20 to £1.120m. Work is underway to review the SEN cohort, including the impact of phased transfers in year.	1,125	1,125
<b>2018/19 RISKS</b>	<b>1,625</b>	<b>1,625</b>

**APPENDIX 2: THE ECONOMY DEPARTMENT**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Solutions	6,826	351	363
Growth	2	31	65
Economic Development, Skills Service	558	0	0
Planning	794	(66)	0
Operations	94	0	0
Property Services & Compliance	90	0	0
Direct Delivery	5	0	0
<b>TOTAL</b>	<b>8,369</b>	<b>316</b>	<b>428</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Housing Solutions</b>		
There is a forecast reduction in average client numbers (from a budget of 928 units to a forecast of 961 compared to 985 in CRM2) in Private Sector Leased (PSL) temporary accommodation schemes.	31	42
There is a forecast reduction in average client numbers (from a budget of 133 clients to a forecast of 71, compared to 75 in CRM2) in Bed and Breakfast (B&B) temporary accommodation.	(257)	(256)
Cost avoidance payments of £600,000 to Private Sector Leasing and Direct Letting landlords are expected to be made this year to enable the Council to secure temporary accommodation properties. A further £450,000 is expected to be incurred this year under a Cabinet approved plan to invest up to £900,000 from the Temporary Accommodation reserve to secure 300 additional private rented sector properties to prevent homelessness or enabling households to exit temporary accommodation.	600	600
Flexible Homelessness Support Grant provided by Government to cushion the impact of the removal of the management fee for Temporary Accommodation (after allocating £2,589,400 to PSL and deducting an assumed £100,000 which we expect Registered Providers to claim). Government have stated the aim is to 'empower LAs with the freedom to support the full range of homelessness services they deliver' and plan their provisions with more certainty. It should be noted that this is only confirmed for 2019/20 so there is a risk of significant budget pressure from next year.	(116)	(116)
It is expected that there will be a number of other minor variances mainly on repairs and legal costs.	93	93
<b>TOTAL of Housing Solutions</b>	<b>351</b>	<b>363</b>
<b>Growth</b>		
Rent and Other Properties: The overspend is made up of	119	117

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
unachievable rental income of £16,000 and previous years' rental income generation targets not achieved of £103,000.		
Valuation Services: The overall position is mainly due to underspends in the Asset Management section on contractors and legal charges (£37,000) and recharges income of (£51,000).	(88)	(52)
<b>TOTAL of Growth</b>	<b>31</b>	<b>65</b>
<b>Economic Development &amp; Skills Service</b>		
	0	0
<b>TOTAL of Economic Development &amp; Skills Service</b>	<b>0</b>	<b>0</b>
<b>Planning</b>		
<b>Development Management</b> - an overspend of £149,000 relates to exceptional costs for Counsel, legal and other specialist advice on a number of specific planning applications. This is mostly offset by a favourable staffing variance of (£122,000) as a result of ongoing recruitment process following the re-structure of the service. Additionally, there are other minor variances of £19,000.	46	0
<b>Spatial Planning</b> - this relates to staffing vacancies because of an ongoing recruitment process the re-structure of the service.	(130)	0
<b>Planning Management</b> - this relates to a review of the apportionment of staffing costs between Planning and other divisions.	18	0
<b>TOTAL of Planning</b>	<b>(66)</b>	<b>0</b>
<b>Operations</b>		
	0	0
<b>TOTAL of Operations</b>	<b>0</b>	<b>0</b>
<b>Property Services &amp; Compliance</b>		
	0	0
<b>TOTAL of Property Services &amp; Compliance</b>	<b>0</b>	<b>0</b>
<b>Development &amp; Regeneration</b>		
	0	0
<b>TOTAL of Development &amp; Regeneration</b>	<b>0</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>316</b>	<b>428</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
Overall Benefit Cap	75	100
Direct Payments (Universal Credit)	26	35
There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	451	601

**Table 3 - Key Risks - Detail Items Over £250,000**

<b>Risk Description</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	195	260
There is a risk of large families being accommodated in B&B	136	181
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	353	471
The Economic Development service is undergoing a full review and there is a risk of overspend during this period of transition as the service is restructured to better align function and outcomes with the Council's industrial strategy.	60	60
Planning - In recent years, the cost of judicial reviews and major planning appeals including additional work to support the Hammersmith Town Centre supplementary planning document has been met from earmarked reserves, but these funds are now exhausted and therefore, there is an ongoing risk of an overspend against the budget.	300	300
Building & Property Management: Rent at 277 Goldhawk Road (Ladybird Nursery) - the lease renewal and the new rent is to be backdated to May 2017 however there is an issue with the occupied area under the new lease, which is yet to be resolved.	80	80
<b>TOTAL RISKS MANAGED</b>	<b>1,676</b>	<b>2,088</b>

**Supplementary Monitoring Information**

**Long Term Trends:**

The Temporary Accommodation service faces a long-term trend of:

- rising rents,
- constraints on income collection because of Welfare Reform
- increases in demand from homeless families.

The number of households in Temporary Accommodation has been increasing annually (1,214 at April 2016; 1,324 at April 2017; 1,444 at April 2018; with a slight reduction to 1,292 at April 2019). The current number of households in Temporary Accommodation is 1,250 (at 12 May 2019) and this represents a rise of over 3.2% since April 2016 at a time when the London average has increased by 5%. TA numbers are projected to increase to 1,275 at April 2020 and 1,325 at April 2021 and 1,375 at April 2022.

2018/19 saw the introduction of the Homelessness Reduction Act (HRA). This was the biggest change in homelessness legislation for over 40 years, and it had a significant impact on the service. This is the first quarter that we can make a direct comparison to the previous year, as we've had a full twelve months of the HRA being implemented. The total number of housing enquiries for the year to date is 686, at an average of 229 per month. For the same period last year, this total was 654 (218pcm). The average per month for 2018/19 was 233. This would indicate the demand has now reached a natural level following the new legislation being embedded.

### Supplementary Monitoring Information

The number of homeless applications over this period was 232 (77pcm), compared to 190 (63pcm) for the same period last year. However, it should be remembered that April 2018 was noticeably lower, due to the HRA only just coming into effect, and the average application per month for the whole of 2018/19 was 84. As we experienced and expected peak during the summer holidays, the current levels are still broadly comparable to what was experienced last year.

**Planning income** in recent years has fluctuated between £3.1m (2017/18), £3.6m (2018/19) and is currently forecast to reach £3.7m in 2019/20. The forecast is being closely monitored and any variance from the income target will be reported here.

The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:

- Changes to the statutory charging schedule
- Economic factors such as the impact on planning activity of Brexit
- Changes in legislation e.g. permitted development rights, Planning Performance Agreement regulation
- Changes to pre-application charging fees and Planning Performance Agreement templates
- Local and wider market conditions
- Availability of development sites in the borough
- Developers by-passing the pre-application process as it is not compulsory
- Government schemes to encourage house building, including grant schemes
- Developers' responding to current and pipeline housing supply in borough (they don't want to flood the local market)
- Adverse weather conditions



**APPENDIX 3: THE ENVIRONMENT DEPARTMENT**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
Highways, Parks & Waste	32,141	626	799
Safer Neighbourhoods & Regulatory Services	4,584	806	704
Community & Culture	6,236	529	510
Resident Services	23,245	642	591
Executive and Support	521	(83)	(125)
<b>TOTAL</b>	<b>66,726</b>	<b>2,520</b>	<b>2,479</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Highways, Parks &amp; Waste</b>		
Electric Vehicle Charging income 2018/19 and 2019/20. Not budgeted and no income accrual in 2018/19	(335)	(330)
Network Management income shortfall in line with previous years	77	72
Metro Wireless WIFI income shortfall in line with previous years	126	126
Temporary Traffic Orders net income	(57)	(59)
CCTV ducting concession contract income shortfall - proposal to realign budgets and write out this pressure (see virement request)	260	260
Savings target for sponsorship of information boards on public highways	50	50
Savings target for cycle street furniture - proposal to realign budgets and write out this pressure (see virement request)	125	125
Street Lighting energy underspend - proposal to realign with other ongoing budget pressures in the department (see virement request)	(125)	(125)
Salaries / Profess overspend/underachievement. Inability to recover all salary costs mainly due to inability to recharge Planning for officer time but also some disaggregation effect	484	395
General Maintenance planned underspend	(100)	(100)
Waste disposal underspend assuming tonnages broadly in line with last year - proposal to realign £480,000 with other ongoing budget pressures in the department (see virement request)	(560)	(560)
Waste contract inflation (favourable movement due to actual inflation being less than forecast)	425	540
Existing saving on waste contract not expected to be achieved	159	159
New saving for removal of clear all service not expected to be achieved	83	83
Unfunded Waste Management posts and officer cost	126	80
Over achievement of income on bulky waste and internal recharges	(110)	0
Other smaller net underspends	(2)	83
<b>Total Highways, Parks &amp; Waste</b>	<b>626</b>	<b>799</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Safer Neighbourhoods and Regulatory Services</b>		
Building Control income shortfall assuming income in line with 2018/19. Service to be reviewed by new manager to assess potential for growing income. Ideas from Commercial Review to be revisited.	290	301
CCTV overspend, due mostly to staffing pressures as a result of Bi-Borough disaggregation and the need to staff the 24/7 rota	70	0
Commercial income target for deployable CCTV cameras	100	100
Commercial income target for Professional Witness service - proposal to realign budgets and write out this pressure (see virement request)	20	20
Savings target for Additional and Selective Private Housing licensing - proposal to realign budgets and write out this pressure (see virement request)	300	300
Emergency Planning budget pressures - decision to maintain existing emergency response rota cover, meaning prior year saving not fully achieved (£34,000) and additional annual contribution to the London Resilience Fund (£15,000)	49	35
Community Safety Reserve funding for Silver Rota/London Resilience costs	(49)	0
Other smaller net variances	26	(52)
<b>Total Safer Neighbourhoods and Regulatory Services</b>	<b>806</b>	<b>704</b>
<b>Community and Culture</b>		
Filming & Lettings income shortfall. Historic income trends being analysed. Plans to increase income to be developed. Favourable movement due to splitting out impact of Hammersmith Hall decant (see line below)	221	354
Loss of Lettings income as a result of decanting from Hammersmith Town Hall	168	0
Transfer from the King Street Redevelopment Reserve for Lettings income losses, resulting from the decant from Hammersmith Town Hall	(168)	0
Shortfall in commercial income target for Parks and Markets events	100	100
Shortfall in savings target for Libraries Trust model	150	150
Libraries staff savings, assuming disaggregation occurs from July and no additional recruitment	(75)	(135)
Libraries savings shortfall - delayed implementation of Smart Open (£100,000) and shortfall against new income generating opportunities (£105,000)	205	205
Loss of Registrars income as a result of decanting from Hammersmith Town Hall. Adverse movement this month due to reimbursement from King Street Redevelopment Reserve being capped at budget level only (previously forecasting to get reimbursed at last year's income levels, which were significantly better than budget)	79	(164)

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
Transfer from the King Street Redevelopment Reserve for Registrars income losses, resulting from the decant from Hammersmith Town Hall	(79)	0
Increased income from Leisure Contract, assuming the Council funds the capital investment required to deliver this increased income (decision on funding source not yet confirmed)	(187)	0
Shortfall in savings target for better procurement in parks	50	50
Other smaller net variances	65	(50)
<b>Total Community and Culture</b>	<b>529</b>	<b>510</b>
<b>Resident Services</b>		
Existing restructure saving not expected to be achieved. Restructure proposals being considered with a view to delivering this saving in the medium term.	532	481
Local support payment less than budget	(150)	(150)
Savings target for delayed Channel Shift project (new proposals now being developed)	150	150
Unfunded Moving On costs relating to complaints function.	110	110
<b>Total Resident Services</b>	<b>642</b>	<b>591</b>
<b>Executive Directorate and Support</b>		
Departmental IT budgets underspend - proposal to realign with other ongoing budget pressures in the department (see virement request).	(100)	(100)
Other smaller net overspends	17	(25)
<b>Total Executive Directorate and Support</b>	<b>(83)</b>	<b>(125)</b>
<b>TOTAL VARIANCE</b>	<b>2,520</b>	<b>2,479</b>

**Table 3 - Key Risks - Detail Items Over £250,000**

<b>Risk Description</b>	<b>Risk At Month 2 £000</b>	<b>Risk At Month 2 £000</b>
Potential staffing cost increases.	400	400
Risk that s.106 funding not confirmed for CCTV	120	120
<b>TOTAL RISKS MANAGED</b>	<b>520</b>	<b>520</b>

**Supplementary Monitoring Information**

A number of historic difficult to achieve savings are included in the base budget for the Environment Department. Ongoing underspends across the department have been reviewed, resulting in a number of proposed budget realignments within the department to permanently address these. These virements are noted above and set out in the virement request form. As these realignments are within the department, they do not affect the overall forecast for the department, but they allow budgets to more accurately reflect income and expenditure expectations. The Department will continue to progress and implement plans to tackle the remaining budget pressures. Alternative budget reductions will need to be agreed and implemented where there are no opportunities for mitigating action.

**APPENDIX 3A: CONTROLLED PARKING ACCOUNT**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Controlled parking income	(38,994)	(650)	(90)
Controlled Parking Account expenditure	11,056	(368)	(602)
<b>TOTAL</b>	<b>(27,938)</b>	<b>(1,018)</b>	<b>(692)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3</b>	<b>Month 2</b>
	<b>£000</b>	<b>£000</b>
<b>Parking Control</b>		
<b>Controlled Parking Income</b>		
Parking PCN Income	327	(340)
Suspensions Income	440	668
Pay & display	(1,243)	(310)
Residents Parking	(155)	(96)
Removals & Storage	(19)	(12)
<b>Controlled Parking Expenditure</b>		
Under spend on supplies services due primarily to the completion of rollout of the cashless parking resulting in reduction of cashless and maintenance contract Costs	(253)	(487)
Salary underspend	(115)	(115)
<b>TOTAL VARIANCE</b>	<b>(1,018)</b>	<b>(692)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3</b>	<b>Risk At Month 2</b>
	<b>£000</b>	<b>£000</b>
None to report	0	0
<b>TOTAL RISKS MANAGED</b>	<b>0</b>	<b>0</b>

**APPENDIX 5: FINANCE & GOVERNANCE**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Property and Facilities Corporate Buildings	7,322	142	106
Legal and Democratic Services	1,218	142	142
IT Services	13,097	0	0
Finance	5,326	0	0
Audit, Fraud and Insurance	1,026	0	0
<b>SUB-TOTAL</b>	<b>27,988</b>	<b>284</b>	<b>248</b>
<b>Control Totals as @ Month 3</b>	<b>5</b>		
Contracts and Commercial Services (transferred to as at 01/05/19)	<b>(3,535)</b>	1,377	903
<i>Departmental non-controllable budgets</i>	<b>(23,071)</b>	0	0
<b>TOTAL</b>	<b>1,383</b>	<b>1,661</b>	<b>1,151</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3</b>	<b>Month 2</b>
	<b>£000</b>	<b>£000</b>
<b>Property and Facilities Corporate Buildings</b>		
<b>Civic Accommodation:</b> Overall unfavourable variance..	142	106
<b>TOTAL PROPERTY AND FACILITIES CORPORATE BUILDINGS</b>	<b>142</b>	<b>106</b>
<b>IT SERVICES</b>		
The service is expecting to underspend on staffing costs and contract costs although this is offset by unachievable income from the expected resale of My Account licenses to external customers.	0	0
<b>TOTAL IT SERVICES</b>	<b>0</b>	<b>0</b>
<b>LEGAL AND DEMOCRATIC SERVICES</b>		
<b>Elections:</b> The service has received a 58% reduction in Central Govt grant for Individual Electoral Registrations since 2015/16, whilst the costs of statutory services relating to contacting residents have been increased due to the growth in the borough profile. This remains an ongoing budget pressure for the service.	50	50
<b>Coroners and Mortuary:</b> The overall overspend is due to increased activity which has resulted in additional costs for staffing to support the service, coroners expenses and supplies and services. This budget pressure will remain for the foreseeable future. It should be noted that at this early stage and in spite of increased recharges to partner boroughs in recent years, the coroners services is forecast to overspend by £97,000 against a net budget of £126,000.	92	92
<b>TOTAL LEGAL AND DEMOCRATIC SERVICES</b>	<b>142</b>	<b>142</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>TOTAL FINANCE</b>	<b>0</b>	<b>0</b>
<b>TOTAL AUDIT, FRAUD AND INSURANCE</b>	<b>0</b>	<b>0</b>
<b>Contract Management Savings</b> - Service has transferred to Finance & Governance from May 2019. This is a prudent estimate to reflect potential of not realising budgeted target for savings from this area.	1,000	500
<b>Advertising Hoardings:</b> Variance to budget from existing and new sites. Work underway to address and close this shortfall. The improvement from month 2 is due to additional income expected as a result of interest payable to the Council.	377	403
<b>TOTAL COMMERCIAL &amp; PROCUREMENT</b>	<b>1,377</b>	<b>903</b>
<b>TOTAL VARIANCE</b>	<b>1,661</b>	<b>1,151</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
Potential challenges of additional TUPE and Facilities Management Service set up costs of £500,000.	500	500
Contract management savings – risk that activity plan to be drafted after resource is employed does not meet the savings target. Transferred to Finance and Governance 1 May 2019.	1,500	1,500
<b>TOTAL RISKS MANAGED</b>	<b>2,000</b>	<b>2,000</b>

### **Supplementary Monitoring Information**

The majority of budgets within the department relate to staffing costs, with the notable exceptions of IT Services and Property and Facilities, Corporate Buildings where there a number of key contract budgets with suppliers.

The Tech-tonic programme is on track to deliver in year savings of £1.2m as a result of new contract arrangements with suppliers, with high deployment rates of mobile devices across the Council enabling the programme to remain on target.

The facilities management service has now TUPE'd back to the Council, and officers continue to work through the implications of this including any risks and pressures that may arise throughout the year.



**APPENDIX 5: PUBLIC SERVICES REFORM  
BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Zero Based Budgeting	514	0	0
Research and Innovation	522	170	170
Communications	274	212	160
People and Talent	2,180	300	200
Assurance and Programmes	1,029	(100)	(100)
Strategy and Community Engagement	435	0	0
Executive Services	276	(80)	(80)
<b>Sub-Total</b>	<b>5,229</b>	<b>502</b>	<b>350</b>
<i>Divisions transferred to Children's and Social Care as of 1st April:</i>			
Adults and Children's Commissioning	7,304	1,589	1,627
Family Support	2,485	1,400	1,400
<b>Sub-Total</b>	<b>9,790</b>	<b>2,989</b>	<b>3,027</b>
<i>Departmental non-controllable budgets</i>	<b>(4,288)</b>	0	0
<b>TOTAL</b>	<b>10,731</b>	<b>3,491</b>	<b>3,377</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Public Services Reform</b>		
<b>People and Talent</b> - The service continues to report an overspend at this early stage of the year mainly as a result of a £200,000 saving from 2018/19 relating to transformational agency savings. Although work is ongoing to reduce agency expenditure across the Council, budgets for agency expenditure sit within departmental staffing budgets and not centrally, therefore any reduction in spend will not result in any savings for People and Talent. There are also in year savings which are currently unachievable within the P&T service regarding income for data maximisation and an enhanced trading model. Additional HR resource needed to support an income generation plan would negate the benefit of additional income.	300	200
<b>Communications</b> - Forecast overspend as a result of underachievement of traded income within the print service. At this stage, it is expected that activity will be in line with that incurred in 2018/19.	212	160
<b>Research and Innovation</b> - Forecast pressure on staffing costs mainly due to unfunded posts and additional resource brought in to address critical roles required to meet organisational demand, which includes the delivery of several key statutory reports. It must be noted that the BI team	170	170

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
continues to deliver financial benefits across the Council in excess of total cost.		
<b>Assurance and Programmes</b> - underspends on staffing	(100)	(100)
<b>Executive Services</b> - forecast underspends on staffing	(80)	(80)
<b>Commissioning Staffing</b> - There is a baseline budget pressure of £550,000 across adults and children's commissioning teams which includes a forecast pressure on the Travel Care and Support service of £350,000. In addition, £450,000 budget was transferred in 2018/19 to support the setup of the Programme Management Office. Mitigation plans are in place to address the overspends in children & adults commissioning staffing budgets.	1,000	1,000
<b>Family Support</b> - £1m of this overspend relates to budgeted savings. The forecast is calculated on working capital payments of £310,000 each month. Plans are in place to reduce this amount by £40,000 per month. It is highly unlikely that Family Support will deliver these savings this financial year.	1,400	1,400
<b>Supporting People contracts</b> - Mitigating actions have been identified by strategic leads to bring the overspend down from £250,000 to its current position. Work is ongoing to reduce this overspend through 2019/20 to balance by the end of the financial year.	100	100
<b>Adults Third Sector Commissioning</b> - Overspend in commitments to fund third sector organisations, 2018/19 un-accrued payments of £143,000. A robust mitigation plan is now being drafted to address this significant overspend and to reduce the overspend by 50% by the end of the financial year.	557	439
<b>Minor variances</b> - small forecast underspends on contract costs within children's commissioning. The movement from month 2 is mainly due to overspends previously reported here now reported within adults third sector commissioning.	(68)	88
<b>TOTAL VARIANCE</b>	<b>3,491</b>	<b>3,377</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
None to report	0	0
<b>TOTAL RISKS MANAGED</b>	<b>0</b>	<b>0</b>

<b>Supplementary Monitoring Information</b>
Much of the expenditure in PSR relates to contract payments or regular payments to third sector providers. Information used to forecast includes a schedule of commitments, contract documentation and any changes in demands for services.

**APPENDIX 6: SOCIAL CARE**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operations	25,081	605	673
Learning Disability, Mental Health and In-House Services	21,200	1,770	1,220
Commissioning	(187)	0	0
Resources	6,283	0	0
Social Care Directorate	526	0	0
<b>TOTAL</b>	<b>52,902</b>	<b>2,376</b>	<b>1,893</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Operations</b>		
<p>The department has balanced its budget for the last two years. However, as the savings for 2019/20 have been taken out of the budget at the beginning of the financial year, we again start the year with a projected overspend of £517,000.</p> <p>The financial pressures result from increased demand and the NHS policy of discharging people as early as possible from hospital and preventing people from unnecessary admission into hospital. This leads to an increase in home care costs for the council.</p> <p>This is a demand pressure which continues until a decision/policy is reached nationally about how to fund adult social care which has long been promised by government but to date has not been released.</p> <p>The main reasons for the overspend are due to the full year effect of 33 re-started care packages and Direct Payments overspend, which started at the end of last year and the further increase in the London Living Wage.</p> <p>The full year effect of home care packages is projected to overspend by £907,000, this is partly offset by a projected underspend of (£547,000) in placements. There is also a staffing cost overspend of £245,000 due to agency costs which are being reviewed. Robust mitigation plans are in place to address this overspend.</p>	605	673
<b>Total of Operations</b>	<b>605</b>	<b>673</b>
<b>Learning Disability, Mental Health and In-House Services</b>		
Within Learning Disability (LD), Mental Health and In-House Services, there are projected overspend of £1,770,000. This is	1,770	1,220

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<p>due to full year cost effect in LD of 22 new or returning people commencing from 2018/19 with a projected overspend comprises of Home care £466,000, Placements £188,000 and Direct Payment £324,000.</p> <p>In Mental Health a similar position of 36 new, or returning people since April 2018, with a resultant projected overspend of £257,000 in home care and Direct Payments and £224,000 in placements.</p> <p>Nursing Placements costs are on average increasing by 6% and the budgetary provision agreed is 2.58% which accounts for part for the overspend. Robust mitigation plans and very tight budgetary controls are in place to address this overspend.</p>		
<b>Total of Learning Disability, Mental Health and In-House Services</b>	<b>1,770</b>	<b>1,220</b>
<b>Social Care Directorate</b>		
	0	0
<b>Total of Social Care Directorate</b>	<b>0</b>	<b>0</b>
<b>Total Variance</b>	<b>2,376</b>	<b>1,893</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
Estimated costs relating to Learning Disability service users transitioning from Children Services to Adult Social Care.	250	250
Home Care contract providers have been awarded an inflationary increase of 1 to 2.1% depending upon their CQC (Care Quality Commission) rating. There is a risk of providers requesting a further increase due to additional the London Living Wages which increased by 3.4% from April 2019.	300	300
<b>TOTAL RISKS MANAGED</b>	<b>550</b>	<b>550</b>

**Supplementary Monitoring Information**

The Department continues to experience significant budget pressures. The Department is projecting an overspend of £2,376,000 as at period three, an increase of £483,000 compared to period two overspend of £1,893,000. In addition to the above, this is mainly because of the full year implications of new and resultant price increases due to market pressures. The increase in overspend since last month mainly due to a full review of the staffing commitments resulting in a projected £325,000 overspend and an unachieved saving of £231,000. In setting the 2019/20 budget £1.5 million was identified as a risk to the budget forecasts for these main factors. The projection assumes the delivery of the 2019/20 Adults savings of £2,855,000 of which currently 67% are rated as medium in terms of delivery risk.

Historically, the Department's budget has had underlying budget pressures, which have been mitigated in the last two years by using a combination of management actions to control the budget, one-off reserves, and from last year with the Improved Better Care Funding.

At this early stage of the year, the department is highlighting a risk of £550,000 due potential additional transitional service users and potential unbudgeted price increases.

**APPENDIX 7: CENTRALLY MANAGED BUDGETS**

**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 3</b>	<b>Forecast Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate & Democratic Core	1,721	0	0
Housing Benefits	(328)	0	0
Levies	1,545	0	0
Net Cost of Borrowing	485	0	0
Other Corp Items	4,935	(300)	(300)
Pensions & redundancy	9,241	0	0
<b>TOTAL</b>	<b>17,599</b>	<b>(300)</b>	<b>(300)</b>
Balance of unapplied unallocated contingency		(2,252)	(2,252)
<b>Revised Variance</b>	<b>17,599</b>	<b>(2,552)</b>	<b>(2,552)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Corporate &amp; Democratic Core</b>		
<b>Corporate &amp; Democratic Core Total</b>	<b>0</b>	<b>0</b>
<b>Housing Benefits</b>		
<b>Housing Benefits Total</b>	<b>0</b>	<b>0</b>
<b>Levies</b>		
<b>Levies Total</b>	<b>0</b>	<b>0</b>
<b>Net Cost of Borrowing</b>		
<b>Net Cost of Borrowing Total</b>	<b>0</b>	<b>0</b>
<b>Other Corporate Items</b>		
Based on 2018/19 outturn there is a forecast underspend of £300,000 on the Business Rates inflation contingency held for civic accommodation properties.	(300)	(300)
<b>Other Corporate Items Total</b>	<b>(300)</b>	<b>(300)</b>
<b>Pensions &amp; redundancy</b>		
<b>Pensions &amp; redundancy Total</b>	<b>0</b>	<b>0</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>TOTAL VARIANCE</b>	<b>(300)</b>	<b>(300)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
None to report		
<b>TOTAL RISKS MANAGED</b>	<b>0</b>	<b>0</b>

<b>Supplementary Monitoring Information</b>
None to report

**APPENDIX 8: HOUSING REVENUE ACCOUNT**  
**BUDGET REVENUE MONITORING REPORT MONTH 3**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Income	(77,001)	667	0
Finance & Resources	8,088	42	0
Housing Management	6,033	56	313
Property & Compliance	8,783	3,000	0
Void & Repairs	11,450	0	0
Adult Social Care	48	0	0
Safer Neighbourhoods	664	0	0
Place	9,649	58	0
Growth	325	0	0
Operations	3,470	0	0
Direct Delivery	1,491	0	0
Capital Charges	24,902	(360)	0
SLA	6,466	0	0
<b>(Contribution to) / Appropriation from HRA General Reserve</b>	<b>4,369</b>	<b>3,463</b>	<b>313</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
<b>Housing Income</b>		
There will be an under recovery of rent and service charges on the Council's homes of £527,000 due to an increase in the forecast number of void properties (284 voids vs. a budgeted level of 162 voids, an increase of 75% in excess of budget) mainly driven by the decanting of tenants at Hartopp Point and Lannoy Point. A further adverse variance on garage rents of £81,000 is expected and this is due to ongoing refurbishment work and also to the decanting of Hartopp Point and Lannoy Point. There are a number of other minor adverse variances of £59,000 relating to HRA commercial properties, Pay & Park income and commission on water charges collection.	667	0
<b>Total: Housing Income</b>	<b>667</b>	<b>0</b>
<b>Finance &amp; Resources</b>		
Finance & Resources overspend £42,000 is primarily due to ongoing costs of agency staff covering vacant posts.	42	0
<b>Total: Finance &amp; Resources</b>	<b>42</b>	<b>0</b>
<b>Housing Management</b>		
The adverse variance of £56,000 is due to lower than expected tenant numbers in Temporary on Licence properties resulting in	56	313



<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
a shortfall of income. The variance has reduced since last month following a review of tenant compensation costs associated with the decanting of Hartopp Point and Lannoy Point which can be capitalised.		
<b>Total: Housing Management</b>	<b>56</b>	<b>313</b>
<b>Property &amp; Compliance</b>		
To ensure the safety of our residents, it is necessary to station fire wardens at a number of the Council's high-risk tower blocks. The estimated full year cost for providing fire wardens at our high-risk blocks is £3m, however, this is subject to change and will be dependent on the outcomes of the on-going reviews taking place at the blocks.	3,000	0
<b>Total: Property &amp; Compliance</b>	<b>3,000</b>	<b>0</b>
<b>Void &amp; Repairs</b>		
<b>Total: Void &amp; Repairs</b>	<b>0</b>	<b>0</b>
<b>Adult Social Care</b>		
<b>Total: Adult Social Care</b>	<b>0</b>	<b>0</b>
<b>Safer Neighbourhoods</b>		
<b>Total: Safer Neighbourhoods</b>	<b>0</b>	<b>0</b>
<b>Place</b>		
An extended pilot of the Concierge Service at Edward Wood Estate due to a delayed consultation process is forecast to cost £235,000. This is expected to be offset by staffing and other minor underspends within the division of (£177,000).	58	0
<b>Total: Place</b>	<b>58</b>	<b>0</b>
<b>Growth</b>		
	0	0
<b>Total: Growth</b>	<b>0</b>	<b>0</b>
<b>Total: Operations</b>	<b>0</b>	<b>0</b>
<b>Direct Delivery</b>		
	0	0
<b>Total: Direct Delivery</b>	<b>0</b>	<b>0</b>
<b>Capital Charges</b>		
As the actual depreciation charge following the completion of the stock valuation as at 31st March 2019 is (£563,000) lower than the budgeted depreciation, this means that the planned	(360)	

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 3 £000</b>	<b>Month 2 £000</b>
funding of the Decent Neighbourhoods programme from the Major Repairs reserve is reduced by the same amount. It is now planned to make a revenue contribution to the capital programme for this same amount of £563,000 in order to meet capital financing requirements. Any slippage on the capital programme will be offset by reduced internal borrowing. Offsetting this, it is currently forecast that interest payable on HRA external debt will be (£154,000) lower than previously budgeted and the interest earned on HRA balances is forecast to be (£206,000) better than budgeted mainly due to an increase in the expected interest rate achievable on short term investments (from a budgeted figure of 0.45% to a forecast of 0.85%).		
<b>Total: Capital Charges</b>	<b>(360)</b>	<b>0</b>
<b>SLA Recharges</b>		
	0	0
<b>Total: SLA Recharge</b>	<b>0</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>3,463</b>	<b>313</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
<b>Additional Fire Safety costs</b> - following the fire at the Grenfell housing tower block in Kensington and Chelsea, the Council has put in place the Fire Safety Plus programme to make fire safety improvements to the housing stock above and beyond the current legal minimum standards. Although the vast majority of improvement works will be capital in nature, there is a significant risk of an unbudgeted impact on the HRA due to unanticipated revenue related expenditure relating to fire wardens.	unknown	unknown
<b>MITIE repairs &amp; maintenance</b> - The Council submitted its final accounts statement on 17 June as per the Term Partnering Contract obligations. Currently, the Council is in discussions with MITIE over the final accounts statements to understand their view. As negotiations progress, more detail will be made available.	TBC	TBC
<b>Capitalisation of staffing costs</b> - staff working on major capital projects complete weekly timesheets and these are used to identify the proportion of their time that can be charged to capital. It is likely that there will be slippage in the capital programme this year, and this means there is a risk that staff capitalisation will be lower than budgeted, resulting in unbudgeted charges to revenue. Officers are monitoring this, and should the risk crystallise, it will be	TBC	TBC

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 3 £000</b>	<b>Risk At Month 2 £000</b>
shown as a variance in the coming months.		
<b>Interim Repairs delivery model:</b> On 4 March 2019, Cabinet approved a one-off annual revenue budget of £22.2m for the interim repairs model, which required an increase in the existing budgets within the Housing Revenue Account for 2019/20 of £4.1m. This is being funded as a one-off appropriation from the Housing Revenue Account General Reserve. Given the added complexities arising from this project, associated client-side costs and the need to deliver a high functioning call centre, there remains a risk that further costs could potentially need to be incurred which may result in a further call on the Housing Revenue Account General Reserve.	unknown	unknown
A number of <b>divisional reorganisations</b> will be implemented this year in order to ensure The Economy department better delivers for residents. There is a risk that this may result in unbudgeted growth to the Housing Revenue Account.	unknown	unknown
<b>TOTAL RISKS MANAGED</b>	<b>Not Quantified</b>	<b>Not Quantified</b>

**Appendix 9**  
**Virement Requests**


Details of Virement	Amount (£000)	Department
<b>GENERAL FUND:</b>		
Realignment of legal budgets in line with revised recharge arrangements.	(511) 511	All Departments
Allocate ongoing waste disposal underspend to unachieved savings within the department	(480) 480	ENV ENV
Allocate ongoing departmental IT budget underspend to unachieved savings within the department	100 (100)	ENV ENV
Allocate ongoing street lighting energy underspend to unachieved savings within the department	(125) 125	ENV ENV
<b>Total of General Fund Virements (Debits)</b>	1,216	
<b>HRA:</b>		
<b>Total of HRA Virements (Debits)</b>		

## Appendix 10

### Savings Monitor at June 2019

2019/20 Efficiency Savings by Department	Budget Change				
Service	Budgeted 19/20 Savings £000's	Forecast 19/20 Savings £000's	Variance between Budget and Forecast Savings	RAG Rating Adj*	Revised Shortfall
Children's Services	(1,263)	(1,193)	70	332	402
Finance & Governance	(1,639)	(1,639)	0	250	250
The Economy	(779)	(779)	0	82	82
Public Services Reform	(1,129)	(820)	309	90	399
The Environment	(2,446)	(2,363)	83	151	234
Social Care	(3,086)	(2,855)	231	511	742
<b>Total</b>	<b>(10,342)</b>	<b>(9,649)</b>	<b>693</b>	<b>1,415</b>	<b>2,108</b>
<b>Shortfall as a percentage of budgeted savings</b>					<b>20%</b>
<small>* Standard adjustment applied to savings based on Delivery Risk rating, unless advised otherwise by Departments: High (-50%) Medium (-25%)</small>					

# Agenda Item 7

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>7 OCTOBER 2019</b></p>	
<p><b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2019/20 (FIRST QUARTER)</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 Executive Director:</b> Hitesh Jolapara, Strategic Director of Finance and Governance</p>	
<p><b>Report Authors:</b> Emily Hill, Assistant Director, Finance</p>	<p><b>Contact Details:</b> Tel: 0208 753 3145 Email: Emily.hill@lbhf.gov.uk</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. This report sets out the overall position of the capital programme at the first quarter. The key movements are:
- An increase, since the start of the year, in the 4-year capital programme of £11.3m to £459.4m.
  - A net reduction in forecast 2019/20 expenditure of £20.5m. This is largely due to the reprofiling of schemes to later years. This represents 13.8% of the approved 2019/20 budget. The in-year variations are detailed in Appendix 2.
- 1.3. The adjustments made to the overall 4-year programme are:

Inclusion of the Ed-City Development (May Council)	£64.8m
A lower allowance for the potential loan to the JV partnership regarding the Civic Campus programme	-£45.0m
Removal of uncommitted affordable housing delivery grant for potential reallocation to other projects	-£11.1m

Initial funding of design and survey costs, to RIBA stage 1 (outline scheme plan) for the Schools Regeneration project (Avonmore and Flora Gardens schools)	£0.5m
Inclusion of Leisure Centres capital investment	£1.5m
Adjustment in the Disabled Facilities Grant funding allocations	£0.5m
<b>Total</b>	<b>£11.2m</b>

- 1.4. A key financial focus of the capital monitoring report is the potential impact any increases in capital expenditure may have on future borrowing. The Council's underlying need to borrow for a capital purpose is measured through the Capital Financing Requirement (CFR).
- 1.5. The amendments to the General Fund (GF) capital programme have affected the Council's forecast headline capital debt (CFR) as follows:

	Last forecast (2018/19 Outturn)	Current forecast (2019/20 Q1)
<b>General Fund CFR</b>	<b>£m</b>	<b>£m</b>
2018/19 Closing CFR* (actual)	70.85	70.85
2019/20 Closing CFR *	83.65	83.56
2022/23 Closing CFR *	101.56	108.02

\* Headline CFR excludes Schools Windows, loans in relation to the Civic Campus programme and EdCity redevelopment, PFI, leases and deferred costs of disposal

The Council's underlying need to borrow, for GF purposes, is forecast to increase by £37.2m over the next four years. This will add an estimated £2m to future revenue borrowing costs and will need to be allowed for within future budget planning. The headline CFR figures exclude potential development (loan) funding of £45m to the Civic Campus (formerly the West King Street Renewal) programme and £28.58m to the Education City Development project. Whilst these will impact on the Council's CFR it is assumed that all Minimum Revenue Payment (MRP) and interest costs will be fully reimbursed through the charging of a state-aid compliant interest rate.

- 1.6. The 2019/20 capital programme includes a budget envelope of £50m, to provide operational flexibility, for taking forward major projects. Use of this budget is subject to relevant Member approval, agreement of funding sources and sign-off of an appropriate business case. Expenditure above the £50m envelope will require approval by Full Council. Major projects set out in the Capital Strategy include Health and Safety works. In April 2019, the Cabinet approved urgent demolition works at Hartopp and Lannoy Points housing blocks on the grounds of Health and Safety. In order to act quickly Cabinet approved a budget of £8,717,000 under this additional budget envelope. This leaves £41,283,000 available for operational flexibility on other major projects. This remaining budget is not included in the current capital programme and the CFR forecast but will be added if and when its use is approved.
- 1.7. The General Fund capital programme includes capital receipts of £3.5m carried forward to 2019/20. These will be used to support invest to save expenditure and IT investment in order to protect the Council's reserves. A further potential receipt of £0.7m has been identified for 2019/20 which it is proposed to set aside for the same purpose. Separate reports have identified concerns regarding the medium-term adequacy of the Council's reserves and future financial resilience. The identification of additional receipts will protect reserves by enabling, in line with

proper accounting or statutory practice, the capitalisation of further invest to save costs and potential further capitalisation of other relevant costs. The use of capital receipts to fund new capital expenditure will also reduce the Council's need to borrow and therefore reduce revenue costs of that borrowing. The Council needs to consider a disposals programme to generate capital receipts and consider how such receipts can be best utilised.

- 1.8. Within the Housing Capital Programme there has been expenditure budget reprofiling of £12.8m regarding the Housing Revenue Account (HRA). £8.3m of budget reprofiling relates to HRA schemes and £4.5m to Decent Neighbourhoods. A number of risks associated with funding of future years' expenditure have been identified within the Housing Capital Programme. These risks are summarised in section 8 of the report.
- 1.9. 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 per year of breach. Capital projects represent the bulk of this risk and tax specialists are working with colleagues to consider the implications of all major schemes. 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 15 and Appendix 4.

## **2. RECOMMENDATIONS**

- 2.1. To approve the proposed budget variations to the capital programme totalling £20.5m (summarised in Table 1 and detailed in Appendix 2).
- 2.2. To approve an additional £511,000 budget for the Disabled Facilities Grant programme and Adults Social Care capital programme funded from the grant of £0.38m and borrowing of £0.13m. The decision on how the Adult Social Care grant is spent is delegated to the Strategic Director of Adult Social Care and Public Service Reform in consultation with the Strategic Director of Finance and Governance and the Cabinet Member for Health and Adult Social Care and Cabinet Member for Finance and Commercial Services.
- 2.3. To note the issues regarding General Fund Capital Programme described in sections 5 and 6 of the report.
- 2.4. To establish a disposals programme that will enable reserves to be maintained and reduce reliance on additional borrowing.
- 2.5. To note the potential new capital receipt of £0.7m for 2019/20 and that this be set aside to fund invest to save and IT investment.
- 2.6. To note the potential risks regarding the Housing Capital Programme, as summarised in section 8.

## **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 2019-20 –Q1 OVERVIEW

4.1. The Council's capital programme as at the end of the first quarter 2019/20 – including proposed variations – is summarised in Table 1 below. A full analysis of elements of the programme funded from internal mainstream Council resource is included in section 6.

**Table 1 – LBHF Capital Programme 2019-23 with proposed 2019-20 Q1 variations:**

	2019/20 Original Budget £'000	2019/20 Revised Budget as @ 2018/19 Outturn £'000	Analysis of Movements (Revised budget to Q1)				Revised Budget 2019/20 (Q1) £'000	Indicative Future Years Analysis			Total Budget (All years) £'000
			Slippages from/(to) future years £'000	Addition/(Reduction) £'000	Transfers £'000	Total Variations £'000		2020/21 £'000	2021/22 £'000	2022/23 £'000	
<b>CAPITAL EXPENDITURE</b>											
Children's Services	6,833	14,238	-	(94)	-	(94)	14,144	3,905	2,238	2,238	22,525
Social Care	1,922	2,322	-	511	-	511	2,833	300	-	-	3,133
Environment Department	10,146	18,939	(2,782)	2,291	-	(491)	18,448	9,054	7,208	7,208	41,918
Finance & Governance	-	5,261	(982)	47	-	(935)	4,326	982	-	-	5,308
General Fund Schemes under the Economy Department	35,434	38,689	(57,465)	50,725	-	(6,740)	31,949	39,924	72,593	16,400	160,866
<b>Sub-total (General Fund)</b>	<b>54,335</b>	<b>79,449</b>	<b>(61,229)</b>	<b>53,480</b>	-	<b>(7,749)</b>	<b>71,700</b>	<b>54,165</b>	<b>82,039</b>	<b>25,846</b>	<b>233,750</b>
Economy Department-HRA Programme	42,011	43,260	(10,593)	2,273	-	(8,320)	34,940	58,791	37,697	21,022	152,450
Economy Department -Decent Neighbourhoods Programme	24,701	24,922	(9,789)	5,334	-	(4,455)	20,467	23,192	20,960	8,537	73,156
<b>Sub-total Economy Department (HRA)</b>	<b>66,712</b>	<b>68,182</b>	<b>(20,382)</b>	<b>7,607</b>	-	<b>(12,775)</b>	<b>55,407</b>	<b>81,983</b>	<b>58,657</b>	<b>29,559</b>	<b>225,606</b>
<b>Total Expenditure</b>	<b>121,047</b>	<b>147,631</b>	<b>(81,611)</b>	<b>61,087</b>	-	<b>(20,524)</b>	<b>127,107</b>	<b>136,148</b>	<b>140,696</b>	<b>55,405</b>	<b>459,356</b>
<b>CAPITAL FINANCING</b>											
<b>Specific/External Financing:</b>											
Government/Public Body Grants	8,873	16,293	-	811	-	811	17,104	5,003	4,685	4,395	31,187
Grants and Contributions from Private Developers (includes S106/CIL)	11,132	16,821	(1,920)	779	-	(1,141)	15,680	16,669	30,606	5,373	68,328
Leaseholder Contributions (Housing)	4,507	6,207	-	-	-	-	6,207	3,871	4,240	4,014	18,332
<b>Sub-total - Specific Financing</b>	<b>24,512</b>	<b>39,321</b>	<b>(1,920)</b>	<b>1,590</b>	-	<b>(330)</b>	<b>38,991</b>	<b>25,543</b>	<b>39,531</b>	<b>13,782</b>	<b>117,847</b>
<b>Mainstream Financing (Internal):</b>											
Capital Receipts - General Fund	-	3,536	(982)	672	-	(310)	3,226	982	-	3,456	7,664
Capital Receipts - Housing*	13,625	17,567	(9,050)	5,333	-	(3,717)	13,850	14,785	12,342	6,524	47,501
Revenue funding - General Fund	521	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) [Housing]	23,354	23,967	(4,048)	(563)	-	(4,611)	19,356	15,921	16,668	17,008	68,953
Earmarked Reserves (Revenue)	6,443	8,655	1,632	437	-	2,069	10,724	3,115	521	521	14,881
<b>Sub-total - Mainstream Funding</b>	<b>43,943</b>	<b>53,725</b>	<b>(12,448)</b>	<b>5,879</b>	-	<b>(6,569)</b>	<b>47,156</b>	<b>34,803</b>	<b>29,531</b>	<b>27,509</b>	<b>138,999</b>
<b>Borrowing</b>	<b>52,592</b>	<b>54,585</b>	<b>(67,243)</b>	<b>53,618</b>	-	<b>(13,625)</b>	<b>40,960</b>	<b>75,802</b>	<b>71,634</b>	<b>14,114</b>	<b>202,510</b>
<b>Total Capital Financing</b>	<b>121,047</b>	<b>147,631</b>	<b>(81,611)</b>	<b>61,087</b>	-	<b>(20,524)</b>	<b>127,107</b>	<b>136,148</b>	<b>140,696</b>	<b>55,405</b>	<b>459,356</b>

\*Capital Receipts include use of brought forward Housing receipts

4.2. As set out in Appendix 2 a net variation to the 2019/20 programme of £(20.5)m is proposed. This is mainly due to the reprofiling of expenditure to later years. Other key adjustments are set out in this section.

4.3. **Education City Development.** Following approval at May Council this scheme is included in the capital programme. The development will create a new mixed used education hub on the site of the ARK Swift Primary School including:

- A high- quality primary school,
- New and expanded nursery for 75 children,
- New adult education facilities,
- New youth facilities,
- An office for educational charities,
- 132 new homes, 50% of which will be affordable housing.

4.4. The total Hammersmith and Fulham budget requirement to deliver the development is £64.83m. The budget is split:

Housing Revenue Account	£30.45m
General Fund funding for youth, adult education and nursery facilities	£5.80m
General Fund development funding (equity/loan) to the Housing Company for the private sector rented housing	£28.58m
<b>Total</b>	<b>£64.83m</b>

- 4.5. The timing of when the Housing Company will need investment, and/or need to borrow from the Council, will depend on the final development structure and whether the Housing Company or the Council develop the properties. This is subject to the receipt of advice on tax and state aid from legal and financial advisers. The current assumption is that a loan will affect the Council's CFR but that all interest and Minimum Revenue Provision (MRP) costs will be met from the loan interest which will be set at a state-aid compliant rate.
- 4.6. The General Fund contribution of £5.80m for youth, adult education and nursery facilities is assumed to come from borrowing. On completion of the scheme it is estimated that this adds £0.25m to long-term annual revenue borrowing costs. If the Council identified alternative funding, such as capital receipts or developer contributions, this would negate the future increase in borrowing costs.
- 4.7. **Schools Regeneration programme.** In March 2019 the Cabinet approved initial allocation of £506,000 of the total £2,534,757 budget from unallocated capital grant balances to fund design and survey costs to RIBA stage 1 (outline scheme plan) for Avonmore and Flora Gardens, as part of the Schools Regeneration programme. This budget has been added to the Capital Programme. Expenditure or commitments above the £506,000 level would require a decision report of the Strategic Director of Growth and Place in consultation with the Strategic Director of Finance and Governance and the Director of Children Services following a gateway review before RIBA stage 2 and subject to evidence of a continuing business case. Therefore, the remaining £2.03m of the proposed budget will only be added to the programme once the approval to progress with the stage 2 has been obtained.
- 4.8. **White City Estate Development.** In June 2019 the Cabinet approved an initial allocation of £720,300 of the total £2,800,000 budget from Right to Buy receipts and borrowing to fund design and survey costs to RIBA stage 1 (outline scheme plan) for the proposed development of affordable housing on the White City Estate. Spend of this initial allocation will be subject to sign off by the Strategic Director of Finance and Governance at Development Board and budget allocation to progress to RIBA stage 2 will be subject to evidence of a business case and will require a decision report.
- 4.9. **Old Laundry Yard Development.** In July 2019 the Cabinet approved a budget of £1,300,000 from borrowing to fund the Council's share of the professional fees to enter into a Development Management Agreement with U+I PLC who are applying for permission to develop the adjacent land. Value for money benefits are hoped to be achieved by working collaboratively with U+I PLC. Budgets required for each milestone will be subject to sign off by the Strategic Director for the Economy and the Strategic Director of Finance and Governance at Development Board.
- 4.10. **The Civic Campus programme.** The Civic Campus programme provides for development funding of up to £90 million to the JV partnership (Council and A2DD). Such a loan is to be in accordance with state aid compliant market terms and met

from an increase in the Capital Financing Requirement until the loan is repaid. The current assumption is that the loan will be a maximum of £45m (half of the required funding, being matched by funding from A2DD) and this is reflected in the Quarter 1 forecast. The loan will increase the Council's headline CFR but any interest and Minimum Revenue Provision (MRP) costs will need to be fully funded by the Joint Venture through the arrangement terms which will be state-aid compliant.

- 4.11. **Disabled Facilities Grant.** Following confirmation of the 2019/20 government grant allocations a 2019/20 programme of £1.102m is proposed for Disabled Facilities Grant and £1.876m (covering 2019/20 and 2020/21) for Adult Social Care. This programme is an increase of £0.511m and includes a Council contribution, from borrowing, of £0.13m. The decision on how the Adult Social Care grant is spent is delegated to the Strategic Director of Social Care in consultation with the Strategic Director of Finance and Governance and the Cabinet Member for Health and Adult Social Care and Cabinet Member for Finance and Commercial Services.
- 4.12. The capital programme presented here for 2019/20 and future years is based on approved projects and known funding allocations. These currently exclude any other large projects which might be approved in future years. The budget will be updated as pipeline schemes are 'firmed-up'; the 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.
- 4.13. 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 current forecast for the General Fund Headline<sup>1</sup> CFR (excluding schools' windows borrowing and any potential on-lending to the Joint Venture in relation to the Civic Campus programme and EdCity development) is £83.56m at the end of 2019/20. The increase of £12.71m in CFR in comparison to 2018/19 is mainly due to funding of approved rolling programme capital schemes (including any 2018/19 slippages) totalling £6.3m, funding of ad-hoc schemes approved in previous financial years totalling £3.7m, and newly approved budgets for Leisure Centre investment (£1.5m) and EdCity redevelopment project (£1.9m). Table 4 in section 6 of the report provides detailed analysis of the mainstream funded projects. Table 2 below presents the forecast CFR position.

**Table 2 – General Fund CFR at Q1 2019-20 (including future years forecast)**

GENERAL FUND CFR ANALYSIS	2018/19	2019/20	2020/21	2021/22	2022/23
CFR EXCLUDING SCHOOLS WINDOWS AND JOINT VENTURE LOAN	£m	£m	£m	£m	£m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>50.48</b>	<b>70.85</b>	<b>83.56</b>	<b>93.13</b>	<b>108.01</b>
Revenue Repayment of Debt (MRP)	(0.22)	(0.37)	(0.74)	(0.92)	(1.39)
Mainstream Programme (Surplus)/Shortfall	20.59	13.09	10.30	15.81	1.39
<b>Closing Capital Finance Requirement (CFR)</b>	<b>70.85</b>	<b>83.56</b>	<b>93.13</b>	<b>108.01</b>	<b>108.02</b>

<sup>1</sup> Excludes items such as finance leases and PFIs, the MRP cost of which is funded through revenue budgets.

<b>SCHOOLS WINDOWS</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Opening 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>
Revenue Repayment of Debt (MRP)	(0.27)	(0.30)	(0.43)	(0.47)	(0.46)
Internal Borrowing (Schools Window Replacement)	1.02	3.72	1.50	-	-
<b>Closing Capital Finance Requirement (CFR)</b>	<b>7.38</b>	<b>10.80</b>	<b>11.87</b>	<b>11.40</b>	<b>10.94</b>
<b>JOINT VENTURE AND EDCITY LOANS</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Opening Capital Finance Requirement (CFR)</b>	<b>-</b>	<b>-</b>	<b>15.92</b>	<b>35.03</b>	<b>63.65</b>
Revenue Repayment of Debt (MRP)	-	-	(0.32)	(0.70)	(1.27)
Borrowing	-	15.92	19.42	29.33	8.90
<b>Closing Capital Finance Requirement (CFR)</b>	<b>-</b>	<b>15.92</b>	<b>35.03</b>	<b>63.65</b>	<b>71.28</b>
<b>Total Headline Capital Finance Requirement (CFR)</b>	<b>78.23</b>	<b>110.29</b>	<b>140.03</b>	<b>183.06</b>	<b>190.24</b>
Finance leases/PFI/ Deferred costs of disposal	9.78	8.73	7.93	7.13	6.33
<b>Total Closing CFR</b>	<b>88.01</b>	<b>119.02</b>	<b>147.96</b>	<b>190.19</b>	<b>196.57</b>

5.2. The calculation of future CFR and MRP for expenditure in relation to the Civic Campus programme and Hammersmith Town Hall Refurbishment is based on the cash flow information provided by the project team. The identifies project funding through a combination of Community Infrastructure Levy (£33.7m) and borrowing (£11.9m). The CFR forecast is sensitive to the timing and amount of the CIL receipt. However, this is subject to legal confirmation that the CIL funds can be used for the proposed purchases. Current analysis of CIL cash flows indicates a potential shortfall in funding of estimated £6.7m in 2021/22.

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

**Table 3 – HRA CFR at Q1 2019-20 (including future years forecast)**

<b>HRA CFR Forecast</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Closing Forecast HRA CFR (excluding deferred costs of disposal)	204.85	213.08	257.66	284.16	287.97
Deferred Costs of Disposal	5.62	6.47	7.45	9.58	11.76
<b>Closing Forecast HRA CFR (including deferred costs of disposal)</b>	<b>210.46</b>	<b>219.54</b>	<b>265.11</b>	<b>293.74</b>	<b>299.74</b>

5.4. Housing 2019/20 CFR (excluding accumulated deferred costs of disposals) has increased by £8.23m in comparison to 2018/19. This is due to borrowing required to finance Education City Redevelopment project (£3.3m) and Affordable Housing and Regeneration schemes (£4.9m). The HRA CFR is forecast to increase to £287.97m (excluding deferred costs of disposal) by the end of 2022/23.

## **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 the area of the programme where the Council has the greatest discretion. The mainstream programme is summarised in Table 4.

6.2. The 2019/20 Q1 mainstream programme has decreased by £0.4m in comparison to 2019/20 budget. This is mainly due to newly approved budgets for Education City project £1.57m and for Leisure Centres £1.5m, £(2.78m) slippage of Corporate Planned Maintenance Programme budget to 2020/21 and £(0.7m) budget reprofiling of other schemes.

6.3. £0.67m of General Fund net capital receipts are forecast for 2019/20 with no further receipts identified for 2020/21 and 2021/22. £3.5m of the receipts were brought forward from 2018/19. It is recommended that all of the receipts are applied to fund Invest to Save projects under Flexible Use of Capital Receipts dispensation. Using capital receipts for this purpose will protect Council reserves and help manage

future pressures and priorities such as the Civic Campus programme and the High Needs Block Dedicated Schools Grant overspend.

- 6.4. The most recent reserves forecast has raised concern regarding the adequacy of reserves over the medium term, the identification of additional receipts would enable further capitalisation of invest to save costs and consideration of further capitalisation in accordance with accounting practice. This would protect reserves and may also reduce further reliance on additional borrowing. New borrowing comes at an annual revenue cost of £57,400 per annum per £1m. It is recommended that a disposals programme be developed that will protect reserves and reduce future reliance on new borrowing.
- 6.5. As at the end of 2018/19, £0.144m 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 2019-23 with proposed 2019-20 Q1 variations**

	2019/20 Revised Budget as @ 2018/19 Outturn £'000	Variations (Q1) £'000	Revised Budget 2019/20 (Q1) £'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* [ECD]	577	173	750	-	10,831	319	11,900
Social Care Capital projects [ASC]	-	-	-	129	-	-	129
EdCity regeneration [ECD]	23	1,565	1,588	3,797	444	-	5,829
Invest to Save-Flexible Use of Capital Receipts	3,536	(310)	3,226	982	-	-	4,208
Acquisition of Cinema Site [ECD]	79	(7)	72	-	-	-	72
Leisure Centres Capital Investment	-	1,520	1,520	-	-	-	1,520
Desktop Strategy [F&G]	1,535	(556)	979	-	-	-	979
Carnwath Road [ENV]	1,870		1,870	-	-	-	1,870
<b>Rolling Programmes:</b>							
Planned Maintenance/DDA Programme [ENV]	6,019	(2,782)	3,237	4,346	2,500	2,500	12,583
Footways and Carriageways [ENV]	2,790		2,790	2,030	2,030	2,030	8,880
Parks Programme [ENV]	282		282	-	-	-	282
<b>Total Mainstream Programmes</b>	<b>16,711</b>	<b>(397)</b>	<b>16,314</b>	<b>11,284</b>	<b>15,805</b>	<b>4,849</b>	<b>48,252</b>
<b>Financing</b>							
Capital Receipts	3,536	(310)	3,226	982	-	3,456	7,664
Increase/(Decrease) in Borrowing	13,175	(87)	13,088	10,302	15,805	1,393	40,588
<b>Total Financing</b>	<b>16,711</b>	<b>(397)</b>	<b>16,314</b>	<b>11,284</b>	<b>15,805</b>	<b>4,849</b>	<b>48,252</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.

- 6.6. The mainstream programme presented in table 4 does not include the £45m on-lending from the Council to the Civic Campus Joint Venture which is forecast to be paid over three years from 2019/20 or £28.58m loan in relation to EdCity redevelopment project, however the CFR figures in table 2 do take into account the borrowing requirement in relation to the loans.

## 7. HOUSING CAPITAL PROGRAMME OVERVIEW

- 7.1. Housing Capital expenditure for 2019/20 is forecast at £55.4m and for the four-year programme to 2022/23 spend is expected to be £225.6m. The expenditure and resource analysis of the Housing Programme is summarised in Table 5 below.

**Table 5 – Housing Capital Programme 2019-23 with proposed 2019-20 Q1 variations**

	2019/20 Revised Budget as @ 2018/19 Outturn £'000	Total Variations (Q1) £'000	Revised Budget 2019/20 (Q1) £'000	Indicative 2020/21 Budget £'000	Indicative 2021/22 Budget £'000	Indicative 2022/23 Budget £'000
<b>Approved Expenditure</b>						
HRA Schemes	43,260	(8,320)	<b>34,940</b>	58,791	37,697	21,022
Decent Neighbourhood Schemes	24,922	(4,455)	<b>20,467</b>	23,192	20,960	8,537
<b>Total Housing Programme - Approved Expenditure</b>	<b>68,182</b>	<b>(12,775)</b>	<b>55,407</b>	<b>81,983</b>	<b>58,657</b>	<b>29,559</b>
<b>Available and Approved Resource</b>						
Capital Receipts - Unrestricted	7,078	190	<b>7,268</b>	6,071	4,090	4,450
Capital Receipts - RTB (141)	10,307	(5,308)	<b>4,999</b>	5,848	4,707	947
Major Repairs Reserve (MRR)	23,967	(4,611)	<b>19,356</b>	15,921	16,668	17,008
Contributions Developers (S106)	4,915	(1,912)	<b>3,003</b>	9,703	10,606	2,210
Repayment of NHHT loan	270	-	<b>270</b>	270	290	-
Contributions from leaseholders	6,207	-	<b>6,207</b>	3,871	4,240	4,014
Use of reserves (Fire Safety EMR)	7,747	1,632	<b>9,379</b>	2,594	-	-
<b>Borrowing</b>	<b>7,691</b>	<b>(2,766)</b>	<b>4,925</b>	<b>37,705</b>	<b>18,056</b>	<b>930</b>
<b>Total Funding</b>	<b>68,182</b>	<b>(12,775)</b>	<b>55,407</b>	<b>81,983</b>	<b>58,657</b>	<b>29,559</b>

7.2. The Decent Neighbourhoods programme contains the Council's Housing capital receipts and shows how the Council plans to reinvest those receipts in housing and regeneration.

7.3. On 1 July 2019 Cabinet approved the Council's new asset management compliance strategy which has a focus on health and safety works. 2019/20 forecast spend at Q1 includes £13.7m of expenditure related to Health & Safety, of which £9.4m is on specific fire safety capital works as detailed in table 6 below.

**Table 6 - Compliance and Health and Safety spend 2019-20**

HRA Capital Programme: Health & Safety budget and forecast as at Q1 2019-20						
APPROVED SCHEMES	Total Approved Budget (Cabinet 1 July 2019) £'000	Total Budget Forecast Spend £'000	2019/20 Approved Budget £'000	2019/20 Forecast £'000	2019/20 Forecast Variance £'000	2019/20 Actual Spend to date £'000
Fire Safety Compliance Programme	25,620	25,620	6,190	6,690	500	-
Fire Safety Complex Schemes	31,130	31,130	6,941	2,689	(4,252)	60
Safety Works - Electrical	15,255	15,224	2,550	3,050	500	-
Safety Works - Other	6,972	6,011	2,150	1,250	(900)	389
<b>Total</b>	<b>78,977</b>	<b>77,985</b>	<b>17,831</b>	<b>13,679</b>	<b>(4,152)</b>	<b>449</b>

A detailed breakdown of the programmes above is in Appendix 5.

## 8. HOUSING CAPITAL PROGRAMME RISKS

8.1. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:

8.2. **Funding from leaseholder charges from outstanding billing:** Over the course of this financial year all outstanding billing for major works is being brought up to date. It is anticipated that an element of the total works for some schemes will not be charged to leaseholders and recommended for write off. Shortfalls, in the absence of other funding will need to be met potentially by borrowing.

8.3. **Funding from leaseholder charges for future works:** Due to the new Asset Management Compliance Strategy approved by Cabinet on 1 July 2019, the value and profile of this funding needs to be re-estimated.

The new HRA Asset Management Compliance Strategy has proportionately more fire safety works planned (£57m compared to £19m previously). As the Council has, in the past, stated that leaseholders would not be charged for fire safety related works, there is a risk that the current estimated billing and collection profile has been overstated by several million pounds. Any shortfall will, unless other funding is identified, result in an increase in borrowing for HRA as measured by the Capital Financing Requirement (CFR).

8.4. **Capitalisation write-off risk:** The approval of pre-development budgets for White City, Old Laundry Yard and the Building Homes and Community Strategy<sup>2</sup> has increased the risk of unbudgeted capital write-offs to revenue should the schemes not proceed. Mitigations are in place with £8.37m of earmarked reserves set aside and a gateway process in place that ensures that approved budgets are allocated on a milestone basis requiring sign off from the Strategic Director for the Economy and the Strategic Director of Finance and Governance. However, if any scheme proves to be unviable then it will likely result in a reduction in reserves and potentially an unbudgeted charge to revenue should earmarked reserves not be sufficient. The below table 7 shows currently approved pre-development costs which could potentially be written off to revenue if the schemes do not go ahead. However, it is anticipated that as the schemes progress, these risks will reduce. For example, if construction phase reaches completion, then than that risk will fall away.

**Table 7 – Approved pre-development spend**

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<sup>2</sup> Approved by Cabinet 1 July 2019.

Scheme	Actual	Forecast as per 2019-20 Q1				
	pre 2019/20	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
ESH capital - non decant	2,072	43	-	-	-	2,115
Spring Vale	561	2,268	1,087	-	-	3,916
Further phase 1 spend Contingency (10%)	56	-	-	-	-	56
50 Commonwealth Avenue Capital	14	-	-	-	-	14
Earls Court HRA deferred costs of disposal	5,618	848	988	2,126	2,184	11,764
Fulham North (balance of £50k cost contribution from SBHG)	24	-	-	-	-	24
Ed City Cost Agreement	767	-	-	-	-	767
White City	-	612	1,728	540	-	2,880
Old Laundry Yard	-	400	900	-	-	1,300
<b>Total</b>	<b>9,112</b>	<b>4,170</b>	<b>4,703</b>	<b>2,666</b>	<b>2,184</b>	<b>22,836</b>

ESH – Edith Summerskill House

- 8.5. **S106 funding:** The proposed programme for 2019/20-2022/23 relies on £25m of S106 receipts, some of which is yet to be received and is dependent on the relevant developments proceeding in a timely manner. A further £40m of s106 funds has been negotiated but this is entirely dependent on developments coming forward and not all are expected to do so. These funds are likely to be received over the medium to long term and beyond the proposed programme. Joint working with Finance and Planning is ongoing to monitor s106 receipts and consider mitigating actions if necessary, such as substituting other funding in the Housing programme which is eligible.
- 8.6. **Future scheme approvals:** 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.
- 8.7. **RTB receipt funding:** 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 1 April 2019, the GLA held £15.6m of RTB receipts that the Council transferred to it during 2018/19. This is the equivalent of £52m 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. through to 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.

Table 8 displays the Right to Buy (RTB) receipts that need to be used for the remainder of 2019/20 to avoid them being transferred to the GLA. By the end of quarter one, £1.48m receipts had to be spent and of this £0.13m was used with the remaining £1.35m plus interest transferred to the GLA. These RTB receipts can fund 30% of the total cost of eligible expenditure. The table shows the eligible expenditure required each quarter to use the RTB receipts and avoid the need to transfer these to the GLA with interest.

**Table 8 – Right-to Buy receipts and expenditure forecast 2019-20**

Quarter end RTB 1-4-1 received	2016/17 - Q2	2016/17 - Q3	2016/17 - Q4
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Quarter RTB 1-4-1 to be used by	2019/20 - Q2	2019/20 - Q3	2019/20 - Q4
	£	£	£
RTB 1-4-1 receipts to be spent 2019/20	3,309,504	2,099,689	2,701,879
Equivalent eligible expenditure 2019/20	11,031,680	6,998,963	9,006,263

## 9. EQUALITY IMPLICATIONS

- 9.1. 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.
- 9.2. Implications verified and completed by: Peter Smith, Head of Policy & Strategy, Tel: 020 8753 2206.

## 10. LEGAL IMPLICATIONS

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

## 11. FINANCIAL IMPLICATIONS

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

## 12. IMPLICATIONS FOR BUSINESS

- 12.1. 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.
- 12.2. 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.
- 12.3. Implications completed by: Alben Karameros, Economic Development Team, Tel:07739 316 957.

## 13. RISK MANAGEMENT

- 13.1. 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.
- 13.2. 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.
- 13.3. 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.
- 13.4. 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.
- 13.5. 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.
- 13.6. 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.

- 13.7. Proposals set out in this report seek to comply with the Council's legal duties.
- 13.8. 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.

#### **14. PROCUREMENT IMPLICATIONS**

- 14.1. 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.

Implications completed by: Andra Ulianov, Head of Contracts and Procurement, 07776672876

#### **15. VAT IMPLICATIONS**

- 15.1. 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. Finance are working closely with departments to ensure that partial exemption risks are considered as part of significant capital projects. Further detail on the Council's partial exemption is included in Appendix 4.
- 15.2. Implications verified by: Chris Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

#### **16. IT IMPLICATIONS**

- 16.1. 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.
- 16.2. This capitalisation paper included £3.7m for the Desktop Strategy, to cover one-off equipment and infrastructure costs.
- 16.3. The Desktop (Tech-tonic) programme is being implemented but due to its complexity delivery will be completed in 2019/20.
- 16.4. The programme will deliver significant savings up to £1.2m annually.

16.5. 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**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Capital Programme 2019-23 (Published February 2019)	Andrew Lord tel. 2531	Finance Dept., Room10, Hammersmith Town Hall

**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

Appendix 5 – Housing Compliance and Health and Safety Programme

## Appendix 1 – Detailed capital budget, spend and variation analysis by department

### Children's Services

	Current Year Programme							Indicative Future Years Analysis				
	Analysis of Movements (Revised budget to Q1)							2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)	
	2019/20 Original Budget	2019/20 Revised Budget as @ 2018/19 Outturn	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2019/20 (Q1)					£'000
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Scheme Expenditure Summary</b>												
Schools Organisational Strategy	2,704	9,751	-	(600)	-	(600)	9,151	167	-	-	9,318	
Schools Window Replacement Project	3,240	3,717	-	-	-	-	3,717	1,500	-	-	5,217	
Schools Regeneration Programme	-	-	-	506	-	506	506	-	-	-	506	
School Maintenance Programme	889	770	-	-	-	-	770	2,238	2,238	2,238	7,484	
<b>Total Expenditure</b>	<b>6,833</b>	<b>14,238</b>	<b>-</b>	<b>(94)</b>	<b>-</b>	<b>(94)</b>	<b>14,144</b>	<b>3,905</b>	<b>2,238</b>	<b>2,238</b>	<b>22,525</b>	
<b>Capital Financing Summary</b>												
<b>Specific/External or Other Financing</b>												
Capital Grants from Central Government	3,262	8,500	-	(600)	-	(600)	7,900	2,405	2,238	2,238	14,781	
Grants and Contributions from Private Developers (includes S106)	331	2,021	-	-	-	-	2,021	-	-	-	2,021	
<b>Sub-total - Specific or Other Financing</b>	<b>3,593</b>	<b>10,521</b>	<b>-</b>	<b>(600)</b>	<b>-</b>	<b>(600)</b>	<b>9,921</b>	<b>2,405</b>	<b>2,238</b>	<b>2,238</b>	<b>16,802</b>	
<b>Mainstream Financing (Internal Council Resource)</b>												
Use of Reserves	-	-	-	506	-	506	506	-	-	-	506	
<b>Sub-total - Mainstream Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>506</b>	<b>-</b>	<b>506</b>	<b>506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>506</b>	
<b>Borrowing - school windows</b>	<b>3,240</b>	<b>3,717</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,717</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>5,217</b>	
<b>Total Capital Financing</b>	<b>6,833</b>	<b>14,238</b>	<b>-</b>	<b>(94)</b>	<b>-</b>	<b>(94)</b>	<b>14,144</b>	<b>3,905</b>	<b>2,238</b>	<b>2,238</b>	<b>22,525</b>	

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

**Social Care Services**

**Current Year Programme**

**Indicative Future Years Analysis**

**Analysis of Movements (Revised budget to Q1)**

	2019/20 Original Budget £'000	2019/20 Revised Budget as @ 2018/19 Outturn £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2019/20 (Q1) £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	Total Budget (All years) £'000
<b>Scheme Expenditure Summary</b>											
Extra Care New Build project (Adults' Personal Social Services Grant)	957	957	-	-	-	-	957	-	-	-	957
Transforming Care (Winterbourne Grant)	300	300	-	-	-	-	300	-	-	-	300
Social Care Capital Grant	665	1,065	-	511	-	511.00	1,576	300	-	-	1,876
<b>Total Expenditure</b>	<b>1,922</b>	<b>2,322</b>	-	<b>511</b>	-	<b>511</b>	<b>2,833</b>	<b>300</b>	-	-	<b>3,133</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	1,622	2,022	-	511	-	511	2,533	171	-	-	2,704
Capital Grants/Contributions from Non-departmental public bodies	300	300	-	-	-	-	300	-	-	-	300
<b>Sub-total - Specific or Other Financing</b>	<b>1,922</b>	<b>2,322</b>	-	<b>511</b>	-	<b>511</b>	<b>2,833</b>	<b>171</b>	-	-	<b>3,004</b>
<b>Borrowing</b>	-	-	-	-	-	-	-	129	-	-	129
<b>Total Capital Financing</b>	<b>1,922</b>	<b>2,322</b>	-	<b>511</b>	-	<b>511</b>	<b>2,833</b>	<b>300</b>	-	-	<b>3,133</b>

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Environment Department	Current Year Programme							Indicative Future Years Analysis			Total Budget (All years) £'000
	Analysis of Movements (Revised budget to Q1)						Revised Budget 2019/20 (Q1) £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	
	2019/20 Original Budget £'000	2019/20 Revised Budget as @ 2018/19 Outturn £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000					
<b>Scheme Expenditure Summary</b>											
Planned Maintenance/DDA Programme	3,568	6,019	(2,782)	-	-	(2,782)	3,237	4,346	2,500	2,500	12,583
Footways and Carriageways	2,030	2,790	-	-	-	-	2,790	2,030	2,030	2,030	8,880
Transport For London Schemes	2,157	2,854	-	-	-	-	2,854	2,157	2,157	2,157	9,325
Controlled Parking Zones	275	312	-	-	-	-	312	275	275	275	1,137
Column Replacement	246	398	-	-	-	-	398	246	246	246	1,136
Carnwath Road	1,870	1,870	-	-	-	-	1,870	-	-	-	1,870
LED Lighting Replacement Programme	-	77	-	-	-	-	77	-	-	-	77
P&D Upgrade and Pay by Phone	-	217	-	-	-	-	217	-	-	-	217
Other Capital Schemes	-	2,076	-	225	-	225	2,301	-	-	-	2,301
Parks Expenditure	-	1,545	-	546	-	546	2,091	-	-	-	2,091
Shepherds Bush Common Improvements	-	481	-	-	-	-	481	-	-	-	481
Recycling	-	19	-	-	-	-	19	-	-	-	19
Leisure Centres Capital Investment	-	-	-	1,520	-	1,520	1,520	-	-	-	1,520
CCTV	-	281	-	-	-	-	281	-	-	-	281
<b>Total Expenditure</b>	<b>10,146</b>	<b>18,939</b>	<b>(2,782)</b>	<b>2,291</b>	<b>-</b>	<b>(491)</b>	<b>18,448</b>	<b>9,054</b>	<b>7,208</b>	<b>7,208</b>	<b>41,918</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Grants and Contributions from Private Developers (includes S106)	-	4,407	-	771	-	771	5,178	-	-	-	5,178
Capital Grants and Contributions from GLA Bodies	2,157	2,852	-	-	-	-	2,852	2,157	2,157	2,157	9,323
<b>Sub-total - Specific or Other Financing</b>	<b>2,157</b>	<b>7,259</b>	<b>-</b>	<b>771</b>	<b>-</b>	<b>771</b>	<b>8,030</b>	<b>2,157</b>	<b>2,157</b>	<b>2,157</b>	<b>14,501</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	-	-	-	-	-	-	-	-	-	3,456	3,456
General Fund Revenue Account (revenue funding)	521	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	718	-	-	-	-	718	521	521	521	2,281
<b>Sub-total - Mainstream Funding</b>	<b>521</b>	<b>718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>718</b>	<b>521</b>	<b>521</b>	<b>3,977</b>	<b>5,737</b>
<b>Borrowing</b>	<b>7,468</b>	<b>10,962</b>	<b>(2,782)</b>	<b>1,520</b>	<b>-</b>	<b>(1,262)</b>	<b>9,700</b>	<b>6,376</b>	<b>4,530</b>	<b>1,074</b>	<b>21,680</b>
<b>Total Capital Financing</b>	<b>10,146</b>	<b>18,939</b>	<b>(2,782)</b>	<b>2,291</b>	<b>-</b>	<b>(491)</b>	<b>18,448</b>	<b>9,054</b>	<b>7,208</b>	<b>7,208</b>	<b>41,918</b>

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

**Finance & Governance**

	Current Year Programme						Indicative Future Years Analysis				
	2019/20 Original Budget  £'000	2018/19 Revised Budget as @ 2018/19 Outturn £'000	Analysis of Movements (Revised budget to Q1)				Revised Budget 2019/20 (Q1)  £'000	2020/21 Budget  £'000	2021/22 Budget  £'000	2022/23 Budget  £'000	Total Budget (All years)  £'000
			Slippages from/(to) future years  £'000	Additions/ (Reductions)  £'000	Transfers  £'000	Total Transfers/ Virements  £'000					
<b>Scheme Expenditure Summary</b>											
Invest to Save - Flexible Use of Capital Receipts	-	3,536	(982)	672	-	(310)	3,226	982	-	-	4,208
Desktop Strategy	-	1,725	-	(625)	-	(625)	1,100	-	-	-	1,100
<b>Total Expenditure</b>	-	<b>5,261</b>	<b>(982)</b>	<b>47</b>	-	<b>(935)</b>	<b>4,326</b>	<b>982</b>	<b>-</b>	<b>-</b>	<b>5,308</b>
<b>Capital Financing Summary</b>											
<b>Mainstream Financing (Internal Council Resource)</b>											
Use of Reserves (HRA Contribution)	-	190	-	(69)	-	(69)	121	-	-	-	121
Capital Receipts	-	3,536	(982)	672	-	(310)	3,226	982	-	-	4,208
<b>Sub-total - Mainstream Funding</b>	-	<b>3,726</b>	<b>(982)</b>	<b>603</b>	-	<b>(379)</b>	<b>3,347</b>	<b>982</b>	<b>-</b>	<b>-</b>	<b>4,329</b>
<b>Borrowing</b>	-	1,535	-	(556)	-	(556)	979	-	-	-	979
<b>Total Capital Financing</b>	-	<b>5,261</b>	<b>(982)</b>	<b>47</b>	-	<b>(935)</b>	<b>4,326</b>	<b>982</b>	<b>-</b>	<b>-</b>	<b>5,308</b>



## Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

### Economy Department General Fund Managed Schemes

	Current Year Programme						Indicative Future Years Analysis			Total Budget (All years) £'000	
	2019/20 Original Budget £'000	2019/20 Revised Budget as @ 2018/19 Outturn £'000	Analysis of Movements (Revised budget to Q1)				Revised Budget 2019/20 (Q1) £'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					
<b>Scheme Expenditure Summary</b>											
Disabled Facilities Grant	1,102	1,102	-	-	-	-	1,102	-	-	-	1,102
Sands End Community Centre	1,925	2,966	-	-	-	-	2,966	-	-	-	2,966
Acquisition of Land at 207 King St	2	79	-	(7)	-	(7)	72	-	-	-	72
Hammersmith Town Hall Refurbishment *	2,137	4,148	173	-	-	173	4,321	6,966	20,549	3,164	35,000
HTH Refurbishment -Fit Out	-	-	-	-	-	-	-	-	10,282	318	10,600
West King Street Regeneration-JV Partnership Loan	30,000	30,000	-	(15,000)	-	(15,000)	15,000	15,000	15,000	-	45,000
EdCity/Ark Swift redevelopment	-	206	(29,986)	36,256	-	6,270	6,476	13,537	12,435	4,014	36,462
EdCity Loan	-	-	(27,652)	28,576	-	924	924	4,421	14,327	8,904	28,576
Nourish Project (Good Growth Fund)	-	-	-	900	-	900	900	-	-	-	900
Macbeth Centre Arts Project	268	188	-	-	-	-	188	-	-	-	188
<b>Total Expenditure</b>	<b>35,434</b>	<b>38,689</b>	<b>(57,465)</b>	<b>50,725</b>	-	<b>(6,740)</b>	<b>31,949</b>	<b>39,924</b>	<b>72,593</b>	<b>16,400</b>	<b>160,866</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	450	1,102	-	-	-	-	1,102	-	-	-	1,102
Grants and Contributions from Private Developers (includes S106)	1,381	1,907	-	-	-	-	1,907	-	-	-	1,907
Community Infrastructure Levy (CIL)	1,560	3,571	-	-	-	-	3,571	6,966	20,000	3,163	33,700
Capital Grants/Contributions from Non-departmental public bodies	678	1,153	-	-	-	-	1,153	-	-	-	1,153
Capital Grants and Contributions from GLA Bodies	134	94	-	900	-	900	994	-	-	-	994
<b>Sub-total - Specific or Other Financing</b>	<b>4,203</b>	<b>7,827</b>	-	<b>900</b>	-	<b>900</b>	<b>8,727</b>	<b>6,966</b>	<b>20,000</b>	<b>3,163</b>	<b>38,856</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts (HRA)	-	183	(7,538)	8,938	-	1,400	1,583	2,866	3,545	1,127	9,121
<b>Sub-total - Mainstream Funding</b>	<b>-</b>	<b>183</b>	<b>(7,538)</b>	<b>8,938</b>	-	<b>1,400</b>	<b>1,583</b>	<b>2,866</b>	<b>3,545</b>	<b>1,127</b>	<b>9,121</b>
Borrowing (Borrowing-HRA)	-	-	(18,207)	21,512	-	3,305	3,305	6,874	8,446	2,887	21,512
Borrowing (Borrowing-GF)	31,231	30,679	(31,720)	19,375	-	(12,345)	18,334	23,218	40,602	9,223	91,377
<b>Total Capital Financing</b>	<b>35,434</b>	<b>38,689</b>	<b>(57,465)</b>	<b>50,725</b>	-	<b>(6,740)</b>	<b>31,949</b>	<b>39,924</b>	<b>72,593</b>	<b>16,400</b>	<b>160,866</b>

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department- HRA Capital Programme	Current Year Programme							Indicative Future Years Analysis			
	2019/20 Original Budget	2019/20 Revised Budget as @ 2018/19 Outturn	Analysis of Movements (Revised budget to Q1)				Revised Budget 2019/20 (Q1)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
			Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Scheme Expenditure Summary</b>											
<b>HRA Schemes:</b>											
Other HRA Capital Schemes	35,568	35,513	-	-	(35,513)	(35,513)	-	-	-	-	-
Fire Safety Plus	6,443	7,747	-	-	(7,747)	(7,747)	-	-	-	-	-
Pre Agreed Works	-	-	(2,152)	1,200	9,230	8,278	8,278	12,160	400	-	20,838
Fire Safety Compliance Programme	-	-	(1,593)	-	8,283	6,690	6,690	9,210	8,010	1,710	25,620
Fire Safety Complex Schemes	-	-	(4,039)	3,399	3,329	2,689	2,689	14,989	12,100	1,352	31,130
Pre Agreed Lift Scheme	-	-	598	(895)	1,541	1,244	1,244	4,267	1,027	-	6,538
Pre Agreed Boiler Scheme	-	-	-	-	2,558	2,558	2,558	1,668	1,000	1,139	6,365
Safety Works - Electrical	-	-	(696)	(30)	3,776	3,050	3,050	5,725	3,475	2,974	15,224
Safety Works	-	-	663	(961)	1,548	1,250	1,250	1,600	2,861	300	6,011
Void Works	-	-	208	(440)	1,206	974	974	440	440	-	1,854
Neighbourhood, parking & garage improvements	-	-	-	-	1,057	1,057	1,057	1,163	694	-	2,914
Surveying and fees	-	-	(286)	-	1,486	1,200	1,200	1,500	1,500	-	4,200
Capitalised salaries	-	-	(655)	-	3,405	2,750	2,750	2,805	2,861	2,918	11,334
Capitalised repairs	-	-	(2,641)	-	5,841	3,200	3,200	3,264	3,329	3,396	13,189
Unallocated budget - Priority schemes to be confirmed	-	-	-	-	-	-	-	-	-	7,233	7,233
<b>Subtotal HRA</b>	<b>42,011</b>	<b>43,260</b>	<b>(10,593)</b>	<b>2,273</b>	<b>-</b>	<b>(8,320)</b>	<b>34,940</b>	<b>58,791</b>	<b>37,697</b>	<b>21,022</b>	<b>152,450</b>
<b>Decent Neighbourhood Schemes:</b>											
Earls Court Buy Back Costs	2,424	2,400	-	(550)	-	(550)	1,850	1,213	5,269	5,381	13,713
Earls Court Project Team Costs	835	835	13	-	-	13	848	988	2,126	2,184	6,146
Housing Development Project	2,549	2,810	(502)	(12)	-	(514)	2,296	1,144	-	-	3,440
Stanhope Joint Venture	10,352	6,055	(2,047)	-	-	(2,047)	4,008	13,147	15,151	3,156	35,462
Affordable Housing Delivery Framework	4,476	6,193	(72)	(3,500)	-	(3,572)	2,621	1,060	-	-	3,681
Property Acquisition (Other Buybacks)	4,900	6,012	(4,000)	5,216	-	1,216	7,228	4,000	-	-	11,228
White City Estate Regeneration	-	1,452	(2,268)	2,880	-	612	2,064	1,728	540	-	4,332
Old Laundry Yard	-	-	(900)	1,300	-	400	400	900	-	-	1,300
<b>Subtotal Decent Neighbourhoods</b>	<b>25,536</b>	<b>25,757</b>	<b>(9,776)</b>	<b>5,334</b>	<b>-</b>	<b>(4,442)</b>	<b>21,315</b>	<b>24,180</b>	<b>23,086</b>	<b>10,721</b>	<b>79,302</b>
<b>Total Expenditure</b>	<b>67,547</b>	<b>69,017</b>	<b>(20,369)</b>	<b>7,607</b>	<b>-</b>	<b>(12,762)</b>	<b>56,255</b>	<b>82,971</b>	<b>60,783</b>	<b>31,743</b>	<b>231,752</b>
<b>Adjustment for deferred costs</b>	<b>(835)</b>	<b>(835)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>(848)</b>	<b>(988)</b>	<b>(2,126)</b>	<b>(2,184)</b>	<b>(6,146)</b>
<b>Total Net Expenditure</b>	<b>66,712</b>	<b>68,182</b>	<b>(20,382)</b>	<b>7,607</b>	<b>-</b>	<b>(12,775)</b>	<b>55,407</b>	<b>81,983</b>	<b>58,657</b>	<b>29,559</b>	<b>225,606</b>

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

**Economy Department- HRA Capital Programme**

Current Year Programme							Indicative Future Years Analysis			
Analysis of Movements (Revised budget to Q1)							2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
2019/20 Original Budget	2019/20 Revised Budget as @ 2018/19 Outturn	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2019/20 (Q1)				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

**Capital Financing Summary**

**Specific/External or Other Financing**

Contributions from leaseholders	4,507	6,207	-	-	-	-	6,207	3,871	4,240	4,014	18,332
Grants and Contributions from Private Developers (includes S106)	7,860	4,915	(1,920)	8	-	(1,912)	3,003	9,703	10,606	2,210	25,522
Capital Grants/Contributions from Non-departmental public bodies	270	270	-	-	-	-	270	270	290	-	830
<b>Sub-total - Specific or Other Financing</b>	<b>12,637</b>	<b>11,392</b>	<b>(1,920)</b>	<b>8</b>	<b>-</b>	<b>(1,912)</b>	<b>9,480</b>	<b>13,844</b>	<b>15,136</b>	<b>6,224</b>	<b>44,684</b>

**Mainstream Financing (Internal Council Resource)**

Capital Receipts (HRA)	13,625	17,384	(1,512)	(3,605)	-	(5,117)	12,267	11,919	8,797	5,397	38,380
Major Repairs Reserve (MRR) / Major Repairs Allowance	23,354	23,967	(4,048)	(563)	-	(4,611)	19,356	15,921	16,668	17,008	68,953
Use of Reserves (Fire Safety EMR)	6,443	7,747	1,632	-	-	1,632	9,379	2,594	-	-	11,973
<b>Sub-total - Mainstream Funding</b>	<b>43,422</b>	<b>49,098</b>	<b>(3,928)</b>	<b>(4,168)</b>	<b>-</b>	<b>(8,096)</b>	<b>41,002</b>	<b>30,434</b>	<b>25,465</b>	<b>22,405</b>	<b>119,306</b>

**Borrowing(HRA)**

	10,653	7,692	(14,534)	11,767	-	(2,767)	4,925	37,705	18,056	930	61,616
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**Total Capital Financing**

	<b>66,712</b>	<b>68,182</b>	<b>(20,382)</b>	<b>7,607</b>	<b>-</b>	<b>(12,775)</b>	<b>55,407</b>	<b>81,983</b>	<b>58,657</b>	<b>29,559</b>	<b>225,606</b>
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## Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
<b>Children's Services</b>	
School's organisation strategy – budget adjustments in respect of: <ul style="list-style-type: none"> <li>• Bridge Academy £(700,000) – to reflect the funding available</li> <li>• Ark Conway – £100,000 additional budget to reflect updated retention fees forecast and funding received</li> </ul>	(600)
Schools Regeneration programme – new budget approved in March 2019	506
<b>Total Children's Services variations</b>	<b>(94)</b>
<b>Social Care</b>	
Social care capital grant – proposed additional budget to fund various Social Care capital schemes funded from Disabled Facilities Grant and borrowing	511
<b>Total Social Care variations</b>	<b>511</b>
<b>Environment Department</b>	
Planned Maintenance/DDA Programme – budget reprofiling due to delays in progressing projects	(2,782)
Budget reprofiling on other schemes – additional budget funded from S106 for various transport schemes	225
Leisure Centres investment – new budget approved in February 2019	1,520
Parks Programme – additional budget funded from S106	546
<b>Total Environment Department variations</b>	<b>(491)</b>
<b>Finance and Governance</b>	
Desktop Strategy – reduction in capital budget as a result of forecast expenditure review	(625)
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 forecast spend to be capitalised in 2019/20 and 2020/21	(310)
<b>Total Finance and Governance variations</b>	<b>(935)</b>
<b>General Fund schemes under Economy Department</b>	
Acquisition of Land at 207 King St – budget reprofiling to cover any residual legal costs	(7)
Hammersmith Town Hall Refurbishment – budget reprofiling resulting in slippage from future years to reflect actual expenditure forecast	173
EdCity/Ark swift redevelopment – new budget of £64.8m approved by Full Council in April 2019. Slippage to future years of £57.4m as a result of budget reprofiling to reflect forecast spend.	7,194
Nourish Project (Good Growth Fund) – new budget addition to reflect the actual GLA funding awarded – project approved via Leader's Urgency Decision in June 2018	900
Joint Venture loan - reduction in forecast loan value for 19/20 as a result of recent scheme review	(15,000)
<b>Total General Fund schemes under Economy Department variations</b>	<b>(6,740)</b>
<b>Economy Department (HRA) Schemes</b>	
HRA schemes – budget reprofiling to future years due to project delays and re-phasing	(8,320)
Property Acquisitions – April 2019 Cabinet report approved additional £5.2m for securing vacant possessions at Hartopp & Lannoy Point of which £1.2m is forecast in 2019/20 and the remaining balance in 2020/21	1,216
White City Regeneration – additional £2.88m approved by Cabinet in June 2019 which has been profiled across 3 years from 2019/20 to 2021/22	612

<b>Variation by department</b>	<b>Amount £000</b>
Earls Court – reduction due to actual number of buybacks being lower than forecast	(550)
Housing Development projects: <ul style="list-style-type: none"> <li>• Spring Vale – £502,000 due to start on site delay</li> <li>• 23 Barons Court – £12,000 reduction on settlement of final accounts.</li> </ul>	(514)
Old Laundry Yard Redevelopment – additional budget approved In July 2019	400
Stanhope Joint Venture – budget reprofiling on Edith Summerskill House redevelopment due to delayed start on site now expected to commence in October 2019	(2,047)
Affordable Housing Delivery Framework – £72,000 on Emlyn Garden due to re-profiling based on construction contract cashflow forecast received from SBHA. £11.171m of uncommitted affordable housing delivery grant has been removed to re-allocate to other projects being proposed, which includes £3.5m removed in 2019/20.	(3,572)
<b>Total Economy Department (HRA) variations</b>	<b>(12,775)</b>
<b>Total 2019-20 Q1 variations</b>	<b>(20,524)</b>

### Appendix 3 – General Fund forecast capital receipts

Financial Year	Previous Forecast £'000s	Movement/ Slippage £'000s	2019/20 Forecast at Q1 £'000s
<b>2019/20</b>			
<b>Total 2019/20</b>	-	4,208	4,208
<b>2020/21</b>			
<b>Total 2020/21</b>	-	-	-
<b>2021/22</b>			
<b>Total 2021/22</b>	-	-	-
<b>2022/23</b>			
<b>Total 2022/23</b>	3,456	-	3,456
<b>Total All Years</b>	3,456	4,208	7,664

## 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.


## Appendix 5 – Housing Compliance and Health and Safety Programme

HRA Capital Programme: Health & Safety budget and forecast as at Q1 2019-20					
APPROVED SCHEMES	2019/20 Q1 Approved Budget- Total (Cabinet 1 July 2019) £'000	2019/20 Q1 Forecast Spend- Total £'000	2019/20 Q1 Approved Budget for 2019- 20 (Cabinet 1 July 2019) £'000	2019/20 Forecast as at Q1 £'000	2019/20 Forecasted Variance £'000
<b>Fire Safety Compliance Programme</b>					
10+ Storey and High Risk Fire Safety Works Inc. Dry Risers	4,900	4,900	1,500	1,500	
Sheltered, Hostels and Higher Risk Premises Fire Doors	3,600	3,600	1,000	1,000	
Compartmentation and fire stopping - Fire Risk Assessments	3,400	3,400	500	500	
FD60 and Spandrel/Infill panel replacement	3,996	3,996	666	666	
Automated Fire Detection	2,700	2,700	500	500	
Fire Risk Assessors	1,800	1,800	600	300	(300)
Cox House	1,612	1,612	712	1,112	400
Horton House	1,612	1,612	712	1,112	400
Wet Risers, Sprinklers and associated Fire Protection Initiatives	2,000	2,000			
<b>Subtotal Fire Safety Compliance Programme</b>	<b>25,620</b>	<b>25,620</b>	<b>6,190</b>	<b>6,690</b>	<b>500</b>
<b>Fire Safety Complex Schemes</b>					
Charecroft Towers (including Roseford, Woodford, Shepherd and Bush Lifts)	25,052	25,052	4,752	1,000	(3,752)
Edward Woods	2,050	2,050	1,025	1,025	
Hartopp and Lannoy	3,500	3,500	1,000	500	(500)
Jepson House (Fire Doors accounted for in '10+ Storey Fire Safety Programme )	528	528	164	164	
<b>Subtotal Fire Safety Complex Schemes</b>	<b>31,130</b>	<b>31,130</b>	<b>6,941</b>	<b>2,689</b>	<b>(4,252)</b>
<b>Safety Works - Electrical</b>					
Warden Call System Upgrades	1,954	1,950	950	1,950	1,000
Controlled Access Programme	2,400	2,400	800	400	(400)
Waterhouse Close - Fire Alarm System	1				
Landlord's Electrical Installations	4,100	4,100	500	500	
Roseford, Woodford and Shepherd Extract Systems	26				
LED Programme	5,874	5,874			
Lightning Conductors	500	500	250	150	(100)
Energy Performance Certifications	400	400	50	50	
<b>Subtotal Safety Works - Electrical</b>	<b>15,255</b>	<b>15,224</b>	<b>2,550</b>	<b>3,050</b>	<b>500</b>
<b>Safety Works - Other</b>					
CCTV Installations	1,200	1,200	1,200	300	(900)
Disabled Adaptations	3,461	2,500	800	800	
Water Supply - continuing programme	150	150	150	150	
Compliance Concrete/Structural works Contingency	2,161	2,161			
<b>Subtotal Safety Works - Other</b>	<b>6,972</b>	<b>6,011</b>	<b>2,150</b>	<b>1,250</b>	<b>(900)</b>
<b>Total</b>	<b>78,977</b>	<b>77,985</b>	<b>17,831</b>	<b>13,679</b>	<b>(4,152)</b>





# Agenda Item 8

<b>London Borough of Hammersmith &amp; Fulham</b>		 hammersmith & fulham
<b>CABINET</b> <b>7 OCTOBER 2019</b>		
<b>ENGINEERING AND MOTOR INSURANCE TENDER STRATEGY FOR 2020-25</b>		
<b>Report of the Cabinet Member for Finance &amp; Commercial Services – Councillor Max Schmid</b>		
<b>Open Report</b>		
<b>Classification: For decision</b> <b>Key Decision: Yes</b>		
<b>Consultation:</b> <b>Policy &amp; Strategy, Legal, Finance, Business, Commercial, IT, Risk Management</b>		
<b>Wards Affected:</b> All		
<b>Accountable Director:</b> David Hughes, Director of Audit, Fraud, Risk and Insurance		
<b>Report Author:</b> Neil Walker, Assistant Head of Insurance	<b>Contact Details:</b> Tel: 07739 316319 E-mail: <a href="mailto:neil.walker@rbkc.gov.uk">neil.walker@rbkc.gov.uk</a>	

## 1 EXECUTIVE SUMMARY

- 1.1 This report sets out the proposed strategy upon which sovereign insurance contracts for Engineering Inspection and Motor will be procured for contract commencement dates of 1<sup>st</sup> April 2020.
- 1.2 The strategy will entail a detailed tender process in conjunction with the Council's retained insurance advisors and with close engagement with the LBHF procurement function to ensure the Council's requirements are fully incorporated, ensuring that each of the councils is priced according to its own risk profile but benefits from bulk discounts sought from tenderers and efficiencies arising from sharing operational arrangements provided by the shared Insurance service.
- 1.3 The Council is committed to protecting the safety and wellbeing of its residents, in line with the Council's vision to ensure it obtains best value for residents by being ruthlessly financially efficient. The over-arching aims of this proposed tender are to put in place appropriate engineering inspection and motor insurance cover arrangements for the Council and its residents and achieve financial efficiencies in the process of arranging the cover.

## **2 RECOMMENDATIONS**

For Cabinet to:

- 2.1 Approve a waiver to Contract Standing Orders 7 – 10 and 11 – 16 concerning the conduct of the tendering process, on the basis that the process will be conducted in accordance with the EU public procurement rules and otherwise the requirements of the Contract Standing Orders of the RB of Kensington & Chelsea as lead borough for the procurement will apply, on the basis that that this is in the overall interests of the Council (as provided for within Contract Standing Order 3) in relation to the following two contracts:
- Engineering inspection.
  - Motor insurance.
- 2.2 Approve the proposed procurement strategy for tendering the Council's engineering inspection services and motor insurance requirements set out in the report.
- 2.3 Approve the inviting of tenders on a collaborative basis for the following LBHF insurance requirements:
- Engineering inspection.
  - Motor insurance.
- 2.4 Approve a delegation to the Strategic Director of Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services, to approve the award of the contracts listed in paragraph 2.3 above.
- 2.5 Approve a waiver of the requirements of Contract Standing Order 19 concerning the format of the contract documents and the requirement for the contract to be executed as a deed, on the basis that there are circumstances which are genuinely exceptional (as provided for within Contract Standing Order 3) as further explained in paragraph 4.11 of the report.

## **3 REASONS FOR DECISION**

- 3.1 The Engineering Inspection contract was last tendered in 2014/15 and is due to be re-tendered. In September 2018, Cabinet approved a delegation to the Strategic Director of Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services, to direct award a contract for the Engineering Inspection contract for a period of one year from 1 April 2019 with the existing supplier. This service is required to comply with the Council's statutory obligations for certain items of plant such as Lifts and Boilers, ensuring they are certified as safe for continued service in compliance with the Health and Safety Executive regulations. This compliance testing must be carried out by certified and qualified engineers independent to those responsible for routine maintenance and repair services at the Council.
- 3.2 The Motor insurance contract was last tendered in 2014/15 and is due to be re-tendered. The Council has historically transferred some or all the financial risks associated with own damage to vehicles or claims by third parties in accordance with

Common Law and the provisions of the Road Traffic Act to external insurance providers.

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

- 4.1 The Council's insurance operation is discharged via a shared Insurance Service. The service delivery is fully integrated, with employees delivering service response to all three councils based on specialisation.
- 4.2 In view of the potential for catastrophic financial loss to Council budgets arising from the need to meet compensation awards for injury to the public or employees it is prudent to cap the financial exposure from any one motor event or occurrence by transferring some of this financial risk through the purchase of insurance from suitably regulated and qualifying providers.
- 4.3 The current providers of the contracts under consideration are:
- Engineering inspection – Bureau Veritas.
  - Motor insurance – Zurich Municipal.
- 4.4 Expenditure on the relevant insurance contracts for 2019/20, excluding 20% VAT for Engineering Inspection and including 12% Insurance Premium Tax for Motor (the former, as a service, is subject to VAT instead of IPT) is £92,679, as follows:
- Engineering inspection                      £79,489.
  - Motor insurance                                      £13,190.
- 4.5 The level of motor insurance premiums is driven by several factors, the most prominent being the nature of the motor fleet insured and the claims experience of the Council; the policy deductible (excess); global re-insurance rates and individual supplier experience and risk appetite or capacity.
- 4.6 Current levels of self-insurance (the amount below the policy excess where the Council covers the cost of the claim) were set based on claims analysis and sovereign risk appetite assessed during the last tender process and tender options will once again explore the cost versus benefit of higher deductibles: it follows that the higher the policy excess (self-insurance), the lower the premium but the higher the retained risk.
- 4.7 The shared Insurance service has reduced the Council's financial provision for self-funding claims from in excess of £3.5m to less than £2m over the past 5 years. The Council paid out less than £50,000 in self-insurance motor claims payments from 2015-19. Claims below the policy excess are paid directly from an Insurance fund controlled by the Council, rather than by the insurer.
- 4.8 The expectation is to receive six or more valid quotations for the motor insurance contract, however engineering Inspection is a specialist market and it is possible as few as two quotations would be received.
- 4.9 The Public Contract Regulations 2015 (PCR), in accordance with the 2014 EU Procurement Directives, will apply to the tender process in view of the likely award value of the final contract(s). The procurement process will be undertaken in accordance with the Competitive Procedure with Negotiation, which requires a Contract Notice to be published in the Official Journal of the European Union. A notice

will also be published on Contracts Finder. The procurement will be overseen by the shared Insurance service with appropriate engagement and support from the LBHF procurement service. The procurement exercise will take place using the e-procurement portal, CapitalEsourcing, which will ensure that the procurement directive requirements are met.

- 4.10 The Invitation to Tender (ITT) technical specifications will be drawn up by the Assistant Head of Insurance Service supported by the retained insurance advisors, JLT Speciality Limited, with close engagement with the LBHF procurement function to ensure the Council's requirements are fully incorporated. The indicative, high-level, tender timetable is as follows:

Political Cabinet	2 <sup>nd</sup> September 2019
Cabinet (approval of Procurement Strategy)	7 <sup>th</sup> October 2019
Invitation To Tender released to the market	October 2019
Initial bid deadline	November 2019
Negotiations with bidders	November 2019
Final bid deadline	December 2019
Evaluate Tenders	December 2019
Award Contract	February 2020
Cover Incepted / Contract Start	1 <sup>st</sup> April 2020

- 4.11 Insurance is classified as a special contract in Law and therefore insurance policy documentation is the basis of contract combined with the ITT specification and bidder response.
- 4.12 The proposed contract length is five years for Engineering inspection and four years for Motor insurance.
- 4.13 Many of the likely bidders have registered offices or operations based in the financial services sector of the City of London but bidding will be open to any qualifying supplier authorised to underwrite insurance or provide engineering inspections services in the UK and of suitable financial standing. To ensure that they meet the minimum standards, bidders will be required to evidence they are authorised to underwrite insurance business or provide engineering inspection services in the UK and must be at least "A"-rated by Standard and Poors or equivalent agency and prepared to produce:
- A copy of their annual reports and accounts for the last 3 years;
  - The name and address of their bankers;
  - Details of last 3 years of underwriting experience (in the case of motor insurance).
- 4.14 The Quality Award Criteria will be based on the technical specification; the technical specification will include both service delivery and added value for Engineering inspection and both policy coverage and claims handling requirements for Motor insurance. Evaluation of bidders' responses to the award criteria will be carried out in accordance with the published marking scheme.

The evaluation and ITT bidding will be subject to the following structure:

- Engineering inspection as a separate tender.
- Motor insurance as a separate tender.

4.15 Due to the specialist nature of these contracts, they would attract specialist bidders who are, in most cases, unlikely to quote for both contracts.

4.16 For Engineering inspection, bidders will be required to submit the price per lot individually scheduled for each of the three boroughs to ensure that sovereign best value has been achieved for each council. For Motor insurance, price evaluation will be based on the total price per lot to provide the cover for all three boroughs, with each borough being priced according to its own risk profile but benefitting from bulk discounts sought from tenderers and efficiencies arising from sharing operational arrangements provided by the shared Insurance service. There will be the important option to offer a multi-lot discount to secure multiple lots and options for different Motor policy excesses each council, hence the recommendation to use the Competitive Procedure with Negotiation.

4.17 The Engineering inspection contract will be awarded based on the most economically advantageous terms to the Council and the Motor insurance contract on the basis of the most economically advantageous terms to all three boroughs in accordance with the evaluation basis specified in the ITT in detail, but in summary it is anticipated it will be evaluated as follows:

#### Engineering inspection

- Price for inspection services – 40% - Maximum points will be awarded to the lowest priced bidder, considering any Long-Term Agreement discounts. A formula will be used to adjust the scores of all remaining bidders to reflect the percentage difference in prices.
- Service delivery – 50% - This will be evaluated against the requirements of the Contract within the Tender Document. Scores will be adjusted to consider the difference between the services offered and those requested together with the quality of the management information available.
- Added Value – 10%. This will include items that improve the quality of the service/product requested. Additionally, the Council has responsibilities under the 2012 Public Services (Social Value) Act to ensure compliance with its provisions. Those commissioning services must comply with the Council's Social Value Policy outcomes that seek to deliver:
  - More opportunities for local micro-businesses, local small and medium sized enterprises and local third sector organisations; and/or
  - More employment and training opportunities for local residents.

Examples of social value sought might include the following:

- skills development to prepare school leavers for employment;
- entrepreneur development/encouragement sessions.

#### Motor insurance

- Price 50% – 5-point deduction for each 1% variance from lowest bidder price.
- Technical specification 35% - evaluated and documented deductions for minor non-compliance with specified requirements and bid rejection for major non-compliance. Examples of major non-compliance being failure to supply the fire insurance peril or to agree to the minimum requirement to allow self-handling of all claims up to the policy excess.
- Added value/Innovation 15% – evaluated and documented additional points for exceeding specification minimums, offering additional services or covers and providing social value (as per above). ITT documentation will provide guidance to bidders.

The above evaluation basis is the same as used at the last successful and compliant tender and contract award process.

## **5 ANALYSIS AND OPTIONS**

- 5.1 Re-procurement of these contracts through a shared procurement run by the shared Insurance service is not the only option, as the existing contracts could be renewed for a further year. However, this would require waiving the Contract Standing Orders in order that a direct award of contract can be awarded for a further year with the existing suppliers. Additionally, the proposed re-tender will be timely, fiduciary responsible and most likely to deliver the best financial outcomes for both the Council (and therefore the tax-payer), with the expectation of mitigating the risk of significant further premium increases.
- 5.2 The numerous and considerable benefits of taking a joint approach to insurance tendering and claims handling and having one insurance provider for all three authorities per policy have been clearly evidenced in the 2012-19 period and are summarised below.
- 5.2.1 As a result of previous tenders, LBHF have previously secured a 5-10% discount by procuring policies through exercises undertaken by the shared Insurance Service. The proposed tender exercise will involve sovereign policies being procured for LBHF, with tenderers able to bid for one or more lots. It is expected that tenderers will bid for all three councils involved in the tender as the economies of scale on offer are mutually beneficial to the insurer and the insured. It is possible the Council could secure discounts of up to 15% by way of a multi-authority discount under the shared tenders for 4-5-year contracts, while each council will be priced on its own risk profile, and that the procurement strategy undertaken by the shared Insurance Service would again deliver savings to the Council.
- 5.2.2 The cost of administration and handling claims using the shared Insurance service would continue to be managed within existing budget provision. In addition, LBHF would continue to benefit from claims handling performance delivered by the shared Insurance service which has seen the value of self-insured claims reducing significantly year on year. Moving away from the current arrangements would have significant cost implications which are set out in 5.5 and 5.6.
- 5.2.3 Ad hoc insurance costs such as taking external legal advice and opinion can be shared by the three councils when the same policy conditions are in place for all three.
- 5.2.4 Insurance coverage positions can be agreed with one insurer, which then apply to all three authorities, whereas they would have to be negotiated separately with different

insurance providers, improving the efficiency of the shared service arrangement and keeping costs within budget, as well as obtaining the best terms for each Council.

- 5.2.5 There is greater power in negotiating for three councils collectively, whether when negotiating premium terms, insurance coverage issues or otherwise. It is very important to note there is no question under the approach proposed of one authority subsidising either or both of the others. Each authority has and will continue to have its own policy and premium based on its individual risk exposures and claims experience.
- 5.2.6 Administration savings for insurers and the retained insurance advisors and a higher level of service received due to them both being able to take a shared approach placing policy cover, providing policy documentation and with all other aspects of the client and supplier relationship. This leads to benefits through premium charges and broker fees incurred by each council.
- 5.2.7 It is important to recognise all Motor prices are quoted based on a bidder winning all three authorities. The price which one authority obtains in this way is unlikely to be achieved through a sovereign tender process. In addition, our brokers do not consider that the number of interested bidders will be reduced by procuring policies for the three councils using the proposed approach.
- 5.3 Regarding the Engineering inspection contract, it is possible up to three different bidders could win these contracts. However, the Motor insurance policy will include delegated authority from the insurer to the shared Insurance service to continue to self-handle claims and will be awarded to the highest-scoring bidder for all three. It is important to note that separate prices are still received for the three councils, reflecting their own risk profile, and the evaluation criteria will reserve the right not to award the contract to the lowest bid (ensuring a bid is not accepted that was not in the Council's best interests) and the contracts themselves remain sovereign to each council.
- 5.4 It would not be practical to run a tender process which resulted in more than one Motor insurer per policy as the shared Insurance service does not have the resources (LBHF budget coverage) to do so.
- 5.5 Prior to the establishment of the shared Insurance service, the previous LBHF Insurance service employed 3 FTE posts, without handling claims in-house. In 2014/15 (the last year before in-house claims handling commenced) claims handling fees paid to insurers were £40,695 plus VAT. As well as saving on the external claims handling cost, the implementation of the shared service enabled the sharing of management costs across the three Councils while ensuring there was enough budget to provide appropriate staff coverage to meet LBHF's needs.
- 5.6 If a separate tender process were required, LBHF would need to recruit additional resources, including management and staff, with immediate effect to run a successful sovereign insurance service and retain claims handling in-house. In addition, there would be a long lead time required to put this resource in place and then run a separate tender exercise. There is no budget provision available for recruiting additional LBHF staff or for outsourcing claims handling activity. Outsourcing the claims handling function would be likely to result in the value of self-funded claims increasing, based on LBHF's previous experience prior to the shared service being introduced.



- 5.7 Failure to arrange Engineering inspection would result in failure to discharge statutory duty for a system to certify plant is safe for operation and may lead to prosecution or fines from the Health and Safety authorities.
- 5.8 Failure to purchase Motor insurance at all would result in unacceptable and uncapped financial exposures to the Council and would be illegal. The only other alternative to the current procurement strategy would be for the Council to set up its own captive insurance company (a wholly-owned subsidiary company to the Council), retaining significant financial exposure in-house, and to approach the re-insurance market direct rather than the current provider market. This strategy has been tested in the past by other Councils with limited success and is not recommended at this time due to the complex feasibility studies and timescales involved.
- 5.9 For the above reasons, our professional recommendation is a collaborative re-tender exercise led by the shared Insurance service to procure the Council's cover from 1<sup>st</sup> April 2020 for Engineering inspection and Motor insurance.

## **6 EQUALITY IMPLICATIONS**

- 6.1 It is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Equality Act 2010, from these proposals.
- 6.2 Implications completed by: Fawad Bhatti, Social Inclusion and Policy Manager, tel. 020 8753 3437

## **7 LEGAL IMPLICATIONS**

- 7.1 This report is recommending the approval of the Procurement Strategy for two contracts. One is for an engineering inspection services contract, and the other is for the Council's motor insurance policy. The former is in excess of the EU threshold for services over the proposed five-year term, while the latter is being tendered together with the RB Kensington & Chelsea and City of Westminster requirements for a four-year period, and again the EU threshold for services will be exceeded when these are aggregated. Consequently, a full tendering exercise is required in accordance with the Public Contracts Regulations 2015 ("the 2015 Regulations"). As set out in the report, the 2015 Regulations are proposed to be followed using the competitive procedure with negotiation.
- 7.2 To the extent that this will be a collaborative procurement, various waivers of the provisions of Contract Standing Orders are proposed on the basis that the standing orders of the Royal Borough of Kensington & Chelsea will apply, though subject always to following the 2015 Regulations. Contract Standing Order 3 sets out when Cabinet can grant such a waiver and the permitted grounds for doing so. Here the basis relied upon is that the waiver is in the overall interests of the Council.
- 7.3 Because of the unusual way in which insurance arrangements are formalised a waiver is also sought in relation to the requirement for the contract to be entered into as a deed, on the basis (again as permitted by Contract Standing Order 3) that the circumstances are genuinely exceptional.
- 7.4 Implications completed by: Deborah Down, Senior Associate with Sharpe Pritchard LLP on secondment to the Council [dtdown@sharpepritchard.co.uk](mailto:dtdown@sharpepritchard.co.uk)

## **8 FINANCIAL IMPLICATIONS**

- 8.1 This report requests approval of the proposed procurement strategy for tendering the Council's engineering inspection services and motor insurance requirements, the invitation of tenders and the delegation of the contract award.
- 8.2 The costs of these contracts are met from current revenue budgets. The spend for 2019/20 was £92,679 (comprising £79,489 relating to engineering inspection and £13,190 relating to motor insurance).
- 8.3 The precise costs of the new contracts will not be known until the tendering exercise is complete. It is expected that the procurement exercise proposed will ensure that the Council achieves best value for money in line with its priority of being Ruthlessly Financially Efficient. The final financial implications will be set out in the award report, but the costs are expected to be met from existing revenue budgets.
- 8.4 Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

## **9 IMPLICATIONS FOR BUSINESS**

- 9.1 No implications for local businesses.
- 9.2 Implications verified by: Albena Karameros, Economic Development Team

## **10 COMMERCIAL IMPLICATIONS**

- 10.1 The recommended procurement exercises have an estimated value over the statutory threshold and are subject to the Public Contracts Regulations 2015. The proposed routes comply with these regulations.
- 10.2 As the lead authority is the Royal Borough of Kensington and Chelsea, waivers from the LBHF CSOs may be required. These may be approved by Cabinet, in accordance with CSOs 3.1
- 10.3 Implications completed by Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.

## **11 IT IMPLICATIONS**

- 11.1 No IT implications are considered to arise from this report as it requests approval for the proposed procurement strategy for procuring the council's Engineering Inspection and Motor insurance contracts by the shared Insurance service. 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.
- 11.2 IM implications: a Privacy Impact Assessment(s) should be carried out to ensure that all the potential data protection risks arising from this procurement exercise are properly assessed with mitigating actions agreed and implemented.
- 11.3 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.


- 11.4 Any suppliers appointed as a result of this exercise will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.
- 11.5 Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748.

## **12 RISK MANAGEMENT**

- 12.1 Failure to arrange Engineering inspection would result in failure to discharge a statutory duty for a system to certify plant is safe for operation and may lead to prosecution or fines from the Health and Safety authorities. The council must therefore ensure that a system is in place in accordance with management of risk 14 on the corporate risk register.
- 12.2 Additional Social Value has been delivered from other Insurance contracts let by the Shared Insurance Service, specifically through Protector Insurance who facilitated training for the council's contract managers on insurances and indemnities as part of their commitment to the council. We shall seek a similar commitment from the successful bidders in accordance with the council priority, Being ruthlessly financially efficient.
- 12.3 Implications verified by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587, mobile 07768 252703.

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT:** None

# Agenda Item 9

<p>London Borough of Hammersmith &amp; Fulham</p> <p><b>CABINET</b></p> <p><b>7 OCTOBER 2019</b></p>	
<p><b>PROCUREMENT STRATEGY TO COMMISSION AN EXTERNAL TRAINING VENUE FOR PARTNERS IN PRACTICE 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>Consultation:</b> Children’s Services and the Finance department have been consulted in the preparation of this report.</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director: Bev Sharpe, Assistant Director of Family Services</b></p>	
<p><b>Report Author:</b> Susan Hughes, Commissioning and Transformation Lead</p>	<p><b>Contact Details:</b> Susan Hughes Tel: 07776672699 Email: <a href="mailto:susan.hughes@lbhf.gov.uk">susan.hughes@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval to enter into an access agreement with the Royal Borough of Kensington and Chelsea (RBKC) as the lead authority of the Centre for Systemic Social Work (CFSSW). The CfSSW was established in 2016 by RBKC, Westminster City Council (WCC) and Hammersmith & Fulham as part of the Department for Education’s (DfE) Partners in Practice programme. The objective of the centre is to provide training courses for social work practitioners to understand good practice from those leading the sector nationally about the approaches and leadership required to create excellent social work practice. H&F will retain the right to exit from the access agreement by giving 4 month’s notice to RBKC as the lead authority on an annual basis and to align with the venue contract.
- 1.2 The CfSSW is also a trading operation with other partner boroughs which creates income for the three boroughs. Access to the service is cost neutral to

Hammersmith & Fulham based on DfE grant and fee income from partner boroughs. The CfSSW requires a venue to facilitate and accommodate training activity and appendix A provides details for the procurement of an external training venue for delivery of training courses, the procurement will be led by the RBKC and WCC procurement teams.

- 1.3 The main objective following the procurement is for RBKC to award a contract to the successful venue provider that will then provide the CfSSW with a training venue with overnight facilities for those attending training courses with effect from 1 April 2020. The proposed contract award following the procurement is for a duration of one year with three possible 12-month extension periods subject to performance and budget, in addition to this, RBKC will proceed to directly award a contract to the incumbent provider, National Council for Voluntary Organisations (NCVO) for the current year, 2019/20 such that venue provision continues to be available whilst the procurement exercise takes place.

## **2. RECOMMENDATIONS**

That in accordance with the Council's Contracts Standing Orders, Cabinet:

- 2.1 Approves the Business Case and Procurement Strategy as set out at appendix A of this report.
- 2.2 Approves the Council entering into an inter-authority agreement with RBKC as the lead borough hosting the Centre for Systemic Social Work (CfSSW).
- 2.3 Approves a waiver of the usual requirements of Contract Standing Orders 10 to 17 in relation to any Centre for Systemic Social Work services<sup>1</sup> (including the training venue) provided to Hammersmith & Fulham by RBKC accordingly, on the basis that a legislative exemption applies.
- 2.4 Delegates authority to the Director of Children's Services in consultation with the Cabinet Member for Children and Education, following the procurement exercise and prior to the award of a new contract for venue hire, to agree continued commitment to the service with RBKC and at annual intervals thereafter subject to best value and budget provision from course fee and DfE grant availability.

## **3. REASONS FOR RECOMMENDATIONS**

- 3.1 The courses offered at the CfSSW are considered good practice with a focus on working collaboratively across the wider children's social care sector to improve

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<sup>1</sup> Those services will include staff to deliver the training, and the provision of a venue for the training to take place by way of RBKC directly awarding a contract to the National Council for Voluntary Organisations (NCVO) for the current 2019/20 financial year and on completion of the procurement exercise, a new contract from 2020/21 onwards to the successful provider

all aspects of practice, supervision and leadership. The benefits of the CfSSW to social works teams in Hammersmith and Fulham are substantial as the centre promotes systemic practice in social work settings across children's services.

- 3.2 The current contract with the NCVO is due for renewal from 1 April 2019. Approval is required for the ongoing funding for the direct award by RBKC to NCVO to continue contract provision from 1 April 2019 to 31 March 2020. Approval is also required to formalise existing arrangements with RBKC for the CfSSW through an inter-authority agreement for the services accessed by Hammersmith and Fulham and to comply with the requirements contained in Contract Standing Orders to seek Cabinet approval before a regulated procurement exercise is commenced.

#### **4. OPTIONS AND ANALYSIS OF OPTIONS**

- 4.1 Consideration has been given to procuring a training venue via a framework agreement and while this option could provide greater flexibility to purchase additional venue capacity as required, the ongoing procurement and legal resource required at each call-off makes this option less attractive.
- 4.2 Our preferred option is therefore to award a contract to the provider who can best meet the lead authority's price and quality criteria. This is particularly the case from 2020 onwards when the centre will be financially self-sustaining and will need to charge a commercial rate for course places

#### **5. EQUALITY IMPLICATIONS**

- 5.1 The Council has given due regard to its duties under Section 149 of the Equality Act 2010 and it is not anticipated that there will be any negative impacts on any groups with protected characteristics by approval of the procurement strategy in relation to an external training venue, as set out in the Recommendations. The CfSSW aims to ensure its training venues are welcoming to all students regardless of their background. The approved venue will demonstrate the ability to be sensitive and responsive to the needs of students and trainers with disabilities or additional needs.

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

#### **6. LEGAL IMPLICATIONS**

- 6.1 This report proposes two things:
- 6.1.1 The procurement of a new contract for a training venue provider (the "New Contract");
- 6.1.2 Approval for entering into an inter-authority agreement for the CfSSW with RBKC as lead authority.

## 6.2 Contractual Relationships

Only RBKC have a contractual relationship with the current provider of training accommodation. It is therefore assumed that the same relationship will continue, with Hammersmith & Fulham having a contractual relationship only with RBKC, who in turn will have a relationship with both the current training venue provider and later the successful tenderer for the New Contract. Accordingly it is proposed that the existing arrangement is formalised by Hammersmith & Fulham entering into an inter-authority agreement with RBKC for the running of the CfSSW, with the latter as lead. To the extent that this involves RBKC supplying a service to Hammersmith & Fulham, this is likely to fall into the exemption set out in reg 12(7) of the Public Contracts Regulations 2015 concerning contracts which establish or implement co-operation between authorities, provided that certain tests are satisfied, as set out in regulation 12(7). It should also be noted that as part of the discussions around entering into an inter-authority agreement, officers need to investigate whether the CfSSW is in fact trading for profit such that this element of what it does will need to be delivered through a limited company, and if this is the case, a further report will be required to Cabinet.

- 6.3 As in the previous paragraph, the inter-authority agreement may include RBKC supplying services to Hammersmith & Fulham. A waiver of the usual tendering requirements in CSO 10 - 17 is sought in relation to such services on the basis of the reg 12(7) exemption. This will cover extension of the existing RBKC contract, the tendering and award of the new one, and any other services. A waiver of these requirements can be granted under CSO 3.1 where one of five specified grounds for doing so is made out. Here the one to be relied upon is that a legislative exemption applies (as described in paragraph 7.2).

## 6.4 Type of contract and threshold (New Contract)

Under the Public Contracts Regulations 2015 ("PCR 2015"), the New Contract is a services contract (specifically, CPV code 80520000-5: training facilities). The current threshold for services contracts under the PCR 2015 is £181,302 (the "Threshold"), so any contract above this level needs to be tendered in accordance with the PCR 2015.

## 6.5 Above threshold

As the New Contract is above the Threshold it must be procured in accordance with the PCR 2015. This normally means either a new procurement competition or the use of a framework agreement. The position under Contract Standing Orders (CSOs) is that under CSO 9, Cabinet must first approve a Procurement Strategy. The procurement strategy in this report proposes an OJEU compliant procurement competition which follows the open procedure, so the requirements of the PCR 2015 are met in respect of the competition process for the New Contract as well as the CSO 9 requirement for an approved Procurement Strategy. It is for RBKC to comply with its procedures and the general Treaty Principles (Treaty on the Functioning of the European Union

(TFEU) - principles of transparency, equal treatment, non-discrimination and proportionality).

## 6.6 Record of waivers

In accordance with CSO 3.1, a record of the waivers needs to be kept within the relevant department.

Legal comments completed by Deborah Down, senior associate at Sharpe Pritchard LLP, to the council - [DDown@sharpepritchard.co.uk](mailto:DDown@sharpepritchard.co.uk)

## 7. FINANCIAL IMPLICATIONS

7.1 The CfSSW receives a grant from the DfE as part of the Partners in Practice (PiP) programme. The grant covers two main areas, the provision of staffing to undertake training, and the provision of venue hire in which the training takes place. In addition to this the CfSSW generates income through the sale of courses to partner boroughs. The table below provides a summary of income for the current year and the forecast for the following year:

Year	2019/20	2020/21
<b>Subscription income</b>	£240,000	£570,000 (forecast)
<b>DfE grant allocation</b>	£1,200,000	tbc
<b>Total income</b>	<b>£1,440,000</b>	<b>£570,000 (forecast)</b>
<b>NCVO venue cost</b>	£164,100 (cost to Hammersmith & Fulham £54,700)	n/a
<b>New training venue cost</b>	n/a	est: £150,000 per annum. est. £50,000 per annum to Hammersmith & Fulham
<b>Balance not including staff and other overheads</b>	<b>£1,275,900</b>	<b>£420,000</b>

7.2 There is funding available for the current 2019/20 and next financial year to continue operation of the service through DfE grant funding and course fee income from other boroughs. Financial risks will be reviewed annually to ensure the service remains cost neutral to Hammersmith & Fulham.

7.3 The participating boroughs eligible for the grant application are Hammersmith & Fulham, RBKC and WCC. Other boroughs, referred to as 'partners' access the training provision through an annual fee of £30,000. This fee coupled with the annual grant enables the service to be cost neutral to Hammersmith & Fulham. Whilst grant funding is confirmed for 2019/20, until the comprehensive spending review has taken place it is unclear what DfE grant will be available from April 2020 onwards. The 2020/21 forecast will therefore, be based on



'partner' local authorities paying the full cost for places on programmes (£2,500 per person, per place) and not on grant subsidy. In the event that there is a DfE grant available this will be amended accordingly.

- 7.4 In 2019/20 the total PiP grant received by the three authorities is projected to be £1.2m and therefore the venue costs during this period are cost neutral. The Hammersmith & Fulham share of the 2019/20 PIP funding is £318,000. This is forecast to cover the delivery of the CfSSW courses including the venue hire, along with other priorities within the overall PiP programme. In financial year 2018/19, the venue hire contract cost was £122,749. This cost was divided equally between Hammersmith & Fulham, RBKC and WCC with each authority contributing £40,916.
- 7.5 In 2018/19 the delivery of the CfSSW courses also generated income of £180,000 through the subscriptions paid by partner boroughs, resulting in an income flow of £60,000 for each authority (Hammersmith & Fulham, RBKC and WCC). This income is a subsidised rate offered to the ten participating authorities who participate in the training programme. This level of income is forecast to be received or exceeded in 2019/20. This additional income partly contributes to the running costs of delivering the courses including the venue hire.
- 7.6 In 2019/20 the total forecast venue cost to the NCVO is £164,101 resulting in a contribution of £54,700 from each borough, including Hammersmith & Fulham. This cost is for the training venue only and is fully budgeted within the PiP grant funding and by income generated from the participating partnering authorities. It is therefore cost neutral to Hammersmith & Fulham.
- 7.7 In 2020/21 we are assuming that the PiP grant will not be available unless the DfE advises us otherwise subject to the comprehensive spending review. The 2019/20 forecasts have been updated to reflect a higher level of income than previously expected as a higher number of places are being delivered. The revised forecast may also determine an increased level of spend.
- 7.8 The delay in receiving notification on the 2020/21 DfE funding is causing uncertainty as to the level of income that could be received in 2020/21. If the DfE does provide funding, this will enable some lower performing authorities to continue to purchase the training at a subsidised rate.
- 7.9 In 2020/21 the CfSSW's partner authorities will pay a commercial rate for the CfSSW's services which must cover the full cost of provision of the training courses including the venue hire.
- 7.10 As the 2020/21 DfE funding is not confirmed at this stage there is a risk that the the CfSSW will incur costs that cannot be recovered through course income which become additional unbudgetted costs for Hammersmith & Fulham. Before any contract award decision or interauthority agreement is put in place for 2020/21 or annual extension is agreed in subsequent years, the Director of Children's Services should review the business case and confirm demand for

courses and funding attached to those activities are sufficient to meet the costs of the CfSSW.

Implications completed by: Caroline Baxter, Strategic Finance Manager, Children's Services Tel: 07917 883577. Implications verified by Emily Hill, Assistant Director, Corporate Finance, Tel. 020 8753 3145.

## **8. IMPLICATIONS FOR BUSINESS**

- 8.1 No implications for local businesses in LBHF have been identified. The external venue needs to be situated near Euston or King's Cross rail stations in order to facilitate access for students travelling from Partner authorities in the north of the UK who travel into London via these stations.

Implications verified by: Albena Karameros, Economic Development Team, tel: 02079388583.

## **9. PROCUREMENT IMPLICATIONS**

- 9.1 Full procurement implications for the direct award required and the high value procurement proposed are presented in the Legal section. The procurement strategy is in line with the Public Contracts Regulations and the Council's Contracts Standing Orders. Social Value is a statutory requirement as the tender is over the statutory threshold for services (Social Value Act). Social value shall be evaluated in accordance with the Council's Social Value Policy. It is recommended a minimum of 5% to be allocated to Social Value.

Implications verified/completed by: Andra Ulianov, Head of Contracts and Procurement, 07776672876

## **10. IT IMPLICATIONS**

- 10.1 There are no IT implications identified in this report. It is assumed that some sensitive personal information will be held on the attendees of the courses, such as names, mobile numbers, possible additional access requirements. It is assumed this information will be held in digital form such as a locally managed IT system. If the information is held by the external provider, they will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.
- 10.2 If workers outside of the Information Sharing Agreement process sensitive personal data on behalf of H&F, then a Privacy Impact Assessment will need to be completed to ensure the systems used by the contractors comply with H&F's regulatory requirements. If sensitive data is handled by the provider, 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, 020 8753 2927.

## **11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 There are no strategic risk implications associated with the proposals however the service must ensure that health and safety and accessibility are considered within the procurement objectives, additionally that the council's priority of Being ruthlessly financially efficient is applied to ensure that best value is attained from the procurement for our local taxpayer.

Implications verified by Michael Sloniowski Risk Manager 020 8753 2587

### **LIST OF APPENDICES**

Appendix A (open) – business case relating to procurement strategy; project management and governance for procurement of external training venue.

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

The CfSSW requires a high-quality venue that will assist in selling training course places effectively to partner authorities. It needs to be an external venue that will facilitate access for students from partner authorities in the north of the UK, who travel into London via either Euston or King's Cross rail stations.

The contracted venue needs to provide both high quality accommodation and a high level of cost effectiveness. The Centre's forecast budget for external training accommodation is £53,213 per year and this can only be increased if the fees it charges for training are increased.

The current contract with the NCVO is due for renewal with effect from 1 April 2019. Approval is required for a direct contract award led by RBKC and accessed through an inter-authority agreement by Hammersmith & Fulham to continue contract provision from 1 April 2019 to 31 March 2020. The estimated cost of using the NCVO from April 2019 to March 2020 is £164,101, to be shared between Hammersmith & Fulham, RBKC and WCC.

**2. FINANCIAL INFORMATION**

The CfSSW's income from partner authorities for the financial year 2020/21 onwards will be based on a full cost recovery model. The amount budgeted for external training venues is £53,213 per year in each of the three boroughs.

The Centre will therefore be seeking maximum value for money from its external training venue budget and the ability to accurately forecast venue costs for the next three years as it negotiates the challenges involved in moving to a full cost recovery model.

**3. OPTIONS APPRAISAL AND RISK ASSESSMENT**

Consideration has been given to using in-house venues for all courses, however the geographical location of the majority of the Centre's students precludes the use of training venues which are located more than 10 minutes' walk from Euston and King's Cross stations. A minority of students travel from boroughs in the south east of the country and these students can be reasonably expected to travel into central London for their training. We have, therefore, taken the decision to accommodate four of our courses within RBKC, where a high standard of accommodation is available along with logistical and IT support for trainers.

**4. THE MARKET**

The market for training venues in the targeted geographical area comprises hotels, which generally charge more than the available budget, and a range of voluntary and charity sector organisations. Within this latter sector, the amount and quality of adequate level of competition for this contract.

## **PROCUREMENT STRATEGY**

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

This contract will be let for 1 year with 3 possible 12-month extension periods subject to performance and budget. The cost to Hammersmith & Fulham over 4 years will be £200,000 and it is envisaged RBKC will be the lead borough to contract with the new venue provider. KPIs and initial monitoring requirements have been de shared with the Integrated Commissioning Directorate's Contract Management Team. Part of this monitoring by Family Services will include student feedback on the venue, it's facilities, and the helpfulness of the venue staff.

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

The quality evaluation criteria require the successful contractor to demonstrate that they add value to their local community.

### **7. PROCUREMENT PROCEDURE**

It is proposed that an OJEU compliant open procurement procedure will be undertaken to ensure a range of competitive bids from providers in the targeted geographical area however RBKC reserve the right to use the restricted procedure. The procurement will be led by colleagues from RBKC and WCC bi-borough teams and a contract notice will be placed in Contracts Finder and the capital e-sourcing portal.

### **8. CONTRACT AWARD CRITERIA**

It is proposed that bids from potential suppliers will be evaluated on a 60% price and 40% quality ratio according to the following criteria:

<b>Criterion</b>	<b>Marks</b>
10-minute walking distance from Euston or Kings Cross	Pass/fail
Able to accommodate majority of dates included in draft training schedule	Pass/fail
Classrooms, equipment and facilities	5
Catering	10
Staffing and customer care	10
Social value	5
Cost	60
<b>Total possible marks</b>	<b>100</b>

### **9. PROJECT MANAGEMENT AND GOVERNANCE**

The Centre for Systemic Social Work will be responsible for the monitoring and management of the contract. There will be annual contract review meetings with the provider


### **10. INDICATIVE TIMETABLE**

The indicative timetable for the awarding of this contract by RBKC is below however, it should be noted this is subject to change:

Tender Publication	October 2019
Evaluation and Moderation	November / December 19
Contract Award	March 2020

## 11. **CONTRACT MANAGEMENT**

Post award of the contract, day to day management of the relationship with the contractor will be undertaken by RBKC as hosts of the CfSSW. Annual contract monitoring meetings will be held with the provider which will be attended by a member of the Hammersmith & Fulham Commissioning Team to maintain oversight on performance and quality.

<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>7 OCTOBER 2019</b>		 h&f hammersmith & fulham
<b>APPROVAL OF PROCUREMENT STRATEGY AND PAYMENTS TO THE WEST LONDON ALLIANCE FOR USE OF AND CONTINUED ACCESS TO DYNAMIC PURCHASING VEHICLES FOR CHILDREN'S SOCIAL CARE AND SUPPORT SERVICES</b>		
<b>Report of the Cabinet Member for Children and Education: Councillor Larry Culhane</b>		
<b>Open Report</b>		
<b>Classification - For Decision</b>  <b>Key Decision: Yes</b>		
<b>Other services consulted:</b> Children's Services Team and Finance have been consulted in the preparation of this report.		
<b>Wards Affected:</b> All		
<b>Accountable Director:</b> Steve Miley, Director of Children's Services		
<b>Report Author:</b> Will Parsons, Strategic Lead, Children's Services; Craig Holden, Commissioning Development Lead, Children's Services.		<b>Contact Details:</b> Tel: 07768 486 764 E-mail: <a href="mailto:will.parsons@lbhf.gov.uk">will.parsons@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1 This report summarises the collaborative work undertaken between Hammersmith & Fulham and the West London Alliance (WLA) group of authorities to ensure sufficient availability of three types of placements. These are fostering agency placements, children's residential home placements and placements for children and young people with special educational needs in independent and non-maintained schools.

- 1.2 The report is requesting permission from Cabinet to approve the procurement strategy to enter into an access agreements with the West London Alliance (WLA) and to call off from the WLA Dynamic Purchasing Vehicles for the services set out above from April 2018 onwards.
- 1.3 In addition to this, the report seeks retrospective and future approval for payments to the WLA for the continued use of, and access to, these services from 2018/19, through to the remainder of the life of the Dynamic Purchasing Vehicles (potentially 2023/24) where this continues to be the recommended placements option. Provision of access to the DPVs will result in more choice and flexibility when sourcing placements for these services.
- 1.4 The West London Alliance (WLA) is a partnership between nine West London local authorities of Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow, Westminster and Kensington & Chelsea. The alliance is governed by a board of the borough leaders and steered by the councils' chief executives, who also directly sponsor individual WLA programmes.
- 1.5 The delivery of quality placement provision for a child under the Children's Act 1989 and subsequent legislation involves many of the frontline teams within H&F. Prior to membership of the WLA partnership, H&F, as part of Tri-borough operations accessed Framework Agreements and used spot purchasing arrangements to secure placements. The use of the DPVs through the lead boroughs of Ealing, Barnet and Brent represent value for money, choice and improved flexibility. The value generated by these economies of scale is directly congruent with H&F's commitment to being ruthlessly financially efficient while delivering quality services to residents.

## **2. RECOMMENDATIONS**

- 2.1 That Cabinet notes and approve the adoption of the Procurement Strategy and Business Case at Appendix 1 to allow the Council to enter into the following three Access Agreements:
  - i) With the London Borough of Barnet for the provision of Independent Fostering Agency placements through a Dynamic Purchasing Vehicle from April 2018 for three years, with three options to extend the term, each option being of one further year
  - ii) With the London Borough of Ealing for the provision of Children's Residential Home placements through a Dynamic Purchasing Vehicle from July 2018 for three years, with three options to extend the term, each option being of one further year
  - iii) With the London Borough of Brent for the provision of Special Educational Needs placements at Independent and Non-Maintained Special Schools through a Dynamic Purchasing Vehicle from October 2018 for three years,



with three options to extend the term, each option being of one further year.

- 2.2 That Cabinet approves payment of £162,000 to the West London Alliance, this sum representing the Council’s contribution to the operation of the three Dynamic Purchasing Vehicles in financial years 2018/19 and 2019/20, during which time the Council benefitted from being allowed to access the three Dynamic Purchasing Vehicles.
- 2.3 That Cabinet agrees that a payment of approximately £82,500 in 2020/21 to the West London Alliance to allow the Council to access the three Dynamic Purchasing Vehicles during that financial year. Costs for 2020/21 have not yet been agreed and so this is an estimate based on the previous 2 years.
- 2.4 That in the event any or all of the options to extend the three Dynamic Purchasing Vehicles are exercised that Cabinet agrees to delegate the decisions for the Council to continue to access any or all of the three Dynamic Purchasing Vehicles in 2021/22, 2022/23 and 2023/24, with a total consequential spend of approximately £247,500, to the Director of Children’s Services in consultation with the Cabinet Member for Children and Education.

<b>PROGRAMMES</b>	<b>CONTRIBUTION PER BOROUGH FOR FY 2018/19</b>	<b>CONTRIBUTION PER BOROUGH FOR FY 2019/20</b>
Commercial & Procurement	£15,000	£12,000
Children’s Commissioning	£44,500	£44,500
Care Place	£23,000	£23,000
<b>Total</b>	<b>£82,500</b>	<b>£79,500</b>

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

- 3.1 The aim of this commitment is to ensure that there is good quality, locally available provision for Looked After Children which represents value for money and is compliant with the Public Contract Regulations 2015. The DPVs are used by the participating WLA boroughs, other interested local authorities and other organisations that carry out part or all of the statutory duties relating to children.
- 3.2 The DPVs allow collective procuring, with a single system and consistent terms and conditions, which supports providers as well as local authorities. Access to these economies of scale and the ability to more accurately meet the needs of the child or young person allows for delivery of a higher quality, more cost effective service. The access fees for these DPVs represent less than 2% of the annual cost of placements. Given their stated benefits, and the success of very similar arrangements in the adult social care market, their adoption represents a worthwhile addition to H&F's provision for these vulnerable groups.
- 3.3 In order to maintain stability within the DPV arrangements, participating local authorities are required to provide 12 months notice if they wish to withdraw from the contract. Additionally the increasing market footprint of the DPVs offers a level of collective stability, with three new local authorities currently in the process of joining.
- 3.4 Each DPV operates as a digital marketplace of pre-approved suppliers for specific categories of placements for children. The participating Councils advertise their placement requirements on the e-Brokerage system Careplace. These requirements are then responded to by providers on the system. Once the bids have been assessed against the requirements, the authorised officer accepts the successful bid and issues a digital contract (IPA) to secure the placement offer. Social care teams agree the placement that best matches the need of a young person. Providers are then approached based on their ability to deliver the type of care required based on agreed criteria.
- 3.5 One of the key pillars of participation in the alliance is the Children's Programme which is supported by a Strategic Commissioning, Procurement and Contract Management Service that delivers against scale and sub-regional objectives to deliver a more efficient and effective approach to Children's service delivery and market engagement. Details of the contract monitoring and quality assurance that is carried out can be found in Appendix 1 (para. 11).

#### **3.5 Benefits of the service include:**

**Value for Money** – The DPV approach creates the opportunity to make use of the combined purchasing power of multiple local authorities and an established marketplace. This provides greater diversity of placement provision at capped rates, also cost management and unit cost reduction compared to existing spot purchase arrangements.

**Market Management** – The WLA provides active market management across the DPVs, this includes supporting individual local authorities with negotiations and holding regular engagement events with providers operating with each category to encourage the development of local provision. The CarePlace, platform also supports competition between providers as it identifies the reasons why a particular bid was not successful promoting providers to consider their future offers.

**Procurement** – Joining the DPV eliminates the need for local authorities to invest their own time and resource in developing their own contracts.

**Quality** – All suppliers on the DPV must meet a set of qualifying criteria and then maintain them for the duration of the DPV. Placement/brokerage officers can also see if any concerns have been raised about any provider on the DPV by other councils.

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

4.1 This report proposes making use of the West London Alliance Dynamic Purchasing Vehicles by entering into Access Agreements with Ealing, Barnet and Brent Councils.

4.2 Analysis clearly shows that for the spot purchasing of placements, authorities acting alone have very limited influence over the availability, price and quality of services.

4.3 The West London Alliance collaborative work, under the Children's Commissioning Programme, offers an opportunity to work on a sub-regional, multi-borough basis. A multiborough approach provides the greatest opportunity to address some of the challenges the council faces when trying to secure spot purchased placements. This is particularly important for Hammersmith and Fulham given our relatively low levels of in-borough supply, high numbers of placements and our comparatively high level of out of borough placements.

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

5.1 **Option 1: (Recommended) Enter into the Access Agreements with the Lead Boroughs of Ealing, Barnet and Brent for the West London Alliance (WLA) Dynamic Purchasing Vehicles**, and call-off contracts for the following services:

- Independent Fostering Agencies led by Barnet Council;
- Children's Residential Homes led by Ealing Council.
- Special Educational Needs for Independent and non-maintained special schools led by Brent Council

Through accessing these DPVs, H&F can minimise the need to secure placements via spot purchasing and individually brokered packages with providers, a practice which is not sustainable. The Dynamic Purchasing Vehicles (DPV) replaces the majority of historic spot purchasing arrangements, allowing H&F to benefit from better contractual arrangements with agencies at a more competitive price. Failure to take advantage of the this would therefore not be in the interests of H&F residents and service users.

**5.2 Option 2: (Not recommended) Do nothing,**

Given the market pressures and issues identified from the recent pan London and local analysis, coupled with the current administratively intensive approach to spot purchasing, doing nothing is not considered a viable option.

**5.3 Option 3: (Not recommended) Procure as a single borough service.**

This would mean that H&F would not be party to the economies of scale provided by the WLA offer. Thus it is likely that a single borough service at this time would be more costly and offer less value for money.

## **6. CONSULTATION**

- 6.1 Consultation meetings has taken place with the relevant operational teams across the Council in the preparation of this report.

## **7. 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 negative impact on groups with protected characteristics, as defined by the Act, from these proposals.

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

## **8. LEGAL IMPLICATIONS**

- 8.1 Paragraph 8.11 of the Contract Standing Orders (CSOs) require a procurement strategy for any procurement process with a contract value over £100,000. The strategy required in respect of the recommendations in paragraph 2.1 of this report is set out in Appendix 1.
- 8.2 The payments detailed in paragraphs 2.2 and 2.4 of this report are over £100,000, and so in accordance with CSO 17.3.2 they must be approved by the Cabinet.
- 8.3 The payment detailed in paragraph 2.3 of this report is between £25,000 and £100,000, and so in accordance with CSO 17.2 it must be approved by the relevant Cabinet Member.
- 8.4 Per paragraph 14.5 of this report, the DPVs have been approved by the council's in-house procurement team.

Implications completed by: Hector Denfield, associate at Sharpe Pritchard, on secondment to the Council [hdenfield@sharpepritchard.co.uk](mailto:hdenfield@sharpepritchard.co.uk)

## **9. FINANCIAL IMPLICATIONS**

- 9.1 The contribution for 2018-19 of £82,500 was accrued in 2018-19 so there will be no financial impact on 2019-20. The amount formed part of the reported year end overspend in Children's Services.
- 9.2 The 2019-20 contribution of £79,500 is not budgeted so will cause a overspend that will be reported as part of CRM 3 and the department will need to identify mitigating actions to manage this during the year.
- 9.3 Saving information from the WLA suggest £364,000 savings over a 3 year period as a result of participation in the scheme. Where these reductions have materialised they are already built into the placements spend projections and will not be an additional cashable saving. Although the contributions are not specifically budgeted, the use of the DPVs are an important means of securing value for money in placements and benefits from the economies of scale in relation to officer time in procuring placements. Should the Council withdraw from these arrangements there is a significant risk that costs could increase in excess of the expected contribution.

Implications completed by: Alex Pygram, Strategic Finance Manager, tel: 07776 672 580.

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

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

- 10.1 As some of the placements will be made out of borough the WLA Dynamic Purchasing Vehicles will also provide an opportunity for the Council to encourage providers it has worked with in the past to be part of the arrangements. The Dynamic Purchasing Vehicles will also allow providers to join or leave at any time this creates opportunities for SME's and social enterprises as well as enabling the development of local businesses in the provision of this service. The DPVs will therefore be able to support ongoing diversity and there are no adverse implications anticipated for local businesses.

Implications verified by: Alben Karameros, Economic Development Team, tel: 02079388583.

## **13. RISK MANAGEMENT IMPLICATIONS**

- 13.1 An appraisal of risk accompanies the procurement strategy at section 3 of the appendix to the report. Benefits arise from the approach and clearly contribute to the council priority, Being Ruthlessly Financially Efficient through the opportunity to address some of the challenges the Council faces when trying to

secure spot purchased placements on a collaborative basis. The proposed approach creates the opportunity to make use of the combined purchasing power of multiple local authorities and an established marketplace which facilitates participation from both existing and new providers.

Implications verified by: Michael Sloniowski, Risk Manager, tel: 02087532587.

#### **14. PROCUREMENT IMPLICATIONS**

- 14.1 The author of the report has described how the council are currently accessing three Dynamic Purchase Vehicles (DPV's) operated by the West London Alliance (WLA) for the purposes of securing residential, fostering and special educational needs placements. The report and its appendix evidence the financial and qualitative benefits of adopting this approach.
- 14.2 The use of this procurement approach has not been agreed as a procurement strategy by Cabinet as required by Hammersmith & Fulham Contract Standing Order (CSO) 8.11. Additionally, the council has not become a party to the required access agreements with the London Boroughs of Barnet, Brent and Ealing enabling them to formally access the DPV's.
- 14.3 If the Council had been a party to the three access agreements in financial years 2018/19 and 2019/20 it would have been required to make payments to the WLA totalling £162,000. It is considered that as the council has received the full benefits of being allowed to access the three DPV's it should make this payment to the WLA. As this proposed payment exceeds £100,000 it must be agreed by Cabinet in accordance with CSO 17.3.
- 14.4 The report's recommendations seek to regularise the current position by requesting that Cabinet approve the Procurement Strategy and Business Case with consequential approval for the Council to become a party to the three access agreements and as a participating authority make the required payment for utilising the DPV's in 2020/21 (the final year of the initial three-year term) of £82,500.
- 14.4 The three DPV's were established on an initial term of three years with each having three options to extend the term, each option being of one further year. If any or all of these nine options are exercised the author of the report is requesting that Cabinet delegate the decision whether or not to continue to access those DPV's which have been extended to the Director of Children's Services in consultation with the Cabinet Member for Children and Education. If all nine options are exercised and the Council continues to utilise each of the three DPV's in financial years 2021/22, 2022/23 and 2023/24 the total consequential payment by the Council to WLA, subject to any inflationary uplift, would be approximately £247,500.
- 14.5 It is considered that the procurement of the three DPV's was fully OJEU compliant.

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

## **15. IT IMPLICATIONS**

- 15.1 There are no direct IT implications as WLA will continue to deliver the Care Place system which is the frontend system for WLA Dynamic Purchasing Vehicles.
- 15.2 IM implications: (the) Privacy Impact Assessment(s) (PIA) for any personal data processing activities should be reviewed to reflect any changes to the way that data is processed and stored (e.g. the Business Continuity Management system; the Emergency Response Extranet). This will ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented.
- 15.3 Any contracts 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.
- 15.4 Any suppliers engaged in delivery of the service will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

*Implications completed by: Veronica Barella, Chief Information Officer, 020 8753 2927.*

## **BACKGROUND PAPERS USED FOR THIS REPORT**

None

## **LIST OF APPENDICES:**

### **APPENDIX 1: BUSINESS CASE**

**BUSINESS CASE**

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

The WLA strategic commissioning approach seeks to achieve an environment where the needs of our young people are met effectively by the market. This is enabled by Local Authorities collectively procuring with a single system and consistent terms and conditions, this position also provides the LAs access to fair rates driven by competition.

The WLA assure this with a contract management approach which holds providers to account for quality and cost and a commissioning approach which supports market development.

CarePlace provides real time information from our DPVs which supports daily purchasing decisions and negotiations with providers. It also helps to ensure the right placement in the right place and at the right time. Data also enables us to be intelligent customers, by supporting evidence based commissioning and effective market management. Data also enables providers to better meet the needs of Local Authorities. The WLA have delivered significant financial cash and cost avoidance savings from our approach to the market, but also from process improvements and the reduced duplication of activity across LAs.

**2. FINANCIAL INFORMATION**

The costs of the Dynamic Purchasing Vehicle will be met from the budgets within children's services. This approach will ensure that the Council is purchasing services through a controlled route rather than through spot purchases. It is anticipated that the DPV will improve the brokerage and placement process and ensure that these are achieved at the best cost, which will assist the Council with managing its costs within the base budget. It will also provide more certainty of future costs as the expectation is that the DPV rate will not increase significantly over the life of the contract.

**Core Service Benefits** – Removed duplication of the procurement process, saving approx. £180k saving across the 3 DPV's (estimated cost of £60k per procurement). DPV set up to be able to block contract, significantly reducing time to procurement (approx. 9 months) and associated costs (£40-60k per procurement)

**Evaluation process** – (i.e. OFSTED; insurances; financial viability, reference checks etc) completed by WLA, estimated to be equal to £15k saving per LA given the open nature of the procurement (0.25 FTE of admin time over 3 years).

There is an anticipated £3m\* in savings through improved contract terms of the new DPVs for our current authorities. The contract terms and conditions,



including the 5% sibling and 5% long term discounts (cumulatively 10%), are significantly more advantageous to Local Authorities than the London Care Services contract.

**Core Service Benefits** – There is estimated to be £120k in efficiencies through sub-regional contract management, delivered from improved productivity through DPVs and economies of scale.

**CarePlace** – The CarePlace eContracting module automatically produces contracts, allowing LAs to securely send and sign-off Individual Placement Agreements (IPAs) which reduces resource required to complete these in hard copy and post. This has been illustrated to save a portion of an administrative post up to the value of £18k (dependent on LAs existing operating model). The CarePlace competitor analysis illustrates that our authorities pay less than a quarter of the cost of market rates for similar platforms including Service Directory and eBrokerage (minimum est. £250k for Adults and Children's services based on current use in West London)

### **3. OPTIONS APPRAISAL AND RISK ASSESSMENT**

Alternative options when determining the most effective approach to the spot purchasing of children placements can be summarised as follows:

- Develop a DPS approach in collaboration with other boroughs (WLA) – recommend option
- Doing nothing and continue with existing spot purchasing approach
- Develop a Framework Agreement approach on a sovereign borough basis

Given the market pressures and issues identified from the recent pan London and local analysis, coupled with the current administratively intensive approach to spot purchasing, doing nothing is not considered a viable option.

Framework Agreements can offer many benefits but can be inflexible as they do not allow for new providers / new services to join and 'enter the market' during their typical 4-year duration. With one of the key issues for Hammersmith and Fulham being securing sufficient and diverse supply, this is not considered to be the best approach for the future purchasing of care home and supported living placements.

Block contracting has some clear advantages in relation to securing supply and indeed Hammersmith and Fulham is able to secure an element of in-borough supply by virtue of in-house fostering. However, given that the in-borough supply is insufficient, and that out of borough purchasing patterns are very dispersed, the scope to enter into block contracts with out of borough provision is very limited and carries greater risk than it does benefit.

Having considered the other options developing a DPS approach has been identified as the option that offers some of the benefits of block contracting and Framework Agreements but without the inflexibility and risk.

## **DPV Benefits for Local Authorities**

The benefits of using these services are set out in the main report at 3.4. Additional benefits include:

**Choice & competition** – The DPVs drive competition, supporting Local Authorities to get the best price and can find the right placemat at the right time. Supports market stimulation – The DPVs allow new entrants as they are constantly open. LAs have the option enter block contracts very quickly.

**Embedded discounts and best practice T&Cs** – Clear and consistent discounts, monitored centrally.

**Quality Assurance** – assurance that ongoing provider monitoring takes place. This potentially also enables efficiencies in local practice.

**Collaboration between authorities** – Facilitate Local Authorities working across borders, reducing the ‘Bidding War’ within which Local Authorities compete with each other.

**Compliance with Regulations** – ensures compliance with both the Public Contract Regulations 2015 and the Children & Families Act 2014, reducing the risk of legal challenge.

**Placement Purchasing** – Streamlines the way in which we buy and contract placements.

**Intelligent Customer** – supports Local Authorities to become intelligent customers, as they have data which provides clarity about need and gaps in the market. CarePlace also enables benchmarking with other LAs to benchmark performance and costs with other Local Authorities.

## **4. THE MARKET**

The WLA work with LA members to engage with local suppliers and proactively look to get additional suppliers onto DPV that are not currently being used (where supply exists), including stimulating supply with block contracting arrangements. – Currently 63% more providers on the IFA DPV than old West London framework. – Greater number of Residential providers than on the London Care Services contract which has been around for many years.

## **PROCUREMENT STRATEGY**

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

The OJEU notices published in connection with these services include a total contract length of 6 years with an initial term of 3 years and the remaining years as optional extensions. The OJEU wording is as follows (3+1+1+1).

Furthermore, the estimated total value excluding VAT lists a minimum of £5,000,000,000.00 GBP across all DPVs however, the estimated value of the services to be purchased for the entire duration of the DPV is purely an indicative figure and cannot be guaranteed by the WLA. The DPV shall be open to all London Boroughs and Local Authorities listed below in England and Wales. The listed local authorities below may access the DPV's by way on an Access Agreement.

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

The quality evaluation criteria require the successful contractor to demonstrate that they add value to their local community.

**7. PROCUREMENT PROCEDURE**

The procurement procedures have been let as OJEU compliant tenders by the following boroughs and in corresponding order with those listed below, Barnet Ealing and Brent:

- Specialist Fostering Service
- Residential Children's Homes Placements
- SEN Provision

**PROJECT MANAGEMENT AND GOVERNANCE**

**8. PROJECT MANAGEMENT**

The establishment of each DPV has been established in partnership between both the WLA and the relevant lead authority. This has included procurement and legal support from the lead authority and project management oversight from the WLA.

**9. INDICATIVE GOVERNANCE TIMETABLE**

The anticipated timetable for the approving this strategy is as follows:

BDT	1 August 2019
Political Cabinet	2 September 2019
Cabinet	7 October 2019

**10. CONTRACT AWARD CRITERIA**

Providers joining the DPVs are assessed on a two stages basis, first providers need to fulfil relevant thresholds for the following criteria:

1) OFSTED
2) Credit checks
3) Insurances

Where providers pass this first stage, and at the point Local Authorities proceed to call-off, the published call-off procedure lists the following criteria:

<b>Criteria:</b>
The need to promote the welfare or safeguarding of a child or young person.
Exclusion of Providers from consideration, on the basis of criteria set out in the DPV Suspension & Barring Policy.
Matching the requirements of a child or young person to the characteristics of a potential placement such as (although not exclusively): age, gender, ethnicity, language, facilities, location, specialisms and matching alongside other young people who may already be in placement.
Whether the provider can support the child/young person in the timescales required.
A child or young person's views.
Compliance with decisions, orders, judgements or directions from Court.
Regulatory changes/Judgements made by Regulatory bodies (i.e. Ofsted or CSSIW).
Price of provision and value for money.
Social value


## **11. CONTRACT MANAGEMENT**

The WLA DPS approach will provide more robust and clear management information on how providers respond to requests for placements as well as how users, family members and carers exercise their choice. The Children's Programme is supported by a Strategic Commissioning, Procurement and Contract Management Service that delivers against scale and sub-regional objectives to deliver a more efficient and effective approach to Children's service delivery and market engagement. For participating LA's the West London Alliance will:

- Hold regular Provider Review Meetings
- Have oversight of provider activity, compliance and performance and be a source for strategic market intelligence
- Act as mediator to support both Las and Providers
- Be available for contract advice and queries
- Undertake KPIs & monitoring (e.g. OFSTED) and placing of Safeguarding Alerts on CarePlace
- Ensure that all issues of concern are escalated, and decisions made about suspension/barring
- Ensure non-compliant organisations are suspended/banned - Suspended providers will be unable to receive referrals via the DPV

- Undertake Quality Assurance and spot checks ☐ Mediate complaints/disputes  
☐ Provide Feedback & qualitative information

# Agenda Item 11

<b>London Borough of Hammersmith &amp; Fulham</b>	
<b>CABINET</b>	
<b>7 OCTOBER 2019</b>	
	
<b>ANNUAL EMERGENCY PLANNING &amp; BUSINESS CONTINUITY REPORT</b>	
<b>Report of the Cabinet Member for the Environment – Councillor Wesley Harcourt</b>	
<b>Open Report</b>	
<b>Classification - Open</b>	
<b>Key Decision: Yes</b>	
<b>Consultation</b>	
All departments of the council have been consulted and Legal, Finance and Risk Management comments have been included.	
<b>Wards Affected: All</b>	
<b>Accountable Director: Sharon Lea, Strategic Director of Environment</b>	
<b>Report Author:</b> Denise Prieto, Emergency Planning Manager	<b>Contact Details:</b> Tel: 020 8753 2286 E-mail: denise.prieto@lbhf.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1. The ability to respond and recover quickly from an incident is a measure of 'resilience' and is an important aspect of building safer and stronger communities that contribute to the H&F Vision.
- 1.2. The Council has responsibilities under the Civil Contingencies Act 2004 to plan and respond to emergencies and to have business continuity arrangements in place to reduce the risk of service disruption.
- 1.3. This report seeks to ensure robust governance arrangements whereby Cabinet annually agrees the work programme and priorities. For 2019/20 the work programme reflects learning from recent audits, plans in place to prepare for Brexit and London Resilience priorities related to standardisation of emergency procedures.

- 1.4. The report provides an overview of activity over the previous year and the priorities and work plan for the forthcoming year and details the incidents we have responded to in 2018/19, training, exercising and changes following incidents. The report highlights areas of work for the new financial year to ensure continuous improvement in the service.

## **2. RECOMMENDATIONS**

- 2.1. That Cabinet notes the report and the work plan for 2019-2020.

## **3. BACKGROUND**

The council has a robust emergency plan in place and this was activated several times over the previous year. There are national and regional frameworks in place that govern how local plans are produced. Our plans continue to be updated as part of EP2020, the Government Standards for Emergency and Resilience for the 2020s.

Part 1 of the Civil Contingencies Act 2004 and supporting regulations and statutory guidance establish a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level. The Act divides local responders into 2 categories, imposing a different set of duties on each.

Those in Category 1 are organisations at the core of the response to most emergencies (the emergency services, local authorities, NHS bodies). The aim is to ensure organisations have effective, well-practiced emergency plans in place. The Council as a Category 1 responder is subject to the full set of civil protection duties and is required to:

- assess the risk of emergencies occurring and use this to inform our contingency planning
- put in place emergency plans and business continuity management arrangements
- put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
- share information and co-operate with other local responders to enhance co-ordination and efficiency
- provide advice and assistance to businesses and voluntary organisations about business continuity management

## **4. H&F's EMERGENCY RESPONSE STRATEGIC PRIORITIES**

- 4.1 The council's Strategic Priorities for any emergency are to:

- provide support to incident responding agencies as required
- support the vulnerable
- maintain continuity of council service provision

- provide assistance and information to Hammersmith and Fulham's businesses and communities
- provide community leadership
- and assist the return to 'normality'

These may be amended by the Council strategic lead (Gold) in consultation with Council response lead (Silver) once the details of a specific incident become clear.

4.2 The council's Strategic Priorities for recovery from an emergency are to:

- a) provide strong and visible leadership during the recovery phase
- b) support the health and welfare of the borough's communities
- c) assist in the restoration of the built and natural environment
- d) assist communities and business to return to normality
- e) monitor financial matters and pursue funding and other assistance

4.3 Building Community Resilience to ensure our communities are prepared and can respond and recover quickly in times of emergency is a priority for the borough.

## **5. EMERGENCY RESPONSE ARRANGEMENTS**

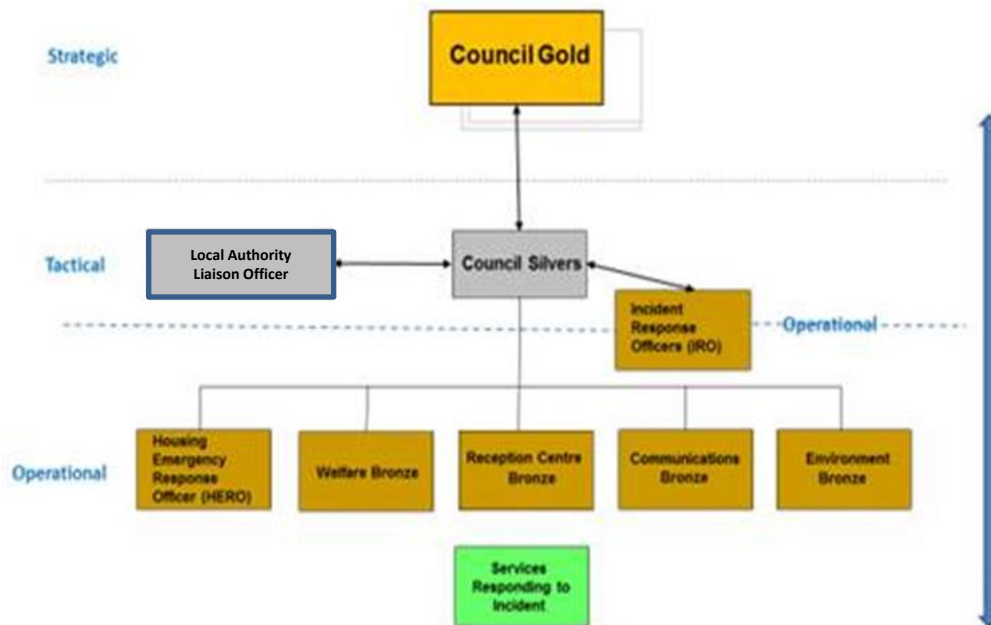
5.1 Our emergency planning aims, where possible, to prevent emergencies occurring, and when they do occur good planning should reduce, control or mitigate the effects of an emergency. It is a systematic and ongoing process which evolves as lessons are learnt and circumstances change.

5.2 Emergency planning should also look beyond the immediate response and long-term recovery issues and look also at secondary impacts. For example, the wave of reaction to an emergency can be quite overwhelming in terms of media attention and public response. Plans need to consider how to handle this increased interest.

5.3 The emergency planning procedures in H&F are quite clear. This is set out in the diagram below. In this structure, Gold is the strategic lead (the Chief Executive or nominated deputy), Silver the tactical lead (selected from an established rota of trained staff on call) and Bronze the operational lead.



## H&F Emergency Response Structure



5.4 If an emergency requires an evacuation, a Welfare Bronze is appointed from Social Care to examine council records for premises within the cordon to identify any needs or vulnerabilities. A Fire Brigade (LFB) trained Local Authority Liaison Officer (LALO) is deployed to a rendezvous point. The LALO attends on site Silver meetings and reports back to the council Duty Silver on what is required. The LALO shares the information to the police, fire service and any other authorities providing emergency services to inform the response

5.5 The Emergency Planning Team for our Council consists of one full time Emergency Planning Manager, one full time Emergency Planning Officer and full time Business Continuity Manager.

A Community Resilience Officer (secondment) will be joining the team to concentrate solely on Community Resilience projects, date to be confirmed, duration six months, with a possible extension to nine months.

5.7 The wider emergency response team is made up of officers across the Council who are trained in emergency response roles. They are supported by on call staff responsible for rest centres, welfare, housing and communications among others.

5.8 H&F has a number of officers on call 24 hours a day, 365 days a year. A rota of 8 on-call Duty Silvers are responsible for leading the Council's tactical response to emergency incidents.

5.9 Actions are being taken to increase and maintain the number of key personnel who can act as on-call Welfare Bronzes (currently there are four vacancies out of eight

roles) and on-call Rest Centre Managers (currently three vacancies out of eight roles) to ensure there are at least eight trained officers per role who are on call 24 hours a day, 365 days a year.

- 5.10 Supporting these on-call roles is a wider team of 77 other trained responders, Local Authority Liaison Officers, Borough Emergency Control Room Officers, and Loggists. Additional recruitment and training of new staff is ongoing, Housing Services have expanded their rota of on-call Emergency Response Officers. The Communications team also have a rota of on-call officers in place.
- 5.11 The Emergency Planning team circulates a confidential **Weekly Orders** document to selected senior officers and officers on the emergency response rotas, who may need to respond to an emergency or business continuity disruption. The document sets out which officers are responsible for different levels of command and control in the event of an emergency incident and includes key contact numbers.
- 5.12 This document is updated and circulated each week and includes an Incident Response Checklist which is to be completed in the event of an incident. The circulation list has been reviewed and streamlined during the year in response to feedback received.
- 5.13 The **Council's Emergency Management Plan** consists of the following documents: Emergency Management Plan, Emergency Contacts, Aide Memoirs and role cards.
- 5.14 These documents had been compiled to assist in the event of an emergency to provide relevant operational information regarding roles, departments and partner agencies who may be required to assist in a variety of situations, so that the correct tactical decisions can be made, and the correct resources applied/deployed. These documents are subject to a formal review every year or following any major emergency or major service disruption and these documents were last reviewed in April 2018 and are currently being reviewed to take into account organisational changes across the Council.
- 5.15 During an emergency or a major business continuity disruption, a number of Council meetings may be called to support decision making and response activity at strategic and tactical levels. The key groups which may need to convene are the Gold Strategic Group, the Service Resilience Group (SRG), and the Recovery Coordination Group. The roles of these groups are detailed within the Emergency Management Plan.
- 5.16 The **Borough Emergency Control Centre** (BECC) acts as the hub for managing and coordinating activities during an incident by gathering, verifying, displaying and sharing intelligence/information from the Council and other partners. The BECC team will operate and support the Strategic Leadership Team (SLT), Core SRG, Departments and outside agencies. A new location for the Borough Emergency Control Room has been identified at 43 Beavor Lane as part of the Hammersmith Town Hall decant project, date to be advised.

- 5.17 Under London's local authority Gold arrangements, any borough can request mutual aid when facing an emergency incident. A request is submitted to the London Resilience Group (LRG) and signed off by London Local Authority Gold (LLAG).
- 5.18 H&F Gold is the Chief Executive, who is also on the London's local authority Gold rota for major incidents in London. The Chief Executive was standby LLAG from the 30<sup>th</sup> January to the 13<sup>th</sup> February 2019 and will be on call duty LLAG from December 18<sup>th</sup> to December 25<sup>th</sup> 2019. The Chief Executive also chairs the Pan London Community Resilience Group.

### **New Resilience Standards for London**

#### Background:

- 5.19 Up to 2017, London boroughs used the Minimum Standards for London (MSL) to measure resilience. The MSL comprised sixteen standards designed to ensure that all local authorities had the appropriate procedures and policies in place to support the London Local Authority Gold (LLAG) arrangements. These standards were measured using the RAG process (Red, Amber Green) to use as a benchmark across London.
- 5.20 In the latter part of 2018, Boroughs completed an Interim Assurance Process (IAP), while the new Resilience Standards were being developed. The aim of this process was to ensure that London Local Authorities had the base level capacity and capability to provide an immediate response to civil emergencies, while a longer-term, strategic view of resilience standards was in development.

#### Going forward:

- 5.21 The new Resilience Standards for London are significantly different to the Minimum Standards for London and the IAP and provide a very different approach to assurance. The standards are designed to lead to good outcomes and leading practice across the organisation, in exercising emergency plans, whilst supporting compliance with the Civil Contingencies Act 2004.
- 5.22 The new standards do not have any measurable benchmarks, but serve as best practice guidance documents, with points that can help us to achieve good or leading practice in each area. They are designed to be embedded across the organisation.
- 5.23 The new Resilience Standards for London cover the following areas:
- a) Risk Assessment
  - b) Governance Arrangements – Political Leadership
  - c) Governance Arrangements – Managerial & Leadership
  - d) Culture – Organisational Engagement
  - e) Capabilities, Plans & Procedures
  - f) Resources, Roles & Responsibilities, 6.a – Quantitative data sub-set
  - g) Partnerships
  - h) Training, Exercising & Evaluation

- i) Business Continuity
- j) Community Resilience
- k) Recovery Management

5.24 The Chief Executive, Chief Officer and the Strategic Lead for Safer Neighbourhoods & Regulatory Services attended the Pan London Launch of the New Resilience Standards at the Guildhall on the 19<sup>th</sup> July 2019.

5.25 Key actions identified with regard to implementing the above standards are outlined in the Emergency Planning workplan (Appendix 1) at the end of this document.

5.26 The local authority is required to carry out a self-assessment each year and attend West London workshops to discuss progress and how we are doing. The first self-assessment will be due to be submitted by 31<sup>st</sup> December 2019. Each borough will be audited by an external organisation, e.g. a county council, every four years.

## 6. REVIEW AND CONSULTATION

6.1. As part of the internal audit plan for 2018/19, agreed by the Audit, Pensions and Standards Committee, Mazars undertook an audit of Emergency Planning in the London Borough of Hammersmith and Fulham and gave a substantial assurance marking. There were no subsequent recommendations as a result of this audit.

## 7. INCIDENTS WITHIN THE BOROUGH

7.1. Hammersmith & Fulham have not had to deal with any large-scale incidents since June 2018 but have responded to smaller local incidents throughout the year. It is also conscious of the previous terror threats that took place in London, one at Parson's Green, and the tragic fire at Grenfell. Most of these incidents require coordination at a tactical level by the Council's Silver with input from other Council departments or on call emergency staff as appropriate. Brief details of some of these are below:

Date	Incident	Response
23/08/2018	RTA - A car mounted the pavement in Goldhawk Road W12, ploughed into chairs and tables outside the Brew Dog Pub in Goldhawk Rd, 3 casualties, 1 thought to have life changing injuries	Duty Silver activated LALO sent to scene Co-ordination with police
03/11/2018	Fire at Zaman Lounge, Goldhawk Road, 5 Flats evacuated	Duty Silver, activated, Welfare Bronze, Rest Centre set up at HTH
26/12/2018	WW2 unexploded bomb, in river near Bishops Park	Duty Silver notified, Co-ordination with Police
01/01/2019	Public Disorder, Violence at a New year's Party at Hammersmith Town Hall. Police attended at approximately 02:50 hours. Police arrested 6 individuals for affray. LAS treated numerous victims. 2	Duty Silver activated, co-ordination with blue lights

	victims were hospitalised. Both were alleged to be in critical condition.	
01/02/2019	Area sub-station down causing a power outage at No 1-48 Thackery Court	Duty Silver & Welfare Bronze activated, prepared for possible rest centre. Fixed so not necessary
02/02/2019	Failure of Gas System at Michael Stewart House, Clem Attlee Estate - Sheltered Housing - 100 flats affected	Duty Silver & Welfare Bronze activated, prepared for possible rest centre. Fixed so not necessary.
15/05/2019	Block at 1 Vereker Rd W14, affected by a burst water tank on the roof which affected all the electrics and flooded some properties. Possible rehousing / temporary relocation of up to 35 people.	Full Council Emergency Response activated, Silver, Welfare, Rest Centre, LALO, Fire Brigade, 3 Residents decided to stay put

## SERVICE CONTINUITY INCIDENTS

7.2. Whilst there have been no major service continuity incidents since the publication of the previous Cabinet report, there have been a few minor localised incidents have been handled as 'business as usual' for example the change of H&F Firewalls on the Council's network. This follows a response led by the Strategic Leadership Team to enhance Business Continuity Planning and being prepared for Brexit, in-sourcing of services, decanting from the Town Hall. New threats have emerged, for example in the supply chain there have been a number of well- publicised Private Sector corporate failures e.g. Carillion, Interserve. The service is always aware of new cyber-based threats that emerge, mitigated by our IT service. As a result, there are no concerns London-wide or locally.

## 8. BUSINESS CONTINUITY

8.1. The council's Service Resilience Group, Directors / Deputies, meets quarterly to monitor service resilience issues, such as supply chain, cyber-attacks and other impacts that can affect service delivery. The group also meets to respond to incidents as required.

8.2. To help departments in their planning the Business Continuity Manager continues to offer assistance in writing and testing plans. Below is a table detailing the status of plans on 31 December 2018.

Department	Status	RAG
The Economy Department	Plans Reviewed & Tested by 17/12/18	Green
The Environment Department	Plans Reviewed & Tested by 17/12/18	Green
Children's Services	Plans Reviewed & Tested by 17/12/18	Green
Social Care	Plans Reviewed & Tested by 17/12/18	Green
Corporate Services	Plans Reviewed & Tested by 17/12/18	Green
Finance & Governance	Plans Reviewed & Tested by 17/12/18	Green

8.3. As part of the internal audit plan for 2018/19, agreed by the Audit, Pensions and Standards Committee, Mazars undertook an audit of Business Continuity in the London Borough of Hammersmith and Fulham and achieved a 'satisfactory' assessment.

8.4. A draft **Corporate Business Continuity Strategy** covering the period 2018-2021 is in place that defines the Council's approach to Business Continuity. The Strategy defines roles and responsibilities for Business Continuity Plans (BCPs) of individuals and groups within the Council, including the Chief Executive, SLT, Directors and Heads of Services.

This is now being reviewed due to organisational changes, Town Hall Campus project and the major moves currently taking place. The new Strategy will cover the period July 2019 to June 2022, and was approved by SLT in July 2019.

8.5. A **Corporate Business Continuity Plan** is in place that provides guidance to management on how to respond to business interruptions. The plan defines roles and responsibilities of individuals and groups such as the Service Resilience Group, SLT, Incident Management Team, the Communications Team and the Department Management Teams. The Plan also describes the various stages of dealing with disruptions:

- Business Continuity Response and Escalation
- Damage Assessment and Invocation
- Crisis Management
- Service Recovery.

8.6 The Terms of Reference (ToR) are updated on an annual basis. The current ToR covers the period December 2018 to December 2019 and will be reviewed in line with the Strategy and Corporate Plan.

8.7 The following guidance documents are up to date and available on SharePoint:

- Why and How Services are Prioritised
- Service Continuity Plan Guide and Templates
- Guide to Building Resilience in the Supply Chain
- Business Continuity Self-Assessment Tool.

8.9 The business case for Business Continuity software has now been approved, which is currently being finalised.

8.10 Contract Managers workshops organised by Procurement commenced in July 2019 and contain a Business Continuity element.

8.11 The Council's Service Resilience Group completed reviews of existing Service Continuity Plans and completed Brexit Plan appendices to the main plan. Liaison with the Metropolitan Police took place on a fortnightly basis with the Public Disorder

Division. The Business Continuity Manager continues to actively monitor the situation. The Business Continuity Manager is continuing preparing contingency plans for a potential no-deal Brexit scenario. Weekly impact reporting recommences in September 2019.

## **9. TRAINING AND EXERCISING**

### **Business Continuity**

- 9.1. A Business Continuity presentation was given to all departmental management teams to explain the importance of compliant service continuity plans early 2019
- 9.2. Two business continuity (Coffee with Cairns) drop in sessions per month are scheduled to discuss any service issues. The last sessions taking place in Hammersmith Town Hall are the 5<sup>th</sup> & 7<sup>th</sup> August 2019. The sessions are designed to assist individuals with plan writing, increasing resilience and general business continuity matters. The Business Continuity Manager is walking the floors of the new buildings as people relocate. Meeting the teams and addressing any issues they may have.
- 9.3. A workshop was held for Public Sector Reform (PSR) to address contract management and supply chain resilience on the 12<sup>th</sup> July 2018.

### **Emergency Planning**

- 9.4. A Multi Agency Burst Water Main exercise was held on the 18<sup>th</sup> January 2019 which was designed to test and improve the Borough's response in the wake of the two large burst watermains in King St and Goldhawk road in 2018.
- 9.5. Emergency planning staff attended two West London Workshops, one dealing with Water Supply Disruptions and one dealing with Severe Weather and Natural hazards.
- 9.6. A London wide Exercise Safer City held on the 1<sup>st</sup> and 2<sup>nd</sup> May 2019 was held to test the communication and capacity to respond across London, liaising with London Resilience and London Gold. H&F played a full part in the exercise and used the opportunity to test newly trained staff in the Borough Emergency Control Centre, run a Council Gold Group and test communications. The Chief Executive, Strategic Leadership Team and Lead Officers from across the council were involved.
- 9.7. Further training and exercises are planned and included in the work plan for the forthcoming year, Appendix 1,
- 9.8. Training requirements outlined in the London Wide Standardisation project are ongoing. The number of existing Council emergency response officers trained to the new standards so far are as follows:

Local Authority Liaison Officers (LALOs)	11
Loggists (ready to document key decisions and assumptions of lead officers in an	

emergency)	12
Rest Centre Officers	24
Rest Centre Managers	7
On-Call Duty Silvers	7
Borough Emergency Control Room Officers	6

## **RESOURCES AND STAFFING**

- 9.9. Our emergency response rotas, Silver, Welfare Bronze and Rest Centre Managers should all have 8 people who rotate each week to ensure there is a 24/7/365 day response cover for emergencies in borough. We are currently recruiting additional Welfare Bronze (4) and Rest Centre Managers (3) to bring the rotas back to capacity.

## **10. COMMUNITY RESILIENCE AND INNOVATION**

- 10.1. Community resilience is about communities using local resources and knowledge to help themselves during an emergency in a way that complements the local emergency services.
- 10.2. Building Community Resilience is a priority for H&F to ensure our communities are prepared and can respond and recover quickly in times of emergency. We want to ensure that our communities are able to help themselves during an emergency in a way that complements emergency services and reduces the impact of an emergency on our community both in the short and long term.
- 10.3. As a result, H&F launched the Emergency Response extranet website online to allow us to liaise directly with community organisations to share information and best practice and to provide a networking platform for those organisations to work closer with the Council and each other. Using communications channels and ensure the right information goes out and updates in a live incident can be provided. Organisations can provide the Council with details of what they can provide, such as people, places or things (transport, facilities etc.). H&F is the first Council to launch such a site and our approach has generated interest from councils across London.

The Emergency Response Extranet is a shared platform for the community to communicate and offer & receive support. It has the features below:

- Emergency message board
- Can build capacity & business continuity
- Register of all the various resources
- Allows connection to a wider network
- Access to useful information
- 75 organisations signed up and growing

- 10.4. A community training event took place on the 7<sup>th</sup> July 2018 to show organisations how we manage rest centres, liaise with emergency services and have further discussions on how we can assist each other in emergencies. A further Community Event is being organised this year.



10.5. In March 2019, Emergency Planning achieved success in the LGC Awards, by winning the Innovation Category for our ongoing Community Resilience work.

## **11. LOOKING FORWARD**

11.1. For 2019/2020 the focus for Emergency Planning and Business Continuity is to embed emergency response and planning throughout the organisation. Training and exercising with staff, volunteers and external organisations throughout the year.

11.2. London Resilience created a standardisation programme for roles and responsibilities across London. This was highlighted as an issue following the Grenfell Tower tragedy. H&F are working with London Resilience and other boroughs to ensure our plans and training fit with the new standardised processes as they are completed.

## **12. EQUALITY IMPLICATIONS**

12.1. There are no negative impacts on any groups with protected characteristics, under the terms of the Equalities Act 2010, from Cabinet accepting this annual Emergency Planning Report.

12.2. Vulnerable people, including those with protected characteristics, may be less able to help themselves in an emergency than non-vulnerable people. Those who are vulnerable will vary depending on the nature of the emergency, but where appropriate plans should consider issues such as those with mobility difficulties; those with mental health difficulties; and others who are dependent, such as children. The Council has a rota of on-call staff whose remit is to identify and deal with any of the above issues as and when they arise in an emergency.

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

## **13. LEGAL IMPLICATIONS**

13.1. The legal implications for the Council in planning for and responding to emergencies remain the same. Section 2 of the Civil Contingencies Act 2004 requires the Council as a category one responder to carry out risk assessments, and to complete emergency plans and business continuity arrangements.

13.2. Implications verified by: Kevin Beale, Senior Corporate Solicitor, Tel 020 8753 2740

## **14. FINANCIAL IMPLICATIONS**

14.1. Total expenditure in the Emergency Planning service area in 2018/19 was £360,500 compared to a budget of £346,500; an overspend of £14,000. This was after drawdowns from reserves to mitigate overspends in Silver Rota (£21,300) and Civil Protection (£19,500).

14.2. There is a forecast budget pressure of £130,000 in the Emergency Planning service for 2019/20 comprised of: salary overspends in Civil Protection of £80,000, additional

expenditure on the London Resilience Fund of £15,000 and a £35,000 overspend on the Silver Rota. The latter pressure is the result of an unachieved MTFs saving implemented in 2016/17 expected to be delivered by reducing rates paid to officers covering the rota; the budget was reduced but it was not possible to attract enough staff to fully implement the rota at reduced rates, so payments reverted back to the original levels resulting in an ongoing budget pressure.

- 14.3. As these pressures are expected to be ongoing, they would need to be managed by budget growth or action taken to reduce expenditure to stay within budget.
- 14.4. Implications verified by: Lucy Varenne, Finance Manager, Tel: 020 7341 5777 and Emily Hill, Assistant Director, Corporate Finance, tel: 020 8753 3145.

## **15. IMPLICATIONS FOR BUSINESS**

- 15.1 Small and Medium Sized Enterprises (SMEs) often suffer disproportionately from disruptions of all kinds, including bigger emergencies, because many haven't realised the impact to their business and their wider markets from disruption. Understanding the importance of business continuity and getting it right, early, means they can be up and running again quickly after an incident and the quicker whole communities can recover.
- 15.2 Consideration in forward plans will be given to the following points:
  - Specific measures and plans will the Council put in place to support local businesses – communications, relevant stakeholder engagement, clear response targets, hardship support, etc.
  - How will impact be measured and continuous improvement ensured
  - Evidence of any prior learning feeding into the policy
  - Specific additional processes to be considered when dealing with SME and micro businesses (as their needs are often more acute and they do not have the support structures and resources that many large businesses do)
- 15.3 Implications verified/completed by: Albenia Karameros, Economic Development Team, tel. 020 7938 8583.

## **16. IT IMPLICATIONS**

- 16.1. The Council have been given notice on our Joint Network service which is currently shared with RBKC. From April 2020 the service will disaggregate and will require a H&F focussed Network Manager and technology strategy as part of a new operating model. There will be additional costs to H&F in the form of one-off project costs to migrate some services; and expected increased annual costs from having to provide network and telephony resilience ourselves.
- 16.2 All IT risks continue to be monitored and any risks are flagged that have the potential to affect service resilience and emergency planning arrangements.
- 16.1. IM implications: (the) Privacy Impact Assessment(s) (PIA) for any personal data processing activities affected as a result of implementing our Annual Emergency and Business Continuity work plans will need to be updated to reflect any changes to the

way that data is processed and stored (e.g. the Business Continuity Management system; the Emergency Response Extranet). 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.

- 16.2. Any contracts arising from these activities 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.
- 16.3. Any suppliers engaged in connection with implementing our annual work plans in this area will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.
- 16.4. Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748.

## **17. RISK MANAGEMENT**

- 17.1. The Emergency Planning and Business Continuity response requirements are vital to maintaining a safe and resilient environment for the local community, its businesses and visitors. Failure to have an effective and efficient Emergency Planning and Business Continuity Service may severely impact on the safety and welfare of people, continuity of services, physical assets, information we process, finance, the built and natural environment and the reputation of the Council, Members and Officers.
- 17.2. Implications verified by: Michael Sloniowski Risk Manager, tel 020 8753 2587, mobile 07768 252703.

## **20. OTHER IMPLICATIONS PARAGRAPHS**

- 20.1. In the wake of a terrorist attack in the United Kingdom, London Local Authority Prevent teams undertake community tensions monitoring and increase community engagement efforts. As it runs the London Prevent Network, the local Prevent team is the London lead for this process. In this capacity, the Prevent team produces the Local Authority Prevent Incident Response and Activity Monitor for London and engages with London Resilience.
- 20.2. Implications verified/completed by: David Chapot, Prevent Manager, tel: 0208 753 5231.

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

None.

## **LIST OF APPENDICES:**

*Appendix 1 – Emergency Services Workplan 2019/2020*



## Appendix 1 – Emergency services workplan

### Emergency Services Workplan 2019/2020

#### INTRODUCTION

The council's Strategic Priorities for any emergency are to:

- provide support to incident responding agencies as required
- support the vulnerable
- maintain continuity of council service provision
- provide assistance and information to Hammersmith and Fulham's businesses and communities
- provide community leadership
- and assist the return to normality'

#### Recovery

The Council's, Strategic Priorities for recovery from an emergency are to:

- a) Provide strong and visible leadership during the recovery phase
- b) To support the health and welfare of the borough's communities
- c) To assist in the restoration of the built and natural environment
- d) Assist communities and business to return to normality
- e) To monitor financial matters and pursue funding and other assistance'

<b>GOVERNANCE</b>					
	<b>Action</b>	<b>Action that can be taken to improve and/or resolve the issue</b>	<b>By whom</b>	<b>By when</b>	<b>RAG</b>
1	An annual Emergency Planning Report, is presented to Cabinet	Report presented to Cabinet July 2019	Emergency Planning Manager	July 2019	Green
2	Twice yearly reporting to SLT	Dashboard of Emergency Planning, Community Resilience and Business Continuity updates, training, exercises and incidents to be presented to SLT Assurance twice a year.	Emergency Planning Manager	February 2019  October 2019	Green  Amber
<b>EMERGENCY RESPONSE ARRANGEMENTS</b>					
4	Contacts are reviewed twice yearly and when changes in staffing occur.	Liaison between Emergency Planning Team and Chief Executive's Office to identify changes in staff and update Plan  Miscellaneous changes are implemented throughout the year	Emergency Planning Manager and Chief Executive's Office.	April and October 2019  Ongoing	Green  Green

5	The Council takes full part in the standardisation project led by London Resilience	Attend standardisation workshops held by London Resilience  Implement changes to the relevant plans and guidance documents as standards are agreed by Local Authority Panel	Emergency Planning Manager/Officer	Attended  Ongoing until September 2019	Green  Amber
	<b>Action</b>	<b>Action that can be taken to improve and/or resolve the issue</b>	<b>By whom</b>	<b>By when</b>	<b>RAG</b>
6	Borough Emergency Control Centre location to be reviewed and space identified within the Hammersmith Town Hall refurbishment	Review of current BECC in room 317 to be reviewed. Space identified in town hall as an alternative location and equipment provided to run a BECC during an emergency response.  A new space has been identified in new location at 43 Beavour Lane	Emergency Planning Manager and Corporate Property  HTH Decant Team, part of the CCTV relocation project	June 2018  August 2019	Green  Amber

7	All departments to consider rotas of staff to be able to respond to incidents.	Due to the Councils extensive restructuring of departments, roles & responsibilities, staff and disaggregation. Action has been postponed and a new proposed date has been set	Directors	September 2019	Amber
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<b>TRAINING AND EXERCISING</b>					
	<b>Action</b>	<b>Action that can be taken to improve and/or resolve the issue</b>	<b>By whom</b>	<b>By when</b>	<b>RAG</b>
12	Mass Fatalities exercise to test Coroner, Mortuary and liaison with agencies including Heathrow	Live Mass Fatalities exercise at Heathrow airport. Mass Fatalities Group activated as part of exercise with Senior Coroner as chair.	Emergency Planning/Coroner/Mortuary	May 2018	Green
14	Community Resilience Exercise	Community Resilience exercise with voluntary organisations and business to increase liaison between Council and organisations in emergency response.	Emergency Planning Manager/Officer	July 2018  End June 2019, postponed, new date TBA	Green  Amber




15	Loggist Training	Loggist training for an increased pool of staff across the Council capable of acting as a loggist for the CEO (Gold) in an emergency.	Emergency Planning Officer	April 2018 August 2018 February 2019 March 2019 Sessions ongoing throughout year	Green Green Green Green
16	Borough Resilience Forum Multi Agency Burst Watermain (Surface Water Flooding exercise)	Exercise with Multi-Agency partner agencies to our response to major burst watermain incidents	Emergency Planning Manager/Officer	January 2019	Green

17	<p>Members to understand their role in responding to emergencies</p> <p>A training package for Members developed by the London Resilience Team as part of the London Wide Standardisation Project will be available to deliver locally from the beginning of 2020</p>	<p>Members induction following elections</p> <p>Members training package, responding to emergencies</p>	<p>Head of Emergency Services</p> <p>Emergency Planning Team</p>	<p>July 2018</p> <p>Early 2020</p>	<p>Green</p> <p>Amber</p>
<b>RESILIENT COMMUNITIES</b>					

18	Skills audit of community organisations and businesses	<p>Skills audit of community organisations and businesses in borough to identify what could be provided in an emergency.</p> <p>Liaison with organisations to identify their skills, personnel and equipment that could be utilised in an emergency,</p> <p>Agreements in place with organisations who can provide emergency rest centre spaces in the borough when the HTH is no longer available.</p> <p>75 Organisations so far have allowed us to hold information on what they have available in an emergency on the Council's Emergency Response extranet, organisations will continue to be added</p>	Emergency Planning Team Good progress made on all items so far.	2019/2020 Ongoing	Green
				2019/2020 Ongoing	Green
				March 19 Ongoing	Green
				July 2019 Ongoing	Green

RESILIENCE STANDARDS FOR LONDON					
19	<p>All Boroughs are to be measured in the future by the new standards. There are 11 key assessment areas.</p> <ul style="list-style-type: none"> <li>a) Risk Assessment</li> <li>b) Governance Arrangements – Political Leadership</li> <li>c) Governance Arrangements – Managerial &amp; Leadership</li> <li>d) Culture – Organisational Engagement</li> <li>e) Capabilities, Plans &amp; Procedures</li> <li>f) Resources, Roles &amp; Responsibilities, 6.a – Quantitative data sub-set</li> <li>g) Partnerships</li> <li>h) Training, Exercising &amp; Evaluation</li> <li>i) Business Continuity</li> <li>j) Community Resilience</li> <li>k) Recovery Management</li> </ul>	<p>Local action plans will need to be developed for each assessment area</p> <p>Borough Self-Assessment to be completed and submitted to the London Resilience Team by end December 2019</p> <p>Ongoing work to imbed Resilience Standards across the organisation</p>	Emergency Planning Team	<p>August 2019</p> <p>End December 2019</p> <p>2019/2010 ongoing</p>	<p>Amber</p> <p>Amber</p> <p>Amber</p>

<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>7 OCTOBER 2019</b></p>	
<p><b>APPROVAL TO MAXIMISE EMPLOYMENT AND SKILLS SUPPORT AND FUNDING (STRATEGIC INVESTMENT POT GRANT FUNDING)</b></p>	
<p><b>Report of 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> None</p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Jo Rowlands, Strategic Director for the Economy</b></p>	
<p><b>Report Author:</b> Karen Galey Assistant Director for the Economy</p>	<p><b>Contact Details:</b> E-mail: karen.galey@lbhf.gov.uk  Tel: 07714 078681</p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for the receipt of a Strategic Investment Pot (SIP) grant of £448,000 to fund employment and skills activity for a period of 2 years. In addition, this report also seeks approval for the Council to apply to the 2nd round of SIP funding which if successful, could provide an additional £500,000. In order to access the funding, the Council is required to provide match funding. Section 106 (S106) funding which has already been identified for Employment and Skills activity will be put forward as the Council's match.
- 1.2. Government confirmed in the November 2017 Budget that it had accepted a proposal from London Councils and the Mayor of London for a 100% business rates retention pilot for the 2018-19 financial year. Between April and May 2018, groups of boroughs were invited by the City of London Corporation and London Councils to submit 'growth-supporting' bids to the pan-London "Strategic Investment Pool" (SIP) of devolved business rates monies.
- 1.3. The SIP is worth approximately £46m to London boroughs. West London boroughs, through the West London Alliance (WLA), successfully secured £11.13m to deliver programs to boost west London's digital infrastructure

(£7.7m) and to boost employment, skills and productivity (£3.4m). In order to access SIP funding boroughs were required to provide local match.

- 1.4. WLA will act on behalf of its member boroughs and will be responsible for the coordination of activity and reporting back to the City of London and London Councils. WLA will also administer distribution of SIP funding across the seven Boroughs that make up the WLA. The lead accountable body for the WLA is the London Borough of Ealing.
- 1.5. A Memorandum of Understanding (MoU), has been agreed and approved by the respective Legal Services in Hammersmith and Fulham and Ealing Councils. This MOU requires sealing by both parties before funding can be released to Hammersmith and Fulham Council.
- 1.6. The Economy Department, in collaboration with the WLA, will be applying for a second round of SIP funding towards the end of 2019. The 2nd application is dependent on approval for receipt of this first tranche. If this request for approval is unsuccessful, there is a risk that the application for further funding in round 2 may not be approved or substantially delayed.
- 1.7. Through SIP funding new projects will focus on improving the skills of low paid working families and will also improve brokerage and employer engagement in the borough and across the wider sub region. This activity will support delivery of key outcomes that align with the Council's Industrial Strategy and emerging priorities.

## **2. RECOMMENDATIONS**

- 2.1. To approve the entering into of a Memorandum of Understanding (MoU) with Ealing council in relation to the receipt of Strategic Investment Pot (SIP) funding through the West London Alliance for the delivery of employment and skills activity for the total value of £448,000; and
- 2.2. To approve match funding from identified S106 funding as follows:
  - 2.2.1. £400,000 in relation to the SIP funding referred to in 1.1
- 2.3. To approve the submission of a further grant application for SIP funding of approximately £500,000 (subject to available funds); and
  - 2.3.1. In the event that the second application for SIP funding is successful; delegate authority to enter into a Memorandum of Understanding (MoU) with Ealing Council in relation to the second application for SIP funding;

- 2.4. To delegate authority to the Assistant Director of Legal and Democratic Services, in consultation with the Cabinet Member for the Economy, to agree and finalise the MOU for any successful application for additional funding as referred to in 2.3.1 above.

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

- 3.1. Receipt of the SIP funding will allow activity to take place that will support the council's ambitions to promote inclusive economic growth and to assist residents facing significant challenges and barriers to employment and social mobility to achieve positive outcomes.

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

- 4.1. Unemployment in the borough is currently running at 3.5%, higher than the London average of 2.8%. There are approximately 9,600 workless households in the borough. As of April 2019, 4,895 residents claim Universal Credit, many of whom will be experiencing in-work poverty. The local charity, Food Bank, reported that 4,660 residents on low-income have received food parcels over the last 12 months.
- 4.2. Activity funded by the release of SIP monies will enable the council to be more responsive to the employment and skills needs of existing and new businesses in the borough and will build a more coherent offer to employers. New initiatives will produce over 700 positive outcomes for residents over the life time of the funding including; greater attainment of skills relevant to local employer demand; support for those in low pay low to progressive to better paid and more resilient employment; a reduction in benefit dependency training and better careers pathways for young people including access to good quality apprenticeships.

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

- 5.1. The first option would be to not accept SIP funding and not take part in the process.
- 5.2. The second option is to use existing resources which are thinly stretched and lack capacity to deliver new projects.
- 5.3. The third option is to accept the new funding and develop projects and initiatives that seek to address the issues set out in this report.

### **6. CONSULTATION**

- 6.1. The Growth Directors Board, made up of senior officers from across the 7 Boroughs have been consulted via the WLA. External partners will be consulted around project delivery and design once funding has been received.

## **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 receipt of this funding.
- 7.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

## **8. LEGAL IMPLICATIONS**

- 8.1. Ealing Council are the lead authority for the funding. They have applied for the funding on behalf of the Council and other participating authorities. Ealing has entered into the Grant Agreement. The Council can access the grant monies through the MoU.
- 8.2. Under the terms of the MoU:
  - 8.2.1. The Council can only use the funding for the specified purposes;
  - 8.2.2. The Funding may be clawed back if not used appropriately;
  - 8.2.3. Ealing may terminate the funding agreement for any reason and at any time;
  - 8.2.4. The Council must comply with the terms of the agreement including complying with the monitoring requirements and provision of reports;
  - 8.2.5. The Council must comply with the overarching Grant Agreement.
  - 8.2.6. The Council will share redundancy liabilities for staff employed by the Lead Authority to deliver the project; Any unspent money or funding from a third party for the project must be repaid to the Lead Authority;

The grant monies are paid in tranches throughout the grant period.
- 8.3. Implications verified/completed by: Sally Stock, Partner, Sharpe Pritchard LLP, external legal advisers seconded to the Council, tel. 02074054600.

## **9. FINANCIAL IMPLICATIONS**

- 9.1. This report seeks approval for the receipt of a Strategic Investment Pot (SIP) grant of £448,000 in the 19.20 financial year, to fund employment and skills activity for a period of 2 years.
- 9.2. The £448,000 SIP funding will be match-funded via £400,000 Section 106 funds. This will be subject to the Section 106 governance processes and subsequent allocation of funds.
- 9.3. For the second round of SIP funding, an additional £500,000 has been applied for, via the West London Alliance. This report also seeks approval for the Council to release the £500,000 funding upon confirmation of a successful bid.



- 9.4. If successful, the additional £500,000 SIP funding will be match-funded via £500,000 Section 106 funds. This will be subject to the Section 106 governance processes and subsequent allocation of funds.
- 9.5. Any unused funding in the 19.20 financial year will be carried forward to the 20.21 financial year to fund employment and skills activity.
- 9.6. Finance officers have reviewed the terms and conditions and reporting requirements of the SIP funding as specified within the Memorandum of Understanding between the Council and the WLA. As stated under para 8.2 within the legal implications above, there are a number of conditions and risks associated with the use of the SIP funds. Finance officers will establish appropriate financial monitoring and reporting arrangements to support project managers within the service to ensure that funds are spent over the two-year period in accordance with the grant funding and that the risk of clawback of monies is mitigated.
- 9.7. Any redundancy costs incurred for staff employed by the Council or by Ealing Council on completion of the project may be funded from the grant so a small contingency budget should be included as part of financial planning for the use of the SIP funds.
- 9.8. Although this project will contribute towards the Council's economic development plans, no savings are expected to be delivered as a result of this initiative.

*Implications completed by: Comie Campbell, Interim Head of Finance, The Economy Department, 07887 651656*

*Implications verified by: Hitesh Jolapara, Strategic Director, Finance & Governance, 020 8753 2501.*

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

- 10.1. Hammersmith and Fulham businesses are facing significant challenges in recruiting local people with the right skills. 26% of West London employers surveyed in 2018 reported skills shortages. Key emerging growth sectors for the borough are particularly impacted by this including the digital, creative and biomed sectors that are clustering here. The projects that the SIP funding will support will seek to address these issues as well as providing an opportunity for some of our most disadvantaged residents to improve their chances of good quality employment. Activity will focus on key sites across the borough including White City, Park Royal, Wood Lane and Old Oak Common.
- 10.2. Implications completed and verified by Albena Karameros, Programme Manager, 07739316957.

## **11. COMMERCIAL IMPLICATIONS**

- 11.1. There are no direct procurement implications resulting from this paper.
- 11.2. If the funds are used to appoint any third-party suppliers, these shall be appointed in line with the PCR2015 and the Council's CSOs.
- 11.3. Implications verified/completed by: Andra Ulianov, Head of Procurement and Contracting, 07766 672876.

## **12. IT IMPLICATIONS**

- 12.1. IT services should be consulted early on any IT implications arising from implementing any projects that are funded by the Strategic Investment Pot (SIP). For example, implementing these projects may require existing systems to be modified (e.g. Education and Skills system(s)) or new systems to be procured to enable their delivery
- 12.2. IM implications: (a) Privacy Impact Assessment(s) should be carried out to ensure that all the potential data protection risks around implementing these projects (e.g. processing data about the unemployed in the borough/sharing any data with the WLA) are properly assessed with mitigating actions agreed and implemented. Mitigations could include contract data protection and processing schedules or information sharing agreements. Supplier Security Questionnaires (SSQs) must be completed to ensure the systems used by the partners/any third parties comply with H&F's regulatory and information security requirements.
- 12.3. Any suppliers appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.
- 12.4. 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.
- 12.5. Implications completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager – tel. 020 8753 5748.

## **13. SECTION 106 IMPLICATIONS**

- 13.1. Using S106 as a source of match funding for the SIP substantially increases the resources available to support employment, enterprise and skills outcomes for vulnerable residents.
- 13.2. The Council has negotiated a number of planning contributions towards local employment and training initiatives. The planned SIP projects fall within the scope of being able to meet these existing s106 obligations. Planning colleagues are in the process of working with members to understand the priority to be assigned to projects on the commitment list having regard to

s106 funding available and any restrictions on its use. A clearer picture of existing potential s106 funding, including match funding for the SIP projects, is likely to be known by October 2019.

- 13.3. Implications to be completed by Matt Patterson, Interim Head of Spatial Planning, tel. 07776672447.


#### **14. RISK MANAGEMENT**

- 14.1. Authorisation is required to approve the receipt of Strategic Investment Pot (SIP) funding so that a Memorandum of Understanding (MoU) can be sealed by both Hammersmith and Fulham and Ealing councils thus releasing funding to deliver employment and skills activity.
- 14.2. The total value of income generated will be £448,000 with a further £500,000 generated if the bid for further SIP funding is successful. This will be matched by S106 funding and in-kind funding. The recommendation is made in accordance with the council priority, being ruthlessly financially efficient by seeking funding from other sources or partners to contribute to the local area and our residents needs and expectations.
- 14.3. Implications completed by: Michael Sloniowski Risk Manager, tel: 020 8753 2587

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

None.

# Agenda Item 13

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>7 OCTOBER 2019</b></p>	 <p>h&amp;f hammersmith &amp; fulham</p>
<p><b>EARLS COURT COMPULSORY PURCHASE ORDER STRATEGY</b></p>	
<p><b>Report of the Cabinet Member for the Economy - Councillor Andrew Jones</b></p>	
<p><b>Open</b></p>	
<p><b>Classification - For Decision</b> <b>Key Decision: Yes</b></p>	
<p><b>Consultation</b> <i>Legal, Procurement, Finance and Business</i></p>	
<p><b>Wards Affected:</b> North End</p>	
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director for the Economy</p>	
<p><b>Report Author:</b></p> <p>Matt Rumble Head of Area Regeneration</p>	<p><b>Contact Details:</b></p> <p>Tel.: 07786 747488 Email: matt.rumble@lbhf.gov.uk</p>

## **1. EXECUTIVE SUMMARY**

- 1.1. In April 2019, Cabinet agreed (in a Leader's Urgency Decision) to appoint Avison Young to advise the Council on a strategy to acquire land within the Earl's Court Opportunity Area by making a compulsory purchase order (CPO).
- 1.2. This report summarises the CPO strategy (attached at Appendix 1) to CPO the Earl's Court Property Limited (ECPL) land (formerly the Earl's Court exhibition centres) and recommends proceeding with Option 1 setting out the actions and programme required to make a CPO in autumn 2020.

## **2. RECOMMENDATIONS**

### That Cabinet:

- 2.1. Notes and agrees the CPO strategy attached at Appendix 1, including the recommendations set out in section 11.5.
- 2.2. Agrees to proceed with the next stage of the CPO Programme based on Option 1 within the CPO Strategy and delegates authority to the Strategic Director for the Economy, in consultation with the Cabinet Member for the Economy, to undertake the necessary actions to progress the recommendations as set out in section 11.5.
- 2.3. Approves a budget of £360,000 for work described in Option 1 funded by the Corporate Demands and Pressures Reserve.
- 2.4. Approves a waiver to contract standing orders to directly appoint Avison Young to provide project management support.
- 2.5. Agrees to award a contract to Avison Young up to a value of £120,000 to provide project management support.
- 2.6. Agrees to delegate authority to the Strategic Director for the Economy, in consultation with the Cabinet Member for the Economy, to award contracts for specialist professional advice to progress resident consultation, initial master planning, viability, delivery structure, specialist legal and soft market testing work.

## **3. REASONS FOR DECISION**

- 3.1. Capco prepared a masterplan covering most of the Earl's Court (EC) opportunity area and this received planning consent from LBHF and RBKC in 2013. The scheme covered the exhibition centres (ECPL Land in LBHF and RBKC) TfL's Lillie Bridge Depot and West Kensington and Gibbs Green estates.
- 3.2. Capco promised their masterplan would deliver 7,500 new homes, improvements to local tube stations and bus services plus investment in cycle hire hubs, parking spaces, new local amenities including a new primary

school, community centre, leisure centre, health centre, cultural space and money towards a cultural fund for the area and the creation of 7.5 acres of green space including garden squares and communal gardens.

- 3.3. To date, no homes have been delivered within the Earl's Court masterplan area. Just over 200 private homes have been delivered on the Seagrave Road site. The project has completely stalled over the last 6 years, with only demolition of the exhibition centres taking place.
- 3.4. In addition, a key piece of Land, the Empress State building, has been sold to the Mayor's Office for Policing and Crime, impacting significantly on both the number of homes which could be delivered (i.e. a reduction of at least 400 homes) within the existing masterplan area and the flexibility of the land. Information about the sale of the scheme to developers, in the UK and around the globe, is regularly in the press with Capco recently publicising talks with Hong Kong developer CK Asset Holdings.
- 3.5. The Council's aim is to unblock the stalemate, to accelerate the delivery of homes and increase the number of genuinely affordable homes in the borough across the masterplan area.
- 3.6. On 20th February 2019 the Council released a press statement confirming it was considering acquiring three parcels of land forming part of the Earl's Court Opportunity Area by making a Compulsory Purchase Order (CPO). The land parcels are the Earl's Court exhibition land (EC2) in LBHF (save for a small parcel in RBKC) owned under a joint venture between Capco and TfL (Earl's Court Property Ltd (ECPL)), the Earl's Court Exhibition Land in RBKC (EC1) owned under the same joint venture between CapCo and TfL and the Lillie Bridge Depot site owned entirely by TfL. While CapCo and TfL are working together in respect of the JV land, CapCo has no interest or control over the Lillie Bridge Depot land.
- 3.7. On 29 April 2019 the Leader of the Council awarded a contract to Avison Young to provide advice on the strategy to pursue a CPO. This strategy has now been prepared and is attached at Appendix 1.
- 3.8. The decisions in this report will enable the council to progress with plans to acquire the ECPL JV land and enable comprehensive development of the sites.

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

This section summarises the key elements of the CPO strategy, which is attached at Appendix 1.

##### **The CPO process**

- 4.1. A CPO allows a public authority to acquire third party interests in land compulsorily. It should be progressed concurrently with a strategy to acquire the land voluntarily.

- 4.2. Section 3 & 4 of the strategy sets out the legislative basis and justification for the use of compulsory purchase powers, and the evidence required to provide that justification. It concludes that the Council's powers under s.226 Town & Country Planning Act 1990 would be the most appropriate powers to use.
- 4.3. CPOs are used to assemble land for large regeneration projects, to enable programmes such as this and to enable disused land to be brought into productive use. This approach is encouraged within the Ministry for Housing Communities and Local Government Guidance (July 2019).
- 4.4. A CPO is viewed as a serious interference with private property rights, is a complex process and should only be used following careful consideration of other options. Preparation of a CPO requires attention to detail and strict adherence to statutory requirements all of which is covered under other provisions in this report.
- 4.5. Following making of the CPO, the Council must notify the affected persons that the CPO has been made and is to be submitted to the Secretary of State for confirmation and then submit the CPO for consideration. Making the Order does not therefore give the Council the power to acquire the land – this power arises only when the Order is exercised after it is confirmed either by the Council, the Planning Inspectorate or by the Secretary of State. Affected persons have an opportunity to object to the Secretary of State. If no one objects, the Secretary of State is likely to invite the Council to confirm the CPO, following which the Council has the power to exercise the CPO and acquire third party interests in land.
- 4.6. When there are objections, the Secretary of State will appoint an inspector to hold a public inquiry into the CPO. For a programme such as this, the inquiry could probably run for several days/weeks and will depend of the nature and number of objections.
- 4.7. The Inspector's report will summarise the evidence and come to a view as to whether there is compelling public interest for the confirmation of the CPO. In some cases the Secretary of State makes the decision in light of an Inspector's recommendations and in other cases the inspector will make the decision.
- 4.8. If the CPO is not confirmed, the Council could seek to judicially review the decision-making process should suitable grounds of claim exist. If the CPO is confirmed there is a 6-week window during which affected parties may seek to challenge the legality of the decision-making.

#### **The types of Land (section 5)**

- 4.9. The strategy attached at Appendix 1 sets out how compulsory purchase would impact on the various types of land and land ownership within the Masterplan area. A map of the land is attached at appendix 2

- 4.10. The strategy describes the complexities and difficulties in compulsorily acquiring an operation TfL depot and recommends that the compulsory purchase of the Lillie Bridge Depot is not progressed at this stage but instead work with TfL / GLA to agree how the redevelopment of the Depot site can be progressed.
- 4.11. The Strategy also recommends entering into negotiation to acquire ECPL JV land (in LBHF and RBKC) by agreement alongside a CPO.

#### **Deliverability (section 6)**

- 4.12. Section 6 of the strategy sets out the key areas for demonstrating deliverability of a scheme to provide the best evidence base for making a CPO.
- 4.13. These areas include detail on the proposed scheme (numbers of new homes, including affordable homes, related employment and community opportunities, urban design and public realm), the benefits, obtaining planning and other consents such as environmental or highways, demonstrating funding availability and also practicalities of deliverability of such a large and complex scheme.
- 4.14. The report sets out options for a delivery structure of a scheme. In summary, this could be self-delivery, entering into a development agreement or creating a joint venture. The strategy provides an initial assessment of the advantages and disadvantages of each approach, dependent on the Council's priorities and available resources
- 4.15. The recommended approach is that, given the scale and complexity of the project, the Council will be best placed to demonstrate deliverability with a delivery partner. The next stage of the CPO strategy will be to shape and market test the exact delivery structure.**
- 4.16. The strategy then uses this assumption in considering budget and programme.

#### **Programme (section 7)**

- 4.17. The report sets out two options for a programme to deliver a CPO to acquire land at Earl's Court. **Option 1** requires work on design, planning and deliverability to be carried out in parallel with the CPO process, and **the CPO can therefore be made in autumn 2020**, with earliest possible vacant possession of the site available in Q4 2021. Paras 7.6-7.7 set out the key advantages and disadvantages of this option. The table below sets out the programme of work.

	<b>Workstream</b>	<b>Timescale</b>	<b>Earliest Dates</b>	<b>Key Integrations</b>
1	Initial Masterplanning / Scoping work	4-6 months	November 2019 – April 2020	Following Cabinet decision to further investigate



2	Initial Viability and deliverability work	3-4 months	Jan – April 2020	Following commencement of initial masterplanning work
3	Negotiations with landowner	4 months	Feb – May 2020	
4	Soft market testing for delivery partner structure, funding and market interest	2 months	April – May 2020	Following above workstreams 1, 2 & 3
5	CPO preparation	4 months	June-September 2020	Following above workstreams. Includes Cabinet decision to make CPO
6	Make CPO		September / October 2020	
7	CPO Inquiry		April 2021	Assume Public Inquiry required
8	Earliest VP of site		Q4 2021	Following CPO decision July 2020
9	Further work on design, delivery partner, planning etc		Summer 2020 –Q2 2022	In parallel with site assembly process

4.18. Option 2 proposes that the majority of design, planning and deliverability work, including selection of a delivery partner is carried out prior to the making of a CPO rather than in parallel. The CPO would not be made until 2022, with vacant possession of the site not available until Q3 2023. Paras 7.9 and 7.10 set out the key advantages and disadvantages of this option.

**4.19. Based on the Council's priority for accelerated and comprehensive delivery, the strategy recommends progressing with Option 1.**

#### **Budget (Section 8)**

4.20. Section 8 sets out the proposed cost for each stage of the strategy, and the work and professional support required for delivery. The total overall cost to deliver CPO via option 1 is estimated to be £3m and Cabinet will be required to assess progress at each stage of the project and allocate further budget to subsequent phases of work.

4.21. Based on Option 1, the next stage of the strategy is forecast to cost £360,000 and will cover:

- Initial Masterplanning work
- Associated initial viability and deliverability work
- Negotiations with the ECPL JV
- Soft market testing of delivery structure, funding and market interest
- Preparation of a CPO

- Internal Council project management
- Legal support for the above processes

4.22. The table below sets out the cost by workstream and programme.

Phase	Workstream	Timescale	Earliest Dates	Budget
1	Initial Masterplanning / Scoping work	4-6 months	November 2019 – April 2020	£200,000
	Initial Viability and deliverability work	3-4 months	Jan – April 2020	
	Negotiations with ECPL JV	4 months	Feb – May 2020	
	Soft market testing for delivery partner structure, funding and market interest	2 months	April – May 2020	
	CPO preparation	4 months	June-September 2020	£50,000
	Council project management		Nov 2019 – September 2020	£110,000
	<b>Subtotal Phase 1</b>			<b>£360,000</b>

4.23. It should also be noted that, depending on the delivery structure selected, these costs could be shared or reimbursed by a delivery partner – either directly or via uplift in land value or profits created by a JV.

**4.24. The report recommends approving a budget of £360,000 to fund the next stage of work**

#### **Land Acquisition (section 9)**

4.25. The estimated cost of land acquisition (for the ECPL JV land) is based on compulsory purchase compensation principles and is estimated to be c.£650m. This has been assessed using the statutory compensation entitlement as a framework, comprising market value, reinvestment costs, statutory loss payments and is based on the recently published accounts for members of the ECPL JV.

#### **Funding Considerations (section 10)**

4.26. Section 10 sets out funding considerations and options for both the land acquisition and the delivery of the proposed scheme, linking these to the delivery structure options within section 6 of the report.

4.27. Broadly the funding options can be divided into:

- Prudential or other borrowing
- Public Sector Funding
- Bond Financing

- Investment Partner Funding

4.28. The strategy sets out the benefits of each and how they could be used for funding both the land acquisition and the infrastructure / development delivery. The next stage of the strategy will develop proposals for funding acquisition and delivery

### **Recommendations**

4.29. The recommendations of the CPO Strategy are to:

- Agree to proceed with the next stage of the strategy based on Option 1 actions and programme including budget allocation of £360,000 for work to September 2020.
- Progress preparations to acquire the Joint Venture land at Earl's Court, including consideration of the use of compulsory purchase powers
- Remove the TfL depot land from the land to be acquired, and progress discussions with TfL in an effort to find agreement
- Instruct senior officers progress discussions with RBK&C in relation to potential acquisition, including compulsory purchase, of third party owned land within their borough
- Appoint project management support and a specialist professional team to work with senior officers to progress resident consultation, initial master planning, viability, delivery structure, specialist legal and soft market testing work
- Approve commencement of negotiations by senior officers and professional team with ECPL Joint Venture
- Make all necessary preparations to prepare a CPO in respect of the ECPL JV land and any other third-party land and rights required

### **Conclusion**

4.30. Adoption of the strategy and recommendations in this report does not necessarily mean that CPO will be made and subsequently used to enable acquisition of all third-party interests to enable the delivery of the regeneration of Earl's Court. As per Government guidance on the use of compulsory purchase powers, and the attached programme, the Council has been and will continue to seek to reach negotiated settlement with ECPL and making and implementation of a confirmed CPO will only arise where agreement cannot be reached on reasonable terms and in a reasonable timeframe.

4.31. The authority given in this report assists the Council by making it clear to all parties that the Council has made a formal decision to progress its strategy to ensure the redevelopment of Earl's Court and is willing to secure and exercise a confirmed CPO, in order to do so.

- 4.32. This report, including the appendices, contains the relevant information required to justify the next stages of the Council's strategy for delivery of the redevelopment of Earl's Court and will form part of the justification for making of a CPO, in due course. Once the next stages of the Strategy have been completed, Cabinet will be able to consider that further information and decide whether to proceed to make a CPO as part of its delivery strategy.

## 5. OPTIONS

- 5.1. Ensuring delivery of the redevelopment of Earl's Court for the benefit of residents is a key priority of the Council. The Council has considered all options to ensure this, and sets out the main options for the council below:
- 5.2. **Option 1 (recommended option):** Proceed with implementing the strategy for delivery of the Earl's Court scheme as set out above, including masterplanning, viability, deliverability and legal work as set out in the recommendations above. This is the recommended option as it provides a clear project programme to allow the Council to secure the redevelopment of Earl's Court and will provide clear justification and necessary evidence base for proceeding to make CPO, if required.
- 5.3. Option 2: Undertake the further work set out in Option 2 in the attached report, with the extended timescales and costs required. This option is not recommended as while the additional work would provide further evidence and certainty to the Council on its future plans, it is not necessary at this stage. In addition, the additional work and cost would further delay the Council's objective of securing the land, accelerating delivery and associated benefits to the community.
- 5.4. Option 3: pursue a programme of actions and delivery timescales with the ECPL JV in order to secure delivery of the site which meets the objectives of both organisations. This option does not provide the Council with any certainty or control over delivery of the development. It relies on being able to reach agreement with the ECPL JV and officers do not consider this would be possible within a reasonable timescale.
- 5.5. Option 4: Do nothing and allow the development to proceed based on market forces. This is not a realistic option based on progress to date. This option does not provide the Council with any certainty or control over delivery.
- 5.6. In conclusion, option 1 is recommended. The regeneration of Earl's Court is a high priority for the Council, and Option 1 is the only option which allows the Council to secure this within a reasonable timescale and with certainty and control over delivery

## 6. EQUALITY IMPLICATIONS

- 6.1. It is anticipated that the proposal to progress the strategy to acquire the identified land at Earl's Court will not have a proportionally greater impact on

any group of people with protected characteristics under the Equality Act 2010 at this stage.

- 6.2. The Council will continue to monitor and review this as the strategy progresses in order to identify if any additional impacts on those with protected characteristics arises. In particular, a decision to make a CPO, or the proposals for redevelopment which will be prepared as part of the strategy would be subject to further equality impact assessment.
- 6.3. Overall the Council has taken account of its duties under section 149 of the Equality Act 2010 and is satisfied that due regard has been had to any potential disproportionate impact on any parties with protected characteristics.

Implications verified by: Fawad Bhatti, Policy & Strategy, tel. 07500 103617.

## **7. LEGAL IMPLICATIONS**

See paragraph 4. Above

- 7.1. CPO powers should be used where it is expedient to do so, but a compulsory purchase order should only be made and confirmed where there is a compelling case in the public interest. The recommendations of this report approve further work to justify use of a CPO and preparation of all relevant documents including a Statement of Reasons. The Council's statement of reasons, accompanying the CPO, will reflect what action the Council has taken to acquire the land by private treaty, will need to demonstrate the compelling case for the confirmation of the order and the need for the order to achieve delivery of the regeneration programme.
- 7.2. Section 226 of the Town & Country Planning Act 1990 empowers the Council to acquire land compulsorily in order to deliver the proper planning of the area, subject to the Council being satisfied that it thinks the proposed scheme will deliver economic, social or environmental wellbeing benefits to the community.
- 7.3. In the present case, part of the land proposed to be acquired falls outside the Council's administrative area. The Avison Young strategy paper highlights the need for legal consideration of this aspect. It is proposed that, in addition to section 226 of the Town & Country Planning Act 1990, the acquisition of land outside the Council's area be promoted on the basis of section 121(1) of the Local Government Act 1972. The effect of this provision is that, in principle, it allows the Council to acquire land outside its area for the purposes of section 226.
- 7.4. The Acquisition of Land Act 1981 contains the procedures which apply to such an acquisition. Compensation is payable under the Land Compensation Act 1961 and the Land Compensation Act 1973 (as amended).

- 7.5. Cabinet are advised that the attached programme and actions accord with the MHCLG Guidance.

#### Human Rights

- 7.6. The Human Rights Act 1998 requires (amongst others) that every public authority acts in a manner which is compatible with the Convention for the Protection of Human Rights and Fundamental Freedoms (“the Convention”). The following parts of the Convention are relevant to the Council’s exercise of its compulsory purchase powers:
- *Article 1 of the First Protocol – the right to peaceful enjoyment of possessions;*
  - *Article 8 – respect for private and family life and home.*
- 7.7. A decision to make an Order must strike a fair balance between the public interest in the scheme and interference with private rights. Bearing in mind the fact that the exercise of compulsory purchase powers is a statutory process, the provisions for compensation to be paid to those affected and the compelling case in the public interest for the regeneration, it is considered that the interference with private property rights is necessary, proportionate and strikes a fair balance towards meeting the Council’s objectives.
- 7.8. Those affected by the order will be informed and advised of their right to make representations to the relevant Secretary of State, to be heard at public inquiry and of a fair entitlement to compensation (where applicable), thus ensuring consistency with Article 6: right to a fair hearing.
- 7.9. Section 149 of the Equalities Act 2010 requires the decision maker, meaning the Council acting through its Cabinet, to have due regard to the goals in the Act as set out in section 149. We are told an EIA has been undertaken on the potential impact of the decision on residents with protected characteristics. This will need to be reviewed and updated as more information becomes available. The Council and its advisers will need to take account of the PSED and any impact on any parties with protected characteristics whilst undertaking negotiations to acquire interests.

*Implications completed by: Clare Reddy, Lewis Silkin and confirmed by James Pereira QC*

## **8. FINANCIAL IMPLICATIONS**

### **CPO process programme costs and funding**

- 8.1. The report sets out a potential cost of undertaking the necessary preparatory work, selection and securing of a delivery partner and associated specialist advice required to manage and complete the CPO process of between £2.6m and £3.2m. The costs of this process are incremental and can be managed on a phased basis with reports to Cabinet to provide updates on progress and approve budgets for each phase. The recommendation in this report requests

a budget allocation of £360,000 to deliver the first phase of this preparatory work.

- 8.2. There are no existing budgets within the HRA or the General Fund to meet the £360,000 budget requirement. Whilst potential funding options have been considered, the only current option is to recommend that these costs are funded from the Council's reserves. Cabinet should be mindful that the latest high-level forecast of reserves shows a significant reduction in reserves in the medium term, reflecting the significant commitments in respect of the Civic Campus scheme and the Council's continued level of spending in excess of the Dedicated Schools Grant in relation to pupils with Special Educational Needs and requiring alternative provision. As a result, there is very limited capacity for the Council to invest its reserves in other priority areas and Cabinet should therefore only consider use of the Council's remaining reserves to support its key priorities or to generate future savings.
- 8.3. The use of reserves is considered to be necessary in this case as the redevelopment of Earl's Court and delivery of genuinely affordable housing on the site are clear priorities for this administration and it is proposed that the costs are funded from the Corporate Demands and Pressures Reserve.
- 8.4. It is possible that in due course, depending on the delivery structure selected, these costs could be shared or reimbursed by a delivery partner, either directly or via uplift in land value or profits created by a joint venture. However, until the first phase of the work is completed and negotiations are completed with a delivery partner this cannot be guaranteed and in the interim these costs will need to be met from reserves.
- 8.5. A breakdown of this budget is set out in 4.22. Following completion of this work, further recommendations will be made to Cabinet setting out the additional costs and funding of any next phase and seeking further budget approvals.

**Project management support – appointment of Avison Young (GVA Grimley Ltd trading as Avison Young UK)**

- 8.6. The report recommends appointing Avison Young to provide project management support to the council in the delivery of the CPO strategy. A credit check has been completed on GVA Grimley Limited (trading as Avison Young) on 21<sup>st</sup> August. The report has indicated a low risk credit rating of 83 and the suggested contract limit of £33,000,000 and turnover of £146,021,000 is considered more than sufficient for the value of the proposed contract of £120,000.

**Implications of a new scheme**

- 8.7. This report does not attempt to set out the potential financial implications of the Council's role in any new scheme to deliver the regeneration of Earl's

Court. The first phase of work proposed in the report will explore the viability and deliverability of any new master plan, options for working with delivery partners, and funding options. All of these will influence the financial implications and business case for progressing the CPO and any new scheme. Nevertheless, the full financial implications of the scheme are likely to be very significant and, depending on the recommended delivery option, could constitute the Council's single biggest financial commitment. The Council will need ensure that the business case is robust and includes detailed financial analysis and carefully consider in any future decision to progress a particular scheme. To provide context, as set out in 4.25, the compensation cost to acquire the land alone is estimated to be c.£650m based on information currently available before development costs in the region of a further £1.5bn over and above the remaining infrastructure costs. As set out in s.10 of the strategy, this funding will not be required at the start of the project, but drawn down over the life of the development, on a phased basis.

*Finance Implications verified by Hitesh Jolapara, Strategic Director, Finance and Governance.*

## **9. IMPLICATIONS FOR BUSINESS**

9.1. There are no implications for business.

*Implications completed by: David Burns, Assistant Director Growth, Tel 020 8753 6090.*

## **10. COMMERCIAL IMPLICATIONS**

10.1. The report seeks a waiver from the Council's CSO requirement to seek competitive quotes to directly award the contract to Avison Young for £120,000. The value of the contract for project management services is under the statutory threshold for services. As a result, the full PCR 2015 do not apply. However, the Council's CSOs require conducting an open tender exercise or calling off from a suitable framework agreement for all contracts with a value over £25,000.

10.2. These requirements may be waived by the appropriate person(s) if they consider a departure from the CSOs is justifiable under CSO 3.1. Cabinet is recommended to approve a waiver for the following reasons:

- Avison Young has been advising the Council on the Earl's Court scheme for a number of years and therefore has a depth of background knowledge which would be difficult to replicate and is helpful and necessary in achieving the Council's strategy
- Avison Young has prepared the strategy underlying this Cabinet report, and the associated recommendations
- In order to move forward within the programme requirements, there is not sufficient time to either conduct a procurement process for an alternative



provider nor time for a new advisor to adequately understand the background and history of this complex project.

*Procurement implications provided by Andra Ulianov, Head of Contracts and Procurement, tel. 07776672876*

## **11. IT IMPLICATIONS**

- 11.1. No IT implications: No IT implications are considered to arise from this report.
- 11.2. IM Implications: A Privacy Impact Assessment should be completed to ensure all potential data protection risks resulting from this proposal are properly assessed with mitigating actions agreed and implemented.

*Implications completed by: Karen Barry, Strategic Relationship Manager, Tel 020 8753 3481.*

## **12. RISK MANAGEMENT**

- 12.1. The Council has consulted with and been informed by experts who have stated that they consider there is an 'in principle justification' for the use of compulsory purchase powers by the Council in order to ensure delivery of its policy objectives for the JV land at Earls Court, subject to the completion of the necessary preparatory work.
- 12.2. Officers have considered a range of options and are of the opinion that this strategy is the best way of achieving the Council's objectives in relation to Earls Court and manages risk appropriately.
- 12.3. The need for further Cabinet decision making prior to progressing beyond the current stage of work to making a CPO and submitting to central government is the key risk management tool used.
- 12.4. Officers will ensure that all proposed actions are taken in consultation with the Assistant Director of Legal and Democratic Services and in line with external legal advice along with the legal comments set out in this report to mitigate the risk of challenge by means of a public inquiry.
- 12.5. If the Council wishes to change the existing scheme, it will need to demonstrate that there are no planning or other impediments to the Scheme.
- 12.6. The Council will need to demonstrate its funding sources and timescales to deliver the Scheme.
- 12.7. There is a risk that the Council is not able to demonstrate that it has clear and deliverable plans for the site in order to provide the best evidenced justification for making a compulsory purchase order.

12.8. The mitigation strategy for the risks identified above are the actions contained with the next phase of work under option 1.

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

None

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

APPENDIX 1 - CPO strategy

APPENDIX 2 - Site plan

## **Earls Court**

# **Potential for use of Compulsory Purchase – Earls Court**

August 2019

## Contents

1.	Executive Summary .....	1
2.	Introduction & Background.....	1
3.	Use of s.226 Town and County Planning Act 1990 .....	3
4.	Potential alternative compulsory purchase powers.....	5
5.	Particular types of land .....	7
6.	Deliverability of Scheme following CPO .....	9
7.	Overall Programme .....	13
8.	Budget for process.....	15
9.	Land Acquisition Budget.....	21
10.	Funding Considerations .....	25
11.	Conclusion and Recommendations .....	29

**Prepared By: Virginia Blackman**

**Status: Final Draft**

**Date: August 2019**

**For and on behalf of GVA Grimley Limited t/a Avison Young**

# 1. Executive Summary

- 1.1 This report sets out the Council's strategy for delivery of its aspirations for the Earls Court Opportunity Area, including the use of its compulsory purchase powers if required. It includes a summary of the background and history of the site, and the existing landowners and interested parties within the area, including the TfL depot as well as the Earls Court Property Limited (ECPL) land. ECPL is a joint venture between TfL and CapCo, and the land within the JV spans both LB Hammersmith & Fulham and Royal Borough Kensington & Chelsea (RBKC).
- 1.2 The strategy assesses the issues involved in progressing an acquisition by agreement or a compulsory acquisition and subsequent development of an active TfL Depot, and recommends that the Council progresses prioritises the JV land for potential acquisition by agreement or compulsory acquisition, whilst continuing discussions with TfL in respect of the depot site.
- 1.3 The strategy sets out the legislative basis for use of compulsory purchase powers, and the approach to be pursued by the Council in order to justify use of these powers. It sets out two programme options for progressing with an intervention on this site, and recommends progressing with option 1, which will create an evidence base to allow making of a compulsory order within 12 months of Cabinet decision.
- 1.4 It then sets out the work required in respect of Option 1 to be completed over the next 12 months in order to demonstrate the benefits of a proposed scheme, as well as a delivery and funding structure for the scheme underpinning a proposed CPO.
- 1.5 The strategy then sets out a budget and programme for delivery of Option 1, broken down into appropriate stages of work, and including integration of negotiations by agreement with the JV. It then concludes and provides recommendations in detail for the next stage of work in order to deliver Option 1. It proposes that, following completion of this work, Cabinet will be asked to consider the further work undertaken prior to a decision being made on whether to proceed to make any compulsory purchase order.

# 2. Introduction & Background

- 2.1 CapCo prepared a masterplan covering most of the Earls Court (EC) opportunity area and this was consented by LBHF and RBKC in 2013. The scheme covered the exhibition centres, Lillie Bridge Depot and West Kensington and Gibbs Green estates.
- 2.2 CapCo stated that their masterplan would deliver 7,500 new homes, improvements to local tube stations and bus services plus investment in cycle hire hubs, parking spaces, new local amenities including a new primary school, community centre, leisure centre, health centre, cultural space and money towards a cultural fund for the area and the creation of 7.5 acres of green space including garden squares and communal gardens.

- 2.3 To date, no homes have been delivered within the masterplan area. Just over 200 homes have been delivered on the Seagrave Road site, none of which are affordable homes. The project has completely stalled over the last 6 years, with only demolition of the exhibition centres taking place.
- 2.4 In addition, a key piece of Land, the Empress State building, has been sold to the Mayor's Office for Policing and Crime, impacting significantly on both the number of homes which could be delivered (a reduction of over 400) within the masterplan area, and the flexibility of the land. Information about the sale of the scheme to developers, in the UK and around the globe, is regularly in the press, with CapCo recently publicising talks with Hong Kong developer CK Asset Holdings.
- 2.5 The Council wishes to unblock the stalemate, to accelerate the delivery of homes and increase the number of genuinely affordable homes in the borough, across the masterplan area.
- 2.6 On 20th February 2019 the Council released a press statement confirming it was considering acquiring two parcels of land forming part of the Earls Court Opportunity Area by making a Compulsory Purchase Order (CPO). The land parcels are the former Earls Court exhibition land (partly within LBHF and partly within RBKC) owned by a joint venture between CapCo and TfL (Earls Court Property Ltd 'ECPL') and the Lillie Bridge Depot site owned entirely by TfL. This area of land is known as 'the JV land'. Whilst CapCo and TfL are working together in respect of the JV land, neither CapCo nor the JV has any interest, current or future control over the Lillie Bridge Depot land.
- 2.7 On 29 April 2019 the Leader of the Council agreed within a Leaders Urgency Decision that Avison Young be instructed to provide advice on the strategy going forward in order that Cabinet be able to consider the most appropriate route.
- 2.8 The Council has now prepared a strategy to deliver its aspirations for the site, and this report sets out that strategy for consideration by Cabinet, together with recommendations and next steps.
- 2.9 The strategy focuses on options to acquire the JV land and Lillie Bridge Depot sites. The strategy includes:
- *The benefits of the use of compulsory purchase powers under s.226 of the Town & Country Planning Act 1990, including timing and control over delivery, together with the required statutory process including review of planning and other policy.*
  - *Potential to compulsorily acquire the JV land, TfL depot and/or land owned by third parties within the RBKC boundary, and the approach to these key landowners and sites. Given the operational TfL depot, this will require consideration of how the TfL operations can continue to be undertaken, and perhaps enhanced in the area, whilst also delivering the Council's objectives.*
  - *Potential and benefits for partnerships with or involvement from wider public sector, for example Homes England or GLA.*
  - *Proposed proactive delivery strategy following a CPO including potential delivery options such as working with a private sector or registered provider partner / self-delivery within the Council or onwards sale to a developer.*

- An indicative process cost and programme for this proactive strategy, including how negotiations with ECPL would fit within the programme, approach to negotiations and the best time to commence negotiations with ECPL.

### 3. Use of s.226 Town and County Planning Act 1990

- 3.1 The purpose for which an acquiring authority seeks to acquire land will determine the statutory power under which compulsory purchase powers are sought. This in turn will influence the factors which the confirming Minister or Inspector will take into account in deciding whether to confirm the compulsory purchase order.
- 3.2 Government guidance states that an acquiring authority should look to use the most suitable power available for the purpose in mind, and only use a general power when a specific power is not available. The authority should have regard to any guidance relating to the use of the power and adhere to any legislative requirements relating to its use.
- 3.3 Section 226 of the Town & Country Planning Act 1990 (TCPA 1990) is the most commonly used power by local authorities to deliver regeneration and development within their area. Guidance on the use of this power is set out in Tier 2 section 1 (para 94-106) of the February 2018 Ministry of Housing, Communities & Local Government Guidance on Compulsory Purchase Process and the Crichel Down Rules, (the 2018 Guidance).

#### Purpose of TCPA 1990 powers

- 3.4 We have summarised below the key purposes the powers may be used for:
- section 226(1)(a) enables acquiring authorities with planning powers to acquire land if they think that it will **facilitate the carrying out of development** (as defined in section 55 of Town and Country Planning Act 1990), **redevelopment or improvement on, or in relation to, the land** being acquired and it is not certain that they will be able to acquire it by agreement
  - section 226(1)(b) allows an authority, if authorised, to acquire land in their area which is required for a purpose which it is necessary to achieve in the interests of **the proper planning of an area in which the land is situated**. The potential scope of this power is broad. It is intended to be used primarily to acquire land which is not required for development, redevelopment or improvement, or as part of such a scheme
- 3.5 Given the proposed purpose for which the Council wish to acquire the land, it would seem that section 226(1)(a) would provide the most appropriate section of the TCPA 1990 powers. Section (1)(a) specifically requires the proposal to include development or improvement to be undertaken. Usually when this power is exercised there is a clear scheme of redevelopment, often with the benefit of planning permission and certainty over delivery. At this stage it may be difficult to clearly demonstrate that the development or improvement is occurring which meets the necessary tests, and we set out below (section 7) the options available to the Council for the further work which is likely to be required to demonstrate this.

- 3.6 The purpose for which the powers are proposed to be used is also tested against a number of other criteria.
- *There must be a compelling case in the public interest for the use of the powers which outweighs the private loss*
  - *The scheme should lead to the promotion or improvement of the economic well-being of their area, the social well-being of their area or the environmental well-being of their area.*
- 3.7 The benefit to be derived from exercising the power is not restricted to the area subject to the compulsory purchase order, as the concept is applied to the wellbeing of the whole (or any part) of the acquiring authority's area.

### **Justification of use of the powers**

- 3.8 Para 104-106 of the 2018 Guidance provides further advice on the justification required to support an Order under these powers. This includes
- Adopted planning framework provides clear support and justification
  - Whether the purpose for which the land is to be acquired can be achieved by any other means
  - The potential financial viability of the Scheme for which the land is to be acquired, including general indication of funding intentions, commitments from third parties, any restrictions on timing of funding etc, in order to provide the Secretary of State with certainty that the Scheme will proceed
  - The extent to which the proposed Scheme will contribute to the achievement of the promotion or improvement of the economic, social or environmental wellbeing of the area.
- 3.9 In addition, the Council will need to demonstrate that the only impediment to the Scheme proceeding is the inability to assemble land. The Council will therefore need to provide evidence that, in addition to financial viability and funding, matters such as planning or other consents and an experienced project team including specialist professionals, has been assembled and is ready to proceed.
- 3.10 Finally, the Council will also need to evidence that it has attempted to acquire the necessary land and rights by agreement.
- 3.11 Having considered the existing planning policy and aspirations for development at Earls Court, the ongoing need for housing across London and the lack of delivery of development on land within the JV, it appears that there is justification for use of the Council's powers under TCPA 1990, subject to further investigation (and in particular the gathering of evidence to satisfy the relevant tests in the 2019 Guidance) and the Council satisfying itself on the deliverability of its future plans for the site.
- 3.12 On 9 July 2019, Ministry of Housing, Communities and Local Government (MHCLG) published their decision in respect of the West Kensington & Gibbs Green right to transfer application. As part of this

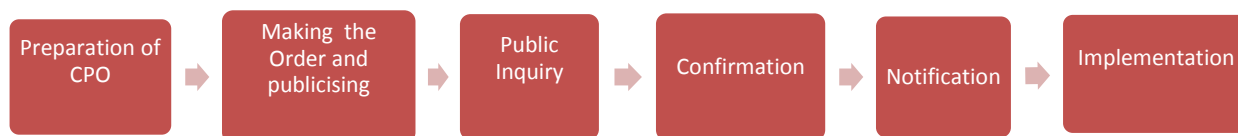


decision, MHCLG has commissioned and relied upon a report by Peter Brett Associates ('PBA', titled 'Tenant Led Right to Transfer – Socioeconomic Evaluation' and dated February 2017.

- 3.13 In that report, PBA has concluded, in para 5.2 onwards, that concrete progress has been made with the Earls Court regeneration scheme as a whole, and lists at para 5.2.3-5.2.5 the actions which demonstrate this. The Council is not aware of any further positive progress which has been made since January 2017, the last action progressing the scheme which is identified in the report. In addition, as set out in para 1.4 above, the Empress State Building has been sold.
- 3.14 We have not checked all the matters set out in the report, but the key matter of interest is that the report is dated approximately 2.5 years ago, and no concrete progress has been made since. Therefore, whether or not the February 2017 report prepared by PBA is correct, the Council will need to consider the most recent and up to date position when justifying the potential use of CPO powers to deliver regeneration at Earls Court. Based on the information to date, including the MHCLG decision and supporting PBA report, we consider there is a good case to be made that no substantive progress has been made in progressing the scheme, and therefore Council action is justified to secure delivery.
- 3.15 However, we would emphasise the need for a thorough investigation of the position beyond simply relying on matters in the public domain (for example, enquiries should be made of the JV partners and their representatives). This will help to de-risk the process and ensure that decisions are better informed.

**CPO Process**

- 3.16 Once the Council has satisfied itself on the requirements above, it will then need to commence the compulsory purchase process. The process is set out in Acquisition of Land Act 1981, and contains the following key steps.



- 3.17 On average the CPO process from start to finish takes between 18-24 months but this depends on the number and extent of objections and whether there is a Public Inquiry into the CPO.

## 4. Potential alternative compulsory purchase powers

- 4.1 When making a decision on how to proceed, it would be sensible for the Council to consider whether any alternative compulsory purchase powers would be more suitable, including those held by other public sector bodies.

- 4.2 The Greater London Authority (GLA) has powers of compulsory acquisition under s333ZA of the Greater London Authority Act 1999, introduced by Localism Act 2011. These powers allow the GLA to use powers of compulsory acquisition to assemble land for the purposes of housing or regeneration. Part 1 of Schedule 2 of Housing & Regeneration Act 2008 (compulsory acquisition of land by Homes and Communities Agency) applies to this power, and further detail is set out below. To date, the GLA has only used its powers once, in 2014, to assemble land required for the Southall Gasworks scheme, and we are not aware of any proposed use in the short to medium term.
- 4.3 Homes England has compulsory purchase powers to acquire land and new rights over land under subsections (2) and (3) of section 9, Housing and Regeneration Act 2008, for the purposes of:
- Improving the supply and quality of housing in England
  - Securing the regeneration or development of land or infrastructure in England
  - To support in other ways the creation, regeneration or development of communities in England, or their continued wellbeing
  - To contribute to the achievement of sustainable development and good design in England.
- 4.4 Guidance on the use of these powers is set out at Tier 2 Section 3 (paras 118-124) of the 2018 Guidance. Homes England must demonstrate that the proposed acquisition is for the purposes set out above, in the public interest and consistent with the policies in the NPF and the relevant Local Plan. In addition, it should ensure it has resolved any major planning difficulties (where practicable) and demonstrate that there are no planning or other impediments to the scheme, and that it either has reasonably firm proposals in respect of the land, or a long term strategic need for the land.
- 4.5 In order to demonstrate this, Homes England will need to show that if it has a clearly defined and deliverable objective for the land, that the proposals for the land are more likely to be achieved following acquisition by Homes England, and whether any alternative proposals for the land are likely to be or are capable of being implemented.
- 4.6 If Homes England does not have a specific proposal for the land, it will need to show that there is a reasonable prospect of the land being brought into beneficial use within a reasonable timeframe and that the use of its compulsory purchase powers is clearly in the public interest.
- 4.7 Whilst we understand that Homes England is considering use of its compulsory purchase powers in respect of a number of sites across England, we are not aware of any compulsory purchase orders being made under these powers in the last few years. Homes England has historically preferred to support and assist other public sector bodies in the use of their powers of compulsory purchase, although given the change in approach by Homes England over the last 12 months, this may now change also.
- 4.8 It is also worth considering other benefits of working with either the GLA or Homes England in taking forward plans at Earls Court. These can be split into four main areas:-

- Funding – both the GLA and Homes England are able to access wider sources of funding, particularly for the delivery of housing, which may assist in delivery the Council's plans for Earls Court.
  - Expertise – GLA and Homes England have teams of planning, development delivery and funding professionals who have recent experience of large scale housing development delivery who may bring useful experience to the delivery of the Council's plans for Earls Court.
  - Existing delivery partners – both the GLA and Homes England have procured and currently run panels of developer partners who have pre-qualified to work with the public sector in delivering a variety of development. This may be useful to consider in respect of the delivery options for the site.
  - Presentation – provided the parties are cooperating well together, there is an advantage in presenting a case backed in by major public authorities such as these since it will add weight to the case. This may also assist in negotiations, particularly given the involvement of TfL in the JV.
- 4.9 We consider it would be helpful to discuss the Council's plans for Earls Court with both Homes England and GLA in order to assess whether there are benefits to working with these organisations in delivery of the Council's plans for Earls Court, whilst accepting that there may be disbenefits in terms of reaching agreement on the differing goals, aspirations and timescales of different organisations.
- 4.10 A further consideration is the involvement of TfL in the ECPL Joint Venture with CapCo. Whilst the JV is between TfL and CapCo, the GLA and TfL are both part of the 'mayoral family' of organisations, and there may be benefits in engaging with GLA to discuss the Council's plans.
- 4.11 However, whilst it is well worth considering the potential for involvement of other public sector bodies, the Council will need to weigh up the benefits of this against the loss of control and potential dilution of their objectives for the site. The strategy assumes that the Council will use its own powers, but this can be adjusted if further investigation and discussion with the GLA or Homes England identifies benefits in working more closely with either of these parties.

## 5. Particular types of land

- 5.1 In considering the potential for use of compulsory purchase powers by the Council as part of a proactive strategy to deliver their policy objectives for the site, it is helpful to consider the types of land and uses of that land involved. We set out below the main types and uses of land, and review any issues in the use of compulsory acquisition in respect of these land types.

### **Third Party land inside London Borough of Hammersmith & Fulham boundary**

- 5.2 The majority of the JV land falls within the boundary of London Borough of Hammersmith & Fulham. The land is currently vacant and awaiting development.
- 5.3 We would recommend that the Council continue their discussions with ECPL regarding a purchase of the JV land, within the programme set out in section 7.

- 5.4 Having considered the existing planning policy and aspirations for development at Earls Court, the ongoing need for housing across London and the lack of delivery of development on land within the JV, it appears that there is no legal constraint and there is justification in principle for use of the Council's powers under TCPA 1990 in respect of this third party land, subject to further investigation (and in particular the gathering of evidence to satisfy the relevant tests in the 2019 Guidance) and the Council satisfying itself on the deliverability of its future plans for the site.
- 5.5 The remainder of the third party land within the borough boundary comprises the Lillie Bridge Depot and is discussed below.

#### **TfL depot**

- 5.6 The Lillie Bridge Depot site is within the masterplan area for Earls Court, but as set out in para 2.6 above, is not within the ECPL JV. We understand that TfL is the sole owner of the site, and occupies it for a train depot and railway (underground and Overground) uses.
- 5.7 We are not aware of any legal constraint on the Council in exercising its compulsory purchase powers against TfL in respect of the Lillie Bridge Depot to deliver its policy objectives for Earls Court, but it would be helpful for the legal position to be confirmed via specialist legal advice. However, we have significant concerns over the practicalities of demonstrating to an Inspector or the confirming Secretary of State that the Council can ensure continuous safe, secure usage by TfL of the depot site, and its associated transport services, following implementation of a confirmed compulsory purchase order for this part of the site.
- 5.8 If the depot site is included within any compulsory purchase order, TfL is likely to strongly object, and pursue its objection all the way to Inquiry and potential legal challenge, in order to protect its operational use, and associated safety and security, of the depot site.
- 5.9 Therefore, inclusion of this site within a compulsory purchase order is likely to lead to delay, legal challenge and a significantly decreased chance of success in obtaining confirmation and implementation of that order.
- 5.10 This would have a detrimental impact on the Council's policy objectives for the entire Earls Court site, and we therefore recommend that the Lillie Bridge Depot site is removed from any consideration of use of the Council's compulsory purchase powers.
- 5.11 We would recommend that the Council open discussions with TfL on their development plans for both the depot site, and the land within the ECPL JV to assess whether there are mutual objectives and benefits to be achieved, and therefore a memorandum of understanding or more formal heads of terms could be agreed in respect of this land.

#### **Third party land outside LBHF boundary**

- 5.12 Having reviewed the plans, we note that there is land within the ECPL JV which is outside the borough boundary of Hammersmith and Fulham, and within the boundary of Royal Borough of Kensington & Chelsea, (RBKC), albeit RBKC do not have any ownership interest in the land.

- 5.13 There may well be legal issues with a local authority attempting to CPO land outside or its area. In our experience of development and regeneration projects, it is not common practice. We therefore recommend that it would be helpful for the legal position to be confirmed via specialist legal advice. Understanding these risks will be important when considering the overall strategy for the CPO.
- 5.14 We would recommend that the Council open discussions with RBKC on their aspirations for the development at Earls Court, to assess whether there are mutual objectives and benefits to be achieved, and therefore a memorandum of understanding could be agreed in respect of this land.
- 5.15 This would de-risk inclusion of any third party land within RBKC boundary in a future CPO, and ensure support rather than any challenge from an adjacent authority with an interest in seeing development delivered on this site.

## 6. Deliverability of Scheme following CPO

- 6.1 As set out in para 3.8 & 3.9 above, the Council will need to demonstrate that it has clear and deliverable plans for the site in order to provide the best evidenced justification for making a compulsory purchase order. This falls into four key areas:-
- The Scheme and its benefits
  - Planning and other consents
  - Funding
  - Deliverability

### The Scheme

- 6.2 This will be a critical part of the justification for the CPO given the ownership of the site by the JV and their likely objection based on the argument that they are best placed to secure regeneration of the site without the intervention of a CPO,
- 6.3 The Council will need to be able to clearly articulate and explain the proposed scheme and its benefits to the wider community. Whilst there is an existing masterplan scheme for the site, the Council should consider what it wishes to deliver on the site, in terms of housing type, density and tenure, community assets, employment space, and other factors. The Council will need to explain the benefits of this proposed scheme and the changes from the existing scheme.
- 6.4 In addition, as the site is owned by a developer led JV already, it will need to show how their scheme delivers more effectively the Council's policy objectives. This may include factors such as increased affordable housing and community assets, but the Council should also consider how they will demonstrate greater certainty and pace of delivery compared to the existing scheme.
- 6.5 If the Council chooses to work with a delivery partner, it would be sensible to involve that delivery partner in the scheme evolution and delivery as appropriate.

### Planning and other consents

- 6.6 If the Council wishes to change the existing scheme, it will need to demonstrate that there are no planning or other impediments to the Scheme. In order to do this, the Council may consider updated or supplementary planning policy, consulting and adopting a masterplan, an outline or detailed planning application, or a combination of the above.
- 6.7 If the Council chooses to work with a delivery partner, it would be sensible to involve that delivery partner in the planning and other consenting process as appropriate.

### Funding

- 6.8 The Council will need to demonstrate its funding sources and timescales to deliver the Scheme. This may include both public and private sources of finance, and the funding strategy may vary over the course of the scheme (see section 10 below).
- 6.9 If the Council chooses to work with a delivery partner, that delivery partner will provide a key part of evidencing the funding strategy for the Scheme.

### Deliverability

- 6.10 Given the size and complexity of the proposed development, the Council will need to consider the practicalities of delivery of the Scheme, how it can best demonstrate the experience and resources required, and the benefits of working with a developer.

### **Full Council delivery**

- 6.11 The first option to consider is for the Council to deliver the scheme directly itself. This may be agreeing a masterplan, providing infrastructure and selling serviced parcels, or delivering actual development.
- 6.12 In this case full cost and risk is borne by the Council, not shared with a partner, and as a result all the returns will also be received by the Council. The financial commitment will however be very significant, likely requiring a large amount of borrowing at significant risk. This would most likely necessitate the delivery actually being carried out by some form of wholly owned subsidiary.
- 6.13 This approach would afford the Council maximum control over development, with direct and unfettered decision making over all matters including design, programme, tenure, use mix etc. The cost of this is in financial resources as well as human resource commitment and the requirement for expertise in development matters, which could be brought in either through direct hires or as a development management service.

### **Working with a delivery partner**

- 6.14 There are a variety of partners who could provide effective support to the Council in delivering its policy objectives for Earls Court, such as public sector funders (eg Homes England), private sector developers, financial institutions, housebuilders and registered providers, and the form of partnership can also vary widely.

- 6.15 Whichever form of delivery structure or delivery partner the Council chooses, it will in most circumstances need to engage in a form of procurement process to find a delivery partner. These range from use of existing panels such as the London Developer Panel to a full OJEU compliant competitive dialogue process, depending on what delivery structure is proposed. It is likely that the Council, with its partner or itself, would deliver all infrastructure and control delivery of the scheme, either through serviced land disposals or direct development.
- 6.16 The two main delivery structure options on this Council-led basis are described below:

#### **Council-led partnership – Development Agreement**

- 6.17 Development Agreements are contracts with a development partner for the delivery of a specific project. Typically they include a lot of detail regarding objectives and parameters for the development of a site, either with reference to a planning permission or (more commonly) with the intention that the partner will secure planning permission in accordance with the defined parameters.
- 6.18 The contract can be used to set delivery milestones, programme and place other restrictions on the operation of the delivery partner, for example with respect to procurement of supply chains. It can also include wider goals such as those related to sustainability or social value, though these can often be more difficult to define.

#### **Council-led partnership – JV**

- 6.19 Joint Venture is a formal partnership with another party based on joint decision-making and control over development. They can be contractual or corporate, i.e. formed as a distinct vehicle, with the benefits of each needing to be explored on a case by case basis.
- 6.20 Taking a corporate JV approach, a separate entity is formed in which the parties are shareholders. This is the entity which controls the development. Typically JVs take a '50/50' structure, where the parties have equal membership, decision-making rights and controls, commitments to investment and shares of profits.
- 6.21 Under this delivery option typically a Council would invest its land into the JV in order that the Council receives its share of profits. The Council's land is its equity investment. In a 50/50 structure this will be matched by the partner in the form of cash, as well land if the partner has any ownership, and the remaining funds required to deliver the development will be met by debt financing.
- 6.22 An alternative JV arrangement could see the Council seek an investment partner to establish a private land owning joint venture. An investment partner could be procured outside of a full OJEU procurement process and would bring forward funding to provide working capital, investment in land (explored further in section xx), expertise and resources to complement and enhance the Council's own resources. This investment JV would work up the masterplanning of the site and then have the option of putting the infrastructure in to develop service plots and the subsequent ability to undertake development across the site.

- 6.23 The Council will need to consider the benefits and risks attached to either self-delivery or working with a partner to deliver their policy objectives for Earls Court, and we would recommend that further work is undertaken on the costs, risks, benefits and resource requirements of each approach.
- 6.24 However, based on our experience of similar schemes elsewhere, it is difficult to see at this stage how the Council will be able to satisfy itself, and any Inspector or Secretary of State in respect of a future compulsory purchase order, that acting by itself it is adequately experienced, skilled, funded and resourced to deliver development at the scale and complexity envisaged at Earls Court.
- 6.25 On this basis, we have assumed for the purposes of this report and the future actions required that the Council will choose to work with a partner, in a delivery structure to be decided, in order to deliver its policy objectives for Earls Court.



## 7. Overall Programme

- 7.1 The overall programme to deliver the Council's policy objectives for Earls Court will need to integrate a number of work streams to achieve delivery. These include preparatory work, negotiations with third party interests, the CPO process and securing a delivery partner as well as scheme design and the planning process, and these would certainly overlap at a number of points.
- 7.2 We have assessed two options for the purpose of a draft programme – the first of which shows a route to making a CPO within the next 12 months, and the second shows a programme of the Council carrying out significant masterplanning, planning and other delivery work in advance of making the CPO. These alternative options are set out in the programme at Appendix 1.
- 7.3 The Council, together with its advisers, will need to consider the risks and benefits of each approach to the programme, and we set these out below to enable that decision on its preferred approach.

### Option 1

- 7.4 Given the time which has elapsed since the masterplan for the Earls Court scheme was agreed, and the lack of progress in the last two and a half years, as well as the significant interest shown in CapCo's interest in the ECPL JV by third party developers and investors, the Council needs to consider what action it can take in the short to medium term to secure the delivery of Earls Court regeneration.
- 7.5 Whilst it is positive that there is market interest in ECPL land and opportunity, a change in ownership of the land alone is unlikely to deliver the control over the development which the Council requires, and so it will need to continue consideration of how best to achieve delivery of its objectives.
- 7.6 In order to create the best framework for the Council to make a CPO within 12 months, as a foundation to the Council securing the fastest possible delivery of the regeneration, we would propose the following initial programme:-

	<b>Workstream</b>	<b>Timescale</b>	<b>Earliest Dates</b>	<b>Key Integrations</b>
1	Initial Masterplanning / Scoping work	4-6 months	November 2019 – April 2020	Following Cabinet decision to further investigate
2	Initial Viability and deliverability work	3-4 months	Jan – April 2020	Following commencement of initial masterplanning work
3	Negotiations with ECPL	4 months	Feb – May 2020	
4	Soft market testing for delivery partner structure, funding	2 months	April – May 2020	Following above workstreams 1, 2 & 3

	and market interest			
5	CPO preparation	4 months	June-September 2020	Following above workstreams. Includes Cabinet decision to make CPO
6	Make CPO		September / October 2020	
7	CPO Inquiry		April 2021	Assume Public Inquiry required
8	Earliest VP of site		Q4 2021	Following CPO decision July 20201
9	Further work on design, delivery partner, planning etc		Summer 2020 –Q2 2022	In parallel with site assembly process

7.7 When considering the government guidance (see para 3.8 onwards above) it can be seen that a number of necessary workstreams are being carried out in parallel with the CPO process, and following a decision to confirm a CPO. Whilst this creates significant benefits in timescale and programme delivery, there will be additional risks to the process, given the more limited evidence of deliverability available compared to Option 2. In particular, by the time of making the CPO, and any necessary Public Inquiry, there will be

- Limited detailed information on the proposed scheme beyond a masterplan, and therefore constrained analysis of its benefits
- No planning permission or other consents for the scheme, only evidence of the likely ease of these being obtained
- Limited information or evidence on how the Council proposes to deliver the scheme, including likely funding.

7.8 However, it is important to note the strong planning and wider policy support for regeneration of this area, the lack of progress made by the ECPL JV, and the commitment of the Council to delivering the regeneration, including the wide variety of funding sources available to the Council, when weighing up the risks and benefits of this approach.

## **Option 2**

7.9 For comparison, we set out below a suggested programme if the Council wished to carry out detailed work on the likely scheme and delivery structure in advance of making a CPO.

	<b>Workstream</b>	<b>Overall</b>	<b>Earliest Dates</b>	<b>Key integrations</b>
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		<b>Timescale</b>		
<b>1</b>	<b>Preparatory work</b>	4-8 months	Q4 2019/Q1 2020	Completed prior to any subsequent workstreams,
<b>2</b>	<b>Negotiations with ECPL JV</b>	4 months	Q2 2020	Commence once preparatory work (1) completed.
<b>3</b>	<b>Partner selection</b>	6-18 months	Q3 2020 – Q3 2021	Dependant on procedure used. Selection process and securing developer/investment partner will provide strong evidence of deliverability at CPO Inquiry
<b>4</b>	<b>Scheme evolution and planning</b>	12-24 months	Submit planning application Q1 2022, committee decision Q2 2022	Assuming no new planning policy required. Ensure no planning impediments by CPO Inquiry.
<b>5</b>	<b>CPO Process</b>	18-24 months	Q2 2022 – Q3 2023	Commencing once preparatory work (1) completed. Integrate with 2,4,5 to provide best evidenced justification for confirming CPO at Inquiry
<b>6</b>	<b>Earliest Vacant possession of site</b>		Q3 2023	Following CPO Inquiry Q4 2022, assuming no legal challenge to decision.

7.10 Using the government guidance set out in para 3.8 onwards above as a guide, it can be seen that the above option provides, by the time of a likely Public Inquiry,

- A settled scheme, and therefore analysis of its benefits
- Planning and other consents / approvals certainty
- Clear plan and evidence of deliverability of the scheme including funding

7.11 However, in order to provide this certainty, the programme is significantly longer than that under Option 1, with vacant possession of the site not being available until the second half of 2023, versus the end of 2021 for Option 1, a delay of c.2 years.

## 8. Budget for process

8.1 In considering its options to proactively deliver its policy objectives for the land at Earls Court, the Council will need to consider the costs (internal costs and external advisers) of the necessary

preparatory work, selection and securing of a delivery partner, compulsory purchase process and all associated specialist advice.

- 8.2 It is difficult at this early stage to give precise budgets for this process but we set out below an estimated summary based on Option 1 and Option 2, and some further detail on how this is broken down. You will see that the budget is broadly similar for either Option, but the timing of costs varies over the different options.

## **Option 1**

### **Preparatory Work**

- 8.3 As set out in above and section 10 below, the Council will need to undertake some initial preparatory work in respect of its plans for the site and how it intends to ensure delivery of these in order to justify the proposed acquisition. Whilst the principle of Council intervention, including use of compulsory purchase powers, appears justified, it is only once some initial work is carried out that the Council will be able to satisfy itself that the detailed justification for use of these powers can be evidenced to an Inspector or confirming Secretary of State.

- 8.4 Further details are set out in 10.6 below.

### **CPO Process**

- 8.5 This section covers legal (solicitors and Counsel for an Inquiry), surveying and other specialist professionals to prepare, make, take through public inquiry, obtain confirmation and implement, as set out above in section 2.12 above, as well as costs such as an Inspector for a public inquiry.
- 8.6 We have assumed the majority of the work will be carried out by external specialist advisers, but if there are internal specialists at the Council who have available capacity, this budget may be reduced.
- 8.7 Using Option 1, there is a risk that the Inquiry will be longer and need to cover more areas in detail to provide sufficient information to an Inspector to make their report, and the budget should therefore be considered at the top end of the range.

### **Specialist support to CPO process**

- 8.8 In order to provide evidenced justification for confirmation of a compulsory purchase order, the Council may need specialist support in respect of the proposed scheme and its deliverability. These specialists might include transport, planning, valuation, commercial advice, deliverability and viability.

### **Internal Council project management**

- 8.9 Our experience of similar projects shows that, in addition to high level elected member and officer support for a scheme, it is vital that there is a dedicated 'client' within the Council who has relevant experience and skills and will drive forward this project. They will need to have capacity and

resources made available to them, as well as the ability to make decisions on day to day items as the project progresses.

- 8.10 This can be a reallocation of existing resource within the Council, employment of a new Council officer, (full time or contract basis) or external project management support seconded into or available to the Council. We have assumed that the project management would be required for the entire time period.

#### **Selection of funding and/or delivery partner**

- 8.11 If the Council decides that it requires a funding and/or delivery partner they will need a variety of support in order to select the appropriate delivery route, identify its key requirements, procure a partner, finalise the documentation and monitor subsequent delivery. The exact costs and process will depend on the delivery route selected, with use of an existing pre-qualified panel likely to be the cheapest option where a developer is procured, although less likely to be suitable for a site of this complexity, and a contractual joint venture being the most expensive.

#### **Further design, technical and planning work**

- 8.12 This will include working up further detailed masterplanning and scheme design and obtaining the planning consent. We have assumed that this work would be carried out in parallel with the CPO process under this option.
- 8.13 We have set out an estimated budget based on Option 1 below:-

	<b>Workstream</b>	<b>Estimated Budget (£)</b>	<b>Comments</b>
<b>1</b>	<b>Preparatory Work</b>	£150,000-200,000	Resident consultation, initial masterplan,, delivery structure, viability and legal support
<b>2</b>	<b>CPO Process</b>	£500,000-750,000	Legal and Surveyors Fees / Negotiations with affected parties and process. Assume public Inquiry required with objection pursued by ECPL. No objection from TfL / RBKC
<b>3</b>	<b>Internal Council project management lead and support from October 2019</b>	£360,000	Allocated project lead within the Council, assume full time cost for 3 years. Allow £10,000 per month – if external secondee, cost likely to rise.
<b>4</b>	<b>Specialist technical advice to support CPO process</b>	£100,000 – 150,000	Planning / Viability / Development viability / transport and traffic etc

<b>5</b>	<b>Selection and securing delivery partner</b>	£500,000-750,000	Legal/commercial/property/accountancy support – JV process likely to be more expensive than DA
<b>6</b>	<b>Further design / planning / technical work</b>	£1,000,000	Dependant on structure of delivery
	<b>Total</b>	£2,610,000 - £3,210,000	

## **Option 2**

### **Preparatory Work**

8.14 As set out above and section 10 below, the Council will need to undertake some initial preparatory work in respect of its plans for the site and how it intends to ensure delivery of these. Whilst the principle of Council intervention, including use of compulsory purchase powers, appears justified, it is only once this work is carried out that the Council will be able to satisfy itself that the detailed justification for use of these powers can be evidenced to an Inspector or confirming Secretary of State.

8.15 Further details are set out in section 10.6 below.

### **CPO Process**

8.16 This section covers legal (solicitors and Counsel for an Inquiry), surveying and other specialist professionals to prepare, make, take through public inquiry, obtain confirmation and implement, as set out above in section 2.12 above, as well as costs such as an Inspector for a public inquiry.

8.17 We have assumed the majority of the work will be carried out by external specialist advisers, but if there are internal specialists at the Council who have available capacity, this budget may be reduced.

### **Specialist support to CPO process**

8.18 In order to provide evidenced justification for confirmation of a compulsory purchase order, the Council may need specialist support in respect of the proposed scheme and its deliverability. These specialists might include transport, planning, valuation, commercial advice and viability.

### **Internal Council project management**

8.19 Our experience of similar projects shows that, in addition to high level elected member and officer support for a scheme, it is vital that there is a dedicated 'client' within the Council who has relevant experience and skills and will drive forward this project. They will need to have capacity and

resources made available to them, as well as the ability to make decisions on day to day items as the project progresses.

- 8.20 This can be a reallocation of existing resource within the Council, employment of a new Council officer, or an external project management support seconded into or available to the Council.

### Selection of delivery partner

- 8.21 If the Council decides that it requires a delivery partner they will need a variety of support in order to select the appropriate delivery route, identify its key requirements, procure a delivery partner, finalise the documentation and monitor subsequent delivery. The exact costs and process will depend on the delivery route selected, with use of an existing pre-qualified panel likely to be the cheapest option, although less likely to be suitable for a site of this complexity, and a contractual joint venture being the most expensive.

### Further design, technical and planning work

- 8.22 This will include working up further detailed masterplanning and scheme design and obtaining the planning consent. We have assumed that this work would be carried out in parallel with the CPO process under this option.
- 8.23 We have set out an estimated budget based on Option 2 below

	Workstream	Estimated Budget (£)	Comments
1	Preparatory Work	£100- 150,000	Resident consultation, initial masterplan, delivery structure, viability and legal support
2	CPO Process	£500-750,000	Legal and Surveyors Fees / Negotiations with affected parties and process. Assume public Inquiry required with objection pursued by ECPL. No objection from TfL / RBKC
3	Internal Council project management lead and support from October 2019	£480,000	Allocated project lead within the Council, assume full time cost for 4 years.
4	Specialist technical advice to support CPO process	£75,000	Planning / Viability / Development viability / transport and traffic etc. Some of this work will have already been completed as part of further design/planning/technical work.

<b>5</b>	<b>Further design / planning / technical work</b>	£1,000,000	Dependant on structure of delivery
<b>6</b>	<b>Selection and securing delivery partner</b>	£500,000- £750,000	Legal/commercial/property/accountancy support – JV process likely to be more expensive than DA
	<b>Total</b>	£2,655,000- £3,205,000	

8.24 For ease, we set out below the budget associated with each programme stage for Option 1

<b>Phase</b>	<b>Workstream</b>	<b>Timescale</b>	<b>Earliest Dates</b>	<b>Budget</b>
1	Initial Masterplanning / Scoping work	4-6 months	November 2019 – April 2020	£200,000
	Initial Viability and deliverability work	3-4 months	Jan – April 2020	
	Negotiations with ECPL	4 months	Feb – May 2020	
	Soft market testing for delivery partner structure, funding and market interest	2 months	April – May 2020	
	CPO preparation	4 months	June-September 2020	£50,000
	Internal Council project management		Nov 2019 – September 2020	£110,000
	Subtotal Phase 1			£360,000
2	Make CPO		September / October 2020	£750,000
	CPO Inquiry		April 2021	
	Earliest VP of site		Q4 2021	
	Internal Council project		October 2020 – Dec	£150,000



	management		2021	
	Subtotal Phase 2			£900,000
3	Further work on design, delivery partner, planning etc		Summer 2020 –Q2 2022	£1,750,000
	Internal Council project management		See above	
	Subtotal Phase 3			1,750,000
	TOTAL			£3,010,000

- 8.25 The above budget will need to be regularly refined and updated as the Council progresses its plans, but does provide an initial estimate in order to assist the Cabinet in making its decisions on how to proceed.
- 8.26 It is also worth noting that the costs to the Council are incremental and can be managed on a phased basis via the usual Cabinet decision making process. The next stage of work, phase 1, has a budget including Council internal project management, of only £360,000 of the total. In order to commit to the next stage of action and therefore funding, a Cabinet decision would be required.
- 8.27 Depending on the selected delivery route, the Council may be able to obtain reimbursement of these early stage costs, either through direct reimbursement, or through land value uplift or profit created by the scheme.

## 9. Land Acquisition Budget

- 9.1 Avison Young's instructions relate to both the JV land and the Lillie Bridge Depot land. However, for the reasons set out in para [xxx] above, it is our recommendation that the Council do not seek to progress any compulsory purchase of the Lillie Bridge Depot at this stage. Therefore, we have focused our advice in this section on the JV land only.
- 9.2 For the purpose of this report we have assessed compensation on the assumption that compulsory purchase powers will be used to acquire all third party interests. The principles which govern the assessment of compulsory purchase compensation consist of statute and case law, collectively known as the 'Compensation or Compulsory Purchase Code'.
- 9.3 In accordance with this Code, if an interest is compulsorily acquired, the claimant is entitled to compensation with the objective of equivalence, to put them in the same position as they were in prior to the compulsory acquisition as far as money can.

9.4 In order to calculate this, the compensation payable is usually divided into the following headings:-

- Market Value of Land taken
- Reduction in value of any retained land
- Disturbance / reinvestment costs
- Basic/Occupiers Loss payment
- Reasonable professional fees.

9.5 As agreed, we have not undertaken a valuation of the land within the JV nor any of the adjoining land that is required for the delivery of the Masterplan (consented or enhanced). We do not hold sufficient information to be able to provide a valuation; in particular we do not have any current information on infrastructure and enabling costs. The following comments and points are based, therefore, on the information that has been made public by CapCo and an analysis of the Model that was made available to us by ECPL in 2017; we have signed a Non-Disclosure Agreement in respect of the information within the Model so our comments are framed to avoid the disclosure of information that would be in breach of the NDA.

9.6 CapCo has recently announced its interim results for the six months ending 30 June 2019, press release 25 July 2019. Its interest in the JV was valued for its accounts at £389m. This was a decrease of £72m (16%) from the value reported for the 31 December 2018, and a reduction of £255m (40%) over the last 2.5 years. In December 2015 CapCo's interest was valued at £803m, which is the highest it has been since the JV was formed.

9.7 CapCo holds a 63% controlling interest in the JV; TfL has the balance. We have assumed that the value reported in the accounts is a pro rata apportionment of the value of the land within the JV, and therefore that the value of the land can be derived by multiplying the reported figure by 1.587. This gives the following assessed market value for the JV land:

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	March 2019	June 2019
<b>CapCo Interest</b>	£803m	£644m	£561m	£461m	£412m	£389m
<b>MV of JV Land</b>	£1,275m	£1,022m	£890m	£732m	£654m	£617m

9.8 It is noteworthy that the value has materially decreased over the last 3.5 years notwithstanding the completion of all demolition works in 2017 and works to bridge the District line to Wimbledon, which we believe have been finished.

9.9 The June 2019 valuation was undertaken by JLL on behalf of TfL for its accounts, whilst the others have been done by CBRE for CapCo's accounts.

- 9.10 We assume that the valuation in all cases follows that adopted by the Model. This assumes that the land will be prepared for development by the owner, the JV, and serviced land parcels will be sold to developers, which we presume can include CapCo, for actual development; in effect the JV is acting as Master Developer and makes a profit from undertaking the enabling works.
- 9.11 Of particular note are the comments of CapCo in its recent Press Release. It states:
- 9.12 There has been a broad range of interest in Earls Court and in assessing proposals from interested parties, the Board focuses on value and deliverability
- 9.13 Indicative pricing received is at a range of discounts to the balance sheet value and the proposals are subject to differing levels of further due diligence and a number of conditions, including third-party rights and there is no certainty that this will result in a sale transaction
- 9.14 Taken at face value these comments strongly suggest that the market value is less than £617m unless the comments are in respect of the value as at 31 December 2018, and the most recent valuation effectively reflects the market responses, hence the reduction of 16% in just 6 months.
- 9.15 Also of note is the comment about the imposition by prospective purchasers of conditions, including third party rights. Given that the consented Masterplan assumed that redevelopment would include land around the Empress State Building, which has been sold back to MOPAC, as well as the CLSA and Lillie Bridge Depot, it is not surprising that there may be material issues about how the extant consent can be delivered. We have no information as to whether other interests are required, but note that rights of light are also likely to be a significant issue.
- 9.16 Of greater concern to prospective purchasers is likely to be constraints imposed on purchasers by the JV agreement. We have not seen the documentation, but it is likely to contain a number of safeguards and procedural matters that purchasers, particularly foreign buyers, are likely to find problematic. If we are correct, the Agreement also limits the scope of involvement by the JV to that of Master Developer, and whilst there may be rights for CapCo or its successor to acquire serviced land, these are likely to be circumscribed in order to ensure best consideration and value for money for TfL. Advice will need to be taken on the extent to which the JV agreement is a factor to be taken into account on a rule 2 valuation, given that under the compensation code the seller is deemed to be a notional seller rather than the actual owner(s) of the land in question.
- 9.17 We would expect many of the prospective purchasers would ideally want to own the land outright (if not freehold then on a long lease at a peppercorn rent) and to be in total control of the development.
- 9.18 In theory a Market Value should take account of all these points and distil them into a single number. From the comments by CapCo it is perhaps questionable whether the current valuation, or any of its predecessors, manages to do this. We would need to read all the caveats, qualifications and special assumptions that have been applied to the valuation to be able to assess the extent to which either JLL or CBRE considers their respective figures to represent a true assessment of the Market Value.

- 9.19 We note that a Rule 2 Valuation will take into account the interest of special purchasers, and a proportion of additional value that they may be able to be secured achieve through a merger of interests. Both TfL and the Council come into this category. We would expect the JV Agreement to include a right of pre-emption in favour of TfL in the event that CapCo wishes to sell its interest. This might enable TfL to purchase the shareholding on a basis that is not directly related or linked to the underlying market value. The greater potential for marriage value in theory arises from its ownership of the Depot, which is effectively landlocked. However, as we discuss below, the Depot is likely to be of no current value, and indeed is a negative value.
- 9.20 It is also worth considering the Council's interest in the CLSA Land, which is covered by the CLSA contract on which the final payment is scheduled to be made in December 2019. Therefore, whilst the Council currently retains an interest in the CLSA land, this is subject to the CLSA and therefore we do not consider there would be any material marriage value to be taken into account if the JV land was compulsorily acquired.
- 9.21 Without access to the valuations our comments are speculative, but based on the assumptions detailed above we consider that the latest valuation reported by CapCo, £617m for the underlying land, remains the best evidence of the current market value of the JV land. We cannot see any reason at the present time to suggest that the value should be increased due to potential bids by either TfL or the Council as special purchasers. Indeed, the comments by CapCo would suggest that the true market value is at present less than the reported figure.
- 9.22 No assessment of the market value of Lille Bridge Depot, assuming development above the operational lines, has been made public as far as we are aware. The Model includes the rights to the land/airspace, and these are valued on the same basis as the remainder of the Masterplan area.
- 9.23 The assumptions, costs and values, applied to the Depot land give a large negative residual land value for the Master Developer. It shows a positive land value when serviced and ready for development, approximately 50% of the equivalent value for the JV land. However, this is offset by the large enabling and infrastructure costs, which are broadly of the same order as for the JV land (based on the costings which are now c 2+ years old).
- 9.24 The residual value of the JV land in the Model is materially less than the latest reported value. Some of this difference will arise because enabling costs have been incurred and therefore the current remaining cost of infrastructure works may be significantly less. We also suspect that there will have been value engineering of various aspects of the scheme on the JV land, and that the cost of infrastructure and enabling costs may be less. Whatever the reasons, it seems likely that the costs of developing the Depot remain very significant, and outstrip the potential value. We are of the opinion that the current value of the Depot land is negative or nil, based on the extant Masterplan.
- 9.25 If the Depot is relocated and there is no need to bridge over the operational lines then the cost value balance will change and it is likely that the Depot will then be a viable and valuable proposition.

9.26 Given that the depot and adjacent labor are held in separate ownership to the JV land, (TfL and LBHF subject to CLSA benefiting CapCo respectively) we have assumed for the purposes of this report that there would be no entitlement to a claim for severance and injurious affection from the JV.

9.27 In addition, the JV partners would be entitled to the other heads of claim set out above, and we summarise the estimates of these below:

Heading	Compensation Estimate (£)	Comments
<b>Market Value</b>	£617,000,000	Estimate JV land only based on assumptions above
<b>Reduction in value of retained land</b>	0	Nil – assume JV is claimant and no retained land
<b>Disturbance</b>	£32,859,500	£30,859,500 SDLT and £2,000,000 for professional fees (agent/legal/accountancy)
<b>Basic/Occupiers Loss Payments</b>	£100,000	Assume JV is single claimant, max Basic and Occupiers Loss payments
<b>Professional Fees</b>	£200,000	Surveyor and other fees in dealing with claim – including accountancy to reflect the JV ownership
<b>Total</b>	£650,159,500	

## 10. Funding Considerations

10.1 The ability to demonstrate the deliverability of any scheme progressed by the Council will in large part be dictated by the evidence that there is a coherent funding strategy in place to support the acquisition of the land and the subsequent masterplanning, infrastructure implementation and ultimately undertaking development.

### Land Acquisition

10.2 The key challenge for the Council will be to demonstrate that funding for the CPO compensation is available. The estimated acquisition cost is c£650,000,000 and this is significant upfront cost to the Council. The following options are available to the Council to fund the land acquisition process:

- Prudential borrowing (PWLB) or other lenders
- Public Sector Funding

- Bond financing
- Investment Partner funding

### Prudential Borrowing

- 10.3 On the assumption that the Councils cash reserves are limited, the most obvious source of Council funding will be via prudential borrowing through the public works loan board (PWLB). Local authorities currently have access to relatively cheap finance over long periods (up to 50 years) and the ability to lock in attractive rates would certainly be the easiest option for the Council. PWLB loans however will need to be serviced each year and the interest costs on the acquisition value will be significant. In the early years where the development has not commenced, there will not be any income generated from the scheme and therefore the Council are likely to incur interest costs which the general fund may not be able to support.
- 10.4 On top of the interest costs there is the requirement for the Council to recognise minimum revenue provision, which while a notional charge to the general fund; it is nevertheless an additional pressure on the general fund. Depending on the Councils minimum revenue policy, this may or not be a significant issue and this will need to be explored further when funding options are being developed.

### Public Sector Funding

- 10.5 An alternative means of funding the land acquisition could be through public sector funding e.g. Homes England or GLA. This could come in the form of grant funding or more likely loan funding. The difference between PWLB funding, is that there is the potential for a more flexible approach to the lending terms specifically in relation to the interest payments. A more bespoke approach could be negotiated in line with the income generating potential of the scheme, which could relieve the early pressures on the general fund. Another possibility would be to procure equity investment from either organisation which could help minimise the upfront borrowing that the Council will need to take out.

### Bond financing

- 10.6 Another flexible approach to borrowing could come in the form of a bond issuance. Bond financing could be structured in any number of ways and this option has the potential to provide the Council with a flexible means of funding the land acquisition. Bonds could be issued as part of a private placement and as such there is a degree of flexibility as to how the bond can be structured to meet the Council objectives and financial parameters. The key areas that could be accommodated in a bespoke structure include:
- Maturity date – The Council could set the maturity of the bond in line with the expected date of when the funds would be available from the development to repay the bond principal. This will need to be informed by detailed financial modelling of the entire scheme.

The Council could also include a 'call' option in the structure, which would enable the Council to redeem the bond at any point until the bond's maturity. Such a structure may be appropriate if time of the repayment is uncertain; a complex scheme such as this could benefit from this additional flexibility should developments generate earlier returns than expected.

- Coupon (Interest rate) – The Coupon rate is usually fixed however can be linked to an index, such as LIBOR or RPI. The Coupon will be determined by a number of factors including market interest, maturity date of the bond and security of the bond and the Council's perceived credit risk. It is likely that most local authorities will be able to attract an attractively low interest rate and therefore could be close to PWLB rates.

Another key flexibility of bond is the payment terms of the Coupon. While this is usually paid annually, it is possible for the coupon to structure over a different time horizon, e.g. 3 or 5 years. This would give the Council the time to develop the masterplan and start generating income from the scheme before having to make any interest payments.

Indeed a bond does not need to make any interest payments at all. These bonds are called zero coupon bonds and due to the fact that they don't pay interest, they are issued at a discount from the par value.

- Revolver Bonds – A revolver bond has a committed amount of cash which the issuer and holder agree can be drawn at any or certain times by the issuer. The coupon is only charged on the drawn amount and there is normally no coupon or fees on the undrawn amount. While this structure is most appropriate when all the cash is not required upfront (not the case here), should the terms of the bond be attractive then a facility for longer term financing requirements could be locked in by the Council.

10.7 Overall a bond could provide a flexible option for the Council to fund the acquisition.

#### **Investment Partner**

- 10.8 As set out in the delivery options, one route could be to procure an investment partner to provide funding in various forms to assist in the acquisition of the land. The simplest form of the investment would be through equity. The Council could split the costs of the land acquisition 50/50 (or another appropriate split) reducing the upfront borrowing requirement for the Council. Investment partners could range from private equity firms, family offices through to institutional funders (pension/insurance funds). The term and form of the equity will differ from each type of investor and depending on the specific requirements it could be that different investors are called upon during the lifecycle of the scheme.
- 10.9 As part of the investment partner funding route, there could be the possibility of combining different funding structures. For example, as well as providing equity to acquire the land, the partner could also be the single bond holder or conventional lender to the Council for their portion of the investment. Terms could be negotiated as described in the bond section to make sure that it is flexible and helps the Council's financial position by matching financing costs to when income is generated from the scheme.
- 10.10 Each of these avenues will need to be explored in greater detail once the Council's financial parameters and constraints have been developed alongside the proposition for the wider development of the site.

- 10.11 Market commentary suggests interest from a select group of developers in this project is high, and they have cash available for an immediate purchase. This might suggest that a 'back to back' compulsory acquisition and onward sale of the JV land would be feasible. However, before proceeding with this type of arrangement, the Council would need to satisfy itself both of the level of control over delivery of this project it could maintain using this process, and/or the suitability of these bidders to enter into a long term partnership with the Council.

### **Development and Infrastructure Funding**

- 10.12 Having considered the potential for land acquisition funding, the Council will also need to demonstrate how the infrastructure and developments will be funded. Therefore a coherent, market facing funding strategy for the 'operational' phase of the scheme (post acquisition) will need to be demonstrated.

### **Infrastructure Funding**

- 10.13 As with the acquisition funding, the Council could utilise PWLB borrowing to finance and costs they need to incur to get the parcels of land serviced and ready to develop. Depending on the delivery structure, this may require the Council to fund 100% of the upfront infrastructure or a portion of it should this be delivered in a form of joint venture. Once again, the Council will have to service the debt, however unlike the acquisition costs, it is unlikely that all of the infrastructure costs would be required at the start of the project. It is likely that there would be an initial tranche of infrastructure cost, and then plot by plot costs would be incurred immediately prior to serviced plots being sold. Therefore, phased correctly, the peak debt, time debt is held, and subsequent cost of borrowing on the general fund could be minimised.
- 10.14 Should the Council go down the route of self-delivery, 100% of the funding risk will sit with the Council and therefore the overall exposure of both the acquisition costs plus infrastructure funding is likely to be substantial. Should the Council choose to go down the route of a partnership then as set out for the land acquisition costs, the cost of the infrastructure could be shared between the two parties.
- 10.15 As mentioned under the acquisition funding section, the Council could consider a bond issue here also. Whether it be linked to the revolver bond set out early or subsequent infrastructure bonds this could again be structured in a way that suits the Council's financial parameters by creating a bespoke product rather than the usual PWLB route.
- 10.16 Another alternative to fund the infrastructure could be to procure a separate infrastructure partner (regardless of whether a JV has been formed with another partner for acquisition), who would fund the infrastructure, take a margin on the cost and take a priority return on the disposal of service plots. The Council (and JV partner) would then split the remaining land value to repay debt on the acquisition.
- 10.17 Indeed there is the option for the Council/JV partner to not implement any of the infrastructure and instead work up a broad masterplan and sell un-serviced plots where the value add would not be significant but an uplift from the acquisition price could be generated. This would require detailed



work to understand the potential of the site and modelling to ascertain the value of each individual plot. Of course, whilst this would have the benefit of removing the need for the Council to fund infrastructure, it would also mean the Council giving up control of the delivery of the site. For this reason, we have assumed that it is the least likely option for the Council.

### **Development & Investment Funding**

10.18 Development and investment (post completion) funding in this context is the relatively simple part of the equation. For the purposes of this strategy, we have assumed the development funding would be c.£1.5bn dependant on the level of infrastructure work completed to date. Once the land has been acquired and infrastructure has been implemented, there are a range of development finance options. Assuming that the Council do go into a Joint Venture then the Council will look to inject their land as equity, (with minimal additional cash equity where the land value has sufficient value), with the partner match funding this with cash and 3rd party development finance procured as with any standard real estate transaction. Depending on the assets being developed and the tenure of those asset, the development and investment funding could be in the form of senior/mezzanine funding, forward funding arrangements, forward sale agreements, income strip (leveraging the Councils covenant) amongst many other options.

### **Summary**

- 10.19 Funding the acquisition costs of the land could be a challenge for the Council given the large quantum involved, however there are a number of ways which can be explored to minimise the financial exposure and the impact on the general fund. Indeed the funding package that is put together will likely be a hybrid of the options highlighted above and will evolve over time as the scheme is developed and market conditions change.
- 10.20 The funding structures will be interlinked with the delivery structure and detailed upfront work to ensure that a strong market proposition is developed to give confidence to developers and funders that there is a commercial masterplan that can be developed and that the risks of a large scale development can be managed as this will help open up the funding options and drive down the cost of finance for the Council.

## **11. Conclusion and Recommendations**

- 11.1 Having carried out the above analysis, we consider there is an 'in principle justification' for the use of compulsory purchase powers by the Council in order to ensure delivery of its policy objectives for the JV land at Earls Court, subject to the completion of the necessary preparatory work.
- 11.2 As set out in para 5.7 above, whilst we consider it is legally possible for the Council to include the Lillie Bridge Depot land within a compulsory purchase order to deliver its policy objectives for Earls Court, we have significant concerns over the practicalities of demonstrating that the Council can ensure continuous safe, secure usage by TfL of the depot site, and its associated transport services, following implementation of a confirmed compulsory purchase order for this part of the site.

- 11.3 Therefore, inclusion of this site within a compulsory purchase order is likely to lead to delay, legal challenge and a significantly decreased chance of success in obtaining confirmation and implementation of that order. This would have detrimental impacts on the Council's policy objectives for the entire Earls Court site, and we therefore recommend that the Lillie Bridge Depot site is removed from any consideration of use of the Council's compulsory purchase powers.
- 11.4 We would recommend pursuit of discussions / negotiations with TfL on their future plans for the site, and how the Council can work with them to deliver housing and other development on that site whilst maintaining the transport use.
- 11.5 We recommend that the Cabinet make the following resolutions to allow the next steps to be taken:-
- Agree to proceed with the next stage of the strategy based on Option 1 actions and programme including budget allocation of £360,000 for work to September 2020.
  - Delegate authority to Strategic Director for Economy to progress preparations to acquire the Joint Venture land at Earls Court, including consideration of the use of compulsory purchase powers
  - Remove the TfL depot land from the land to be acquired, and progress discussions with TfL in an effort to find agreement
  - Delegate authority to Strategic Director for Economy to progress discussions with RBK&C in relation to potential acquisition, including compulsory purchase, of third party owned land within their borough
  - Delegate authority to Strategic Director for Economy to secure appropriate project management support
  - Delegate authority to Strategic Director for Economy for appointment of a specialist professional team to work with senior officers to progress resident consultation, initial masterplanning, viability, delivery structure, specialist legal and soft market testing work
  - Approve commencement of negotiations by senior officers and professional team with Joint Venture as set out in para 7.6 above.
  - Delegate to Strategic Director for Economy authority to make all necessary preparations to prepare a compulsory purchase order in respect of the joint venture land and any other third party land and rights required



# Contact Details

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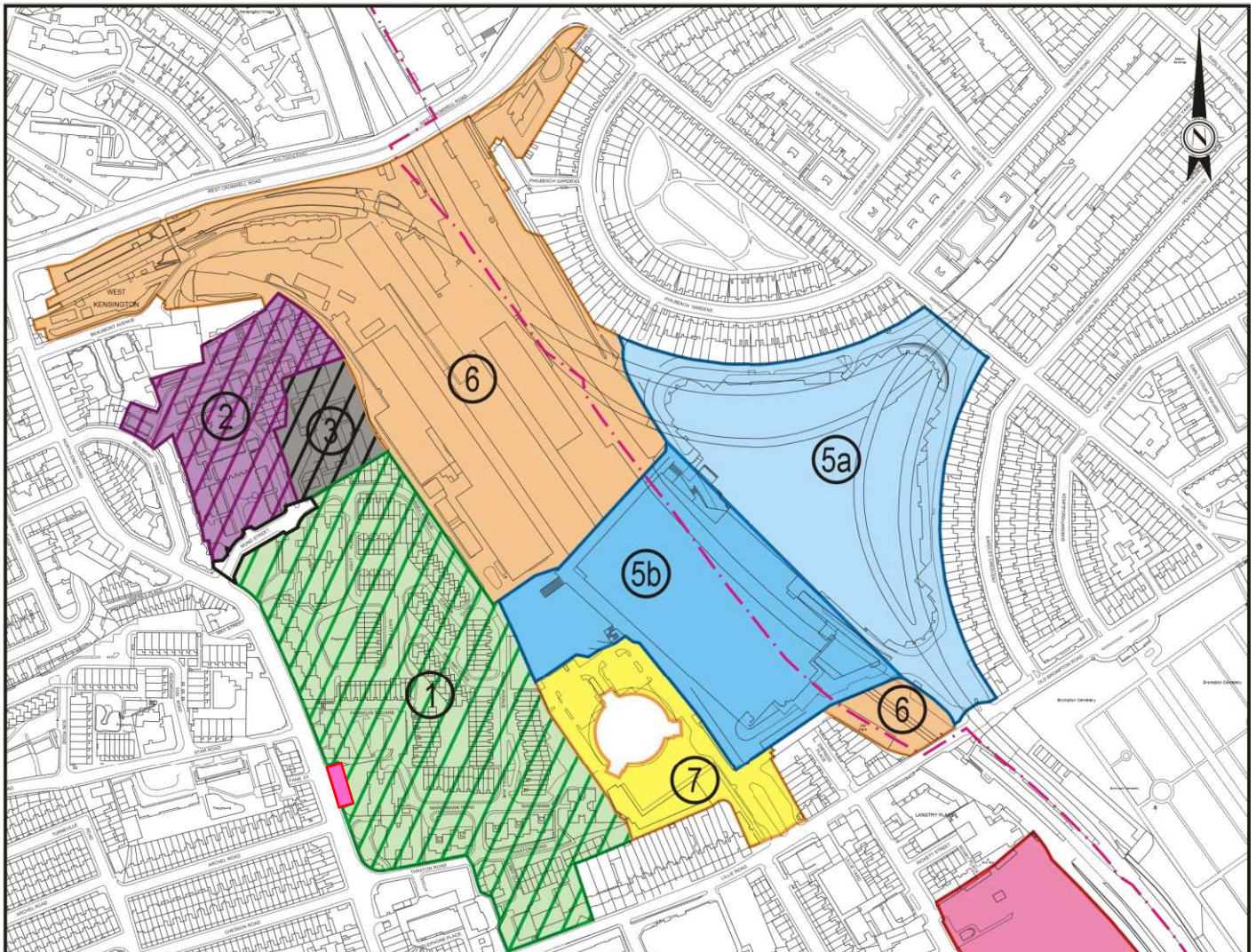
## Avison Young

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LEGEND		AREA
	Mund Street	0.134 ha
	Area 1 - West Kensington Estate LBHF Freehold	6.032 ha
	Area 2 - Gibbs Green Estate LBHF Freehold	1.645 ha
	Area 3 - Former Gibbs Green School Capco freehold – Former LBHF	0.629 ha
	Area 4 - 11 Farm Lane Capco freehold – Former LBHF	0.193 ha
	Area 5a - Earls Court 1 Joint Venture Capco - TFL	4.627 ha
	Area 5b - Earls Court 2 Joint Venture Capco - TFL	3.654 ha
	Area 6 - TFL Operational Land TFL Freehold	8.145 ha + 0.367 ha
	Area 7 - Empress State Building Freehold - Mayor's Office for Policing and Crime (MOPAC)	1.423 ha
	Area 8 - Seagrave Road Site CAPCO Freehold Planning consent for 808 homes granted 30th March 2012	2.799 ha
<b>TOTAL AREA (excluding Areas 4 and 8)</b>		<b>26.657 ha</b>
		Borough Boundary

**HAMMERSMITH & FULHAM COUNCIL**  
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 Tel. 020 8748 3020

Drawn CEP	Checked	Approved
Scale Not to Scale	Original Sheet Size A4	
DWG No. 63120/3/1	Revision D	Date Nov.'10

PROJECT

## Land Owners Map

Unchecked Jul 2019

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NOTES	Date	Rev	Init
11 Farm Lane area added.	June '11	A	CEP
Areas and descriptions revised.	July '12	B	CEP
Numbers added.	July '12	C	CEP
Area 2 amended and hectares added.	Aug. '12	D	CEP

Devised and created by the Land & Asset Survey Team using CAD & GIS software. This drawing is Copyright.





# Agenda Item 14

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>7 OCTOBER 2019</b></p>	
<b>REMAIN IN H&amp;F – OUR RESPONSE TO BREXIT</b>	
<b>Report of the Cabinet Member for The Economy – Councillor Andrew Jones</b>	
<b>Open Report</b>	
<b>Classification - For Information</b>	
<b>Key Decision: Yes</b>	
<b>Consultation</b> All Council Departments	
<b>Wards Affected: All</b>	
<b>Accountable Director:</b> Hitesh Jolapara, Strategic Director of Finance and Governance	
<b>Report Author:</b> Peter Smith, Head of Policy and Strategy	<b>Contact Details:</b> Tel: 020 8753 2206 E-mail: peter.smith@lbhf.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1. On 23<sup>rd</sup> June 2016, the result of the European Referendum in the London Borough of Hammersmith & Fulham was 70% Remain and 30% Leave. The Council recognises this democratic mandate and commits to continuing to work to stop Brexit and for the UK to remain a full member of the European Union. Therefore, the London Borough of Hammersmith & Fulham agrees that its formal position is to remain in the EU and to continue to work for the rest of the UK to join it in that position.
- 1.2. Hammersmith & Fulham Council is proud of the diversity of the borough's population. The borough has strong European and international ties, with over 40% of the population born outside of the UK from over 100 different countries. It is home to large French, Irish, Spanish, Polish and Italian born populations, and has become home to people from across Europe. The Council has set the ambition for Hammersmith & Fulham to be the best borough in Europe for business to start up, survive and grow with the emergence of 'West Tech' as a beacon of innovation and growth. The

borough is home to internationally renowned businesses and many of the borough's businesses are foreign-owned.

- 1.3. The Council believes that Brexit will diminish the economic prosperity of our borough and undermine the delivery of our Industrial Strategy, "Economic Growth for Everyone". It is a regressive and socially divisive policy that this Council will campaign to stop. The policy statement in this paper, that Cabinet is being asked to approve, sets out the council's opposition to Brexit and confirms that it will do everything in its power to prevent it happening.
- 1.4. The Council values its European Union citizens, who have chosen to live and work in the borough. They make an important contribution to civic, cultural and economic life, with many delivering essential public services to residents of the borough. Brexit has created uncertainty for the country and locally for residents and workers. This Council believes the UK leaving the EU will have negative impacts on many people who live and work in the borough and wishes to ensure that those impacts are reduced, where possible, by positive action and through mitigating actions.
- 1.5. Hammersmith & Fulham has been preparing for Brexit for the past year with plans in place. Although the Council will be unable to prevent some of the expected negative impacts from Brexit, particularly from a no-deal scenario, we are committed to working with our partners to ensure the borough remains open to Europe, the rights of all citizens and the Council's workforce are protected and essential services continue to be delivered to vulnerable residents.
- 1.6. The current Brexit deadline is 31 October 2019 but recent legislation now requires that the Prime Minister seek an extension to the Article 50 deadline if there is no deal agreed by 19 October. If no withdrawal agreement is passed by both Parliament and the EU before 31 October then the country faces a no-deal Brexit or a further extension. H&F Council is completely opposed to Brexit and this paper sets out the nature of that position.

## **2. RECOMMENDATIONS**

- 2.1. That Cabinet agrees the adoption of the following policy statement: *H&F Council is opposed to Brexit and will do everything in its power to promote the benefits of the UK remaining in the European Union and to seek a People's Vote on any Brexit deal, with an option to remain. We will continue to take positive action to ensure that all EU citizens feel welcome in Hammersmith & Fulham and do all we can to encourage them to remain in our borough.*
- 2.2. That the Leader appoints a Lead Member for Stopping Brexit.
- 2.3. That in the event that the UK leaves the EU, H&F Council will do everything it reasonably can to mitigate the risks of negative impacts on EU citizens living and working in the borough, and on Hammersmith & Fulham residents and businesses in the borough.

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

- 3.1. In the 2016 EU referendum, 70% of the vote in Hammersmith & Fulham was for the UK to remain in the EU. The Council has a democratic mandate to represent its citizens so it stands alongside the vast majority of the population, who wish to remain in the EU.
- 3.2. The Council believes that Brexit will diminish the economic prosperity of our borough and undermine the delivery of our Industrial Strategy, “Economic Growth for Everyone”. It is a regressive and socially divisive policy that will have a negative impact on the majority of the borough’s residents.

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

- 4.1. Hammersmith & Fulham Council is opposed to Brexit. To support this position, the Council intends to adopt the following policy statement:

*H&F Council is opposed to Brexit and will do everything in its power to promote the benefits of the UK remaining in the European Union and to seek a People’s Vote on any Brexit deal, with an option to remain. We will continue to take positive action to ensure that all EU citizens feel welcome in Hammersmith & Fulham and do all we can to encourage them to remain in our borough.*

- 4.2. The Council is opposed to Brexit because it goes against the will of the majority of the population of the borough. The Council supports the wide range of evidence, including commentary from the Bank of England, trade bodies and leading local, regional and national politicians, that Brexit will have negative impacts across a number of areas. The Council’s work preparing for Brexit suggests negative impacts in the following areas:

- Workforce – there are expected to be workforce pressures, particularly in the health and social care fields and in construction and development;
- Goods and services – restrictions on trade are likely to lead to supply chain issues affecting housing, health and social care provision;
- EU legislation – this has brought progressive changes to UK law, in areas such as waste and environmental standards, that might be lost in the event of a no-deal Brexit;
- Community cohesion – around the time of the referendum there was an increase in xenophobic graffiti and verbal attacks in H&F and there remains a danger that this might re-emerge around the time of Brexit, as conflicting tensions come to the surface;
- Economy – there are likely to be increasing inflationary pressures on the UK economy and on the Council’s budget.

- 4.3. The actions that H&F is taking, or planning to take, to mitigate the risks of negative impacts in these areas is set out in the briefing paper appended to this report. A summary of these actions is set out below.



### ***Workforce***

- 4.4. All services and agencies, including our social care providers, have prepared Business Continuity Plans that set out plans to mitigate against any loss of EU labour and/or any additional costs associated with labour shortages. This is most likely to occur in social care services, where a 3% increase in staffing costs would amount to additional annual costs of £1.4m.
- 4.5. We are providing a free scanning and verification service to enable all EU citizens who are H&F residents to apply for 'Settled Status' to ensure that they can remain in the borough, retaining their current rights to work in the UK. We are also funding two specialist advisers in local advice centres to assist EU citizens through the application process for the EU Settlement Scheme.

### ***Goods and services***

- 4.6. A cross-departmental Service Resilience Group (SRG), chaired by the Chief Executive and consisting of the Strategic Directors from the Strategic Leadership Team and technical leads, has formed strategies around contingencies for partial or whole loss of critical suppliers, such as sourcing from alternative markets and gaining insight of the local area distribution network.
- 4.7. In addition to the SRG, 'Tiger Teams' have been formed with specific Assistant Directors given lead responsibility for making urgent decisions in key areas of the council's operations, i.e.: Finance; Workforce; Community Cohesion; Housing and homelessness; Supply chain; Education; Regulatory, IT and; Demand for services.
- 4.8. With changes to the council's IT network, all services have reviewed Service Continuity Plans to ensure they respond to Brexit and other changes.
- 4.9. We are funding the provision of diagnostic workshops for local businesses to assist them with their preparations for Brexit.

### ***Community cohesion***

- 4.10. To celebrate the many residents that have come from Europe and thrived after making H&F their home, in 2018 we established a dedicated website 'H&F: Heart of Europe'. This website provides information on the wealth of European food, drink, history and cultural links which enrich communities across the borough. There is also information, advice and guidance for residents and businesses on the EU settlement scheme and links to other sources of help through the H&F Law Centre and government.
- 4.11. The Prevent teams across London are monitoring community tensions on a regular basis in the run up to Brexit and will continue to do so post-Brexit.

- 4.12. The CommUNITY Day event of 21 July 2019, held in Ravenscourt Park, focussed on a celebration of the borough's diversity in the shadow of Brexit. We are currently promoting a message of cohesion with 200 lamp post banners across the borough stating that 'Everyone's Welcome in Hammersmith & Fulham'.

### ***Economic impact***

- 4.13. In the event of a no-deal Brexit that results in a negative impact on H&F in this financial year, we will make use of the general contingency in the 2019/20 budget, which currently stands at some £2.5m. A negative impact on the 2020/21 budget will be mitigated by the reprioritisation of budgets, Section 106 and Community Infrastructure Levy (s106/CIL) funding and capital budgets.

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

- 5.1. The Council could choose not to publish a formal policy on Brexit but this may leave residents, businesses and staff unclear as to the position of the authority on an issue of major concern. It is proposed that a clear policy be set out to avoid any uncertainty as we head towards the extended Article 50 deadline for the UK exit from the EU.

## **6. CONSULTATION**

- 6.1. The author of this report has consulted with all Council departments in preparing this report.

## **7. EQUALITY IMPLICATIONS**

- 7.1. Although there may be equality implications arising from Brexit itself, there are no equality implications arising from the recommendations in this report.
- 7.2. Implications verified by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

## **8. LEGAL IMPLICATIONS**

- 8.1. There are no legal implications arising from this report.
- 8.2. Implications completed by: Rhian Davies, Assistant Director, Legal and Democratic Services, tel. 07827 663794.

## **9. FINANCIAL IMPLICATIONS**

- 9.1. There are many and varied potential financial implications of Brexit. The briefing paper sets out areas of financial risk including price inflation and interest rates, loss of funding and the impact of uncertainty and any slowdown in the wider economy on Council services and regeneration. Officers will

continue to monitor and re-assess financial planning assumptions in these areas as further information becomes available.

- 9.2. Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

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

- 10.1. The potential implications for business of Brexit are covered in the briefing paper. Most economic commentators are agreed that there will be a negative impact on many UK businesses from Brexit. The adoption of the policy statement will make H&F's position on Brexit clear to all businesses in the borough.
- 10.2. Implications verified by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.

## **11. COMMERCIAL IMPLICATIONS**

- 11.1 Industries such as construction, hospitality & catering, healthcare and retail sectors will be directly affected by Brexit. Pay rates may have to increase (to attract resident workers) and this could affect the Council commercially as contract prices might increase. Supply chain issues, arising from Brexit, may also present problems for commerce and industry.
- 11.2 Implications verified/completed by: Andra Ulianov, Procurement, tel. 07776672876.

## **12. IT IMPLICATIONS**

- 12.1. There are no direct ICT implications arising from this report.
- 12.2. The potential risks arising from Brexit are in the appendix and IT services is evaluating the impact on our service delivery. Given likely inflationary pressures of a 'no-deal' Brexit, IT costs are expected to increase for the purchase of products which come from outside the UK.
- 12.3. Implications verified/completed by: Veronica Barella, Chief information Officer, tel. 020 8753 2927.

## **13. RISK MANAGEMENT**

- 13.1 The risk of a 'no-deal' Brexit (Workforce, Housing, Contracts, Residents, Finances) was added to the Council's Corporate Risk Register last year and continues to be regularly updated.
- 13.2 The attached briefing paper sets out officers' assessment of the potential impact of this risk on service delivery and details a range of current and planned mitigations which will be in place should this risk materialise. This is the latest in a series of papers prepared to ensure that the Council is

assessing the impact of the decision to leave the EU on or after 31 October 2019 and whether or not a withdrawal agreement is agreed with the European Union.

13.3 Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, tel: 020 7361 2389.

#### **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>
	None		

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

*Appendix 1: Brexit Briefing No.9*

**Briefing No 9: September Update on the Potential Impacts of Brexit in H&F and Mitigating Actions Being Taken or Planned**

**1. Introduction**

- 1.1 The Brexit deadline is still 31 October but recent legislation now requires that the Prime Minister seek an extension to this deadline if there is no deal agreed by 19 October.
- 1.2 If no withdrawal agreement is passed by both Parliament and the EU before 31 October then we are facing a no-deal Brexit or a further extension. This scenario is looking increasingly likely, given the very limited parliamentary time available to approve any new withdrawal agreement.
- 1.3 If a withdrawal agreement is reached and ratified, it could include provisions for a transitional period, or implementation phase, which would extend the negotiating period for the future relationship. It would provide time for negotiations on the future UK-EU relationship to continue before substantive change in the UK's status takes place.

**2. Settled Status**

- 2.1 In March 2018 the Government and the EU agreed a reciprocal settlement scheme to safeguard the rights of EU nationals in the UK and British citizens in other EU states. To be granted settled status, all EU citizens resident in the UK will need to apply online by June 2021. Their rights will be protected up until the end of 2020. There are an estimated 30,000 EU citizens resident in H&F. The following Government website sets out the detail of the settled status arrangement and how to apply: <https://www.gov.uk/settled-status-eu-citizens-families/applying-for-settled-status>.
- 2.2 The reciprocal settled status agreement, however, is only secured if the UK and EU sign up to the Withdrawal Treaty, i.e. if an overall Brexit deal is negotiated. In the event of a no-deal Brexit, the settled status agreement would fall and it would be up to individual nation states as to whether or not they choose to implement the settled status scheme. The UK Government, has opted to progress a unilateral arrangement, whereby it progresses the online process of EU residents applying for settled status and retaining their rights under UK law.
- 2.3 The online application process for the EU Settlement Scheme went live on 30 March 2019. The latest Government figures show that 8,300 H&F residents

had applied to the scheme by 30 June 2019. H&F Council is operating a free scanning and verification service to all residents to assist with their applications to the Scheme. This service is available from the Register Office at The Clockwork Building, Beavor Lane, Hammersmith. As of 2 September 2019, a total of 517 residents had used this service.

- 2.4 The position for UK residents living in the EU is unclear as they would be subject to whatever decisions each of the 27 EU states came to as to whether or not they choose to unilaterally implement the settled status scheme. Where EU states choose not to implement the scheme, we might see the return of significant numbers of, largely, elderly UK citizens from those states, with accompanying housing and care needs.
- 2.5 A strapline at the bottom of the H&F website directs EU citizens to where they can learn about the Settlement Scheme and access any advice and support they may need.

**3. Workforce**

- 3.1 The government has said that there will be strict controls on unskilled migrants (EU and non-EU) entering Britain after Brexit and earning less than £30,000 per annum. This will directly affect the construction, hospitality & catering, healthcare and retail sectors. Pay rates may have to increase (to attract resident workers) and this could affect the inflation rate (and, therefore, potentially, interest rates).

**Table 1: High impact employment sectors**

<b>Sector</b>	<b>Number of employees in H&amp;F in 2017</b>	<b>Proportion of total employees in H&amp;F</b>
Construction	3,500	2.6%
Retail	15,000	11.1%
Accommodation and Food Services	11,000	8.1%
Healthcare	12,000	8.9%

*N.B. These figures relate to jobs located in H&F not to employees resident in the borough. Some of these employees will be resident elsewhere.*

**Construction and development**

- 3.2 Construction contractors and developers that officers are in contact with are concerned about the effect that Brexit could have on recruitment and retention. Data produced by Build London indicates that, on the Thames Tideway project alone, the majority of the workforce recruited is from Eastern Europe, i.e. non-UK nationals.

**Social care**

- 3.3 The national analysis of the potential impact of Brexit on social care providers looks bleak:
- Ending freedom of movement after Brexit could result in 115,000 fewer adult social care workers by 2026, according to a report by Global Future published in August 2018;
  - There are at present 1.3 million care workers in the UK, but an estimated 2 million will be needed by 2035 to cope with the rising number of elderly people;
  - A report on future migration patterns by the independent Migration Advisory Committee, published in October 2018, found that one in 17 social care staff (5.9%) were from the EU in 2017, with staff from new member states making an increasing contribution to the workforce.

*“The combination of rising demand, downward pressure on public spending leading to relatively low wages making many jobs relatively unattractive to resident workers, and the absence of a non-EEA (European Economic Area) work-related route for the lower-skilled roles in the sector mean that this is a sector that could face even more serious problems if EEA migration was restricted.”*

*(Global Future report on the impact of Brexit on the social care workforce, August 2018)*

- 3.4 H&F’s three main homecare providers; Sage, Mi Homecare and CRG, have anywhere between 11-21% of their workforce from EU countries and they all pay London Living Wage, in accordance with contractual requirements. These three contractors provide 81% of the Council’s homecare services.
- 3.5 Officers are actively assessing the potential impact of social care provision in the event of a no-deal Brexit and service providers are supplying their contingency plans.
- 3.6 The biggest concern of H&F commissioners is around residential care homes, and the potential impact on nursing. Official figures show that the number of nurses from the EU registering to work in the UK dropped by 96%, less than a year after the Brexit vote, so this will compound the existing challenges

around recruiting nurses to work in care homes and finding suitably skilled and qualified nursing home managers.

- 3.7 The table below shows the potential impact on social care budgets of increased costs that may result from labour shortages and other inflationary pressures arising from Brexit.

Service Area	Project spend as at August 2019	Risk – cost of inflationary increase		
		1%	2%	3%
	£000's	£000's	£000's	£000's
Placements	24,800	248	496	744
Packages	13,816	138	276	414
Direct Payments	8,427	84	169	253
<b>Total</b>	<b>47,043</b>	<b>470</b>	<b>941</b>	<b>1,411</b>

**4. Goods and Services**

***Housing and construction***

- 4.1 The H&F Local Plan commits the Council to building at least 22,000 new homes in the borough by 2038. At any one time, over 1300 households are in temporary accommodation in Hammersmith and Fulham, awaiting permanent housing in the borough. The construction industry relies heavily on foreign migrant labour for skilled and non-skilled roles - in London 28% of construction workers are non-UK EU nationals (ONS, June 2018).
- 4.2 It is feared that outside of the EU, which guarantees the right to free movement, the skills shortage could worsen. If immigration is limited, particularly for skilled workers, the UK could witness higher project costs where labour demand outstrips supply. This could severely reduce housebuilding in the UK; potentially deepening the housing crisis, especially in London.



- 4.3 Alternatively, if global investors start to take their money out of the UK property market, this could lead to a collapse in house prices in inner London areas like H&F.

### ***Supply chain***

- 4.4 Business Continuity and Corporate Procurement are identifying clusters of corporate contracts (e.g. food, IT, construction, care and medical equipment) that may be more sensitive to no-deal Brexit changes.
- 4.5 A cross-departmental Service Resilience Group (SRG), consisting of the core Directors from the Strategic Leadership Team, is forming strategies around contingencies for partial or whole loss of critical suppliers, such as sourcing from alternative markets and gaining insight of the local area distribution network. The SRG meets quarterly and its last meeting took place on 2 September, chaired by the Chief Executive.
- 4.6 In addition to the SRG, a 'Tiger Team' has been formed with specific Assistant Directors given lead responsibility for making urgent decisions in key areas of the council's operations, i.e.: Finance; Workforce; Community Cohesion; Housing and homelessness; Supply chain; Education; Regulatory, and; Demand for services.
- 4.7 With changes to the council's IT network, all services have been requested to either refresh or complete new Service Continuity Plans by 20 September to ensure that these are up to date with the roll out of new technology. Many of these Plans have appended Brexit Plans and these will also be updated, as necessary.

### ***Health and social care***

- 4.8 The Department of Health and Social Care (DHSC) has undertaken an analysis of the supply chain for medicines, including radioisotopes and vaccines, which identified those products that are imported from the EU and the European Economic Area (EEA). Without a deal, the supply chains for these products may be affected by changes to border processes and procedures.
- 4.9 To address this issue DHSC is working with the relevant marketing authorisation holders to ensure that UK stockpiles of medicines are adequate to cope with any potential delays at the border that may arise in the short term.

- 4.10 In the event we leave the EU without a deal, based on the current cross-government planning scenario, the Government hopes to ensure the UK has an additional 6 weeks' supply of medicines in case imports from the EU through certain routes are affected. This is the current planning assumption but will, of course, be subject to revision in light of future developments.
- 4.11 DHSC are, therefore, asking pharmaceutical companies that supply medicines for NHS patients from, or via, the EU or EEA, to ensure they have a minimum of 6 weeks' additional supply in the UK, over and above their business as usual operational buffer stocks, by 31 October 2019. The DHSC is also working with industry to improve trader readiness in preparation for the new customs procedures that will come into force on day 1 if we leave the EU without a deal:
- changing or clarifying regulatory requirements so that companies can continue to sell their products in the UK if we leave with no deal;
  - arrangements to deal with shortages;
  - in addition to normal shortage management routes, enabling ministers to issue serious shortage protocols to pharmacists.
- 4.12 All these arrangements echo the plans put in place ahead of 29 March and will be essential to the continuation of medicines and medical products if the UK leaves the EU without a deal.
- 4.13 The Department continues to centrally coordinate contingency measures to mitigate risks to supply. This removes the need for any stockpiling at local level, which could cause medicine shortages and put patient care at risk.
- 4.14 The DHSC has launched the Medicines Supply Contingency Planning Programme. Through this programme the Government is seeking information about contingency plans put in place in respect of medicines that meet a relevant criterion.
- 4.15 Separately, they recognise that there are some products that have short shelf lives and cannot be stockpiled. Where such products are at present imported to the UK from the EU/EEA via road haulage and roll-on, roll-off sea, road and rail routes, DHSC is asking suppliers to ensure they have plans in place to air freight those products to avoid any border delays that may arise in the event of a no-deal exit from the EU.
- 4.16 The programme covers products that are prescription-only medicines and pharmacy-only medicines that come from or via the EU/EEA via road haulage and roll-on, roll-off sea, road and rail routes.

### 5. **EU Legislation**

- 5.1 EU law and regulation underpins many council services (such as waste and environmental standards). The Withdrawal Act 2018 provided for all EU law to be brought into UK law to ensure that there was legal certainty for businesses and residents. The Withdrawal Act is now law and this legal certainty would remain in place even under a no-deal exit. However, many UK laws refer to EU regulations or to EU agencies. The Withdrawal Act gives ministers the ability to amend such laws where EU institutions or processes are mentioned.
- 5.2 Given the number of Statutory Instruments that are required it is not currently clear whether all changes will be communicated via the no-deal technical papers or through direct communications by Government departments to relevant professional bodies or directly to councils.

### 6. **Communities**

- 6.1 To date officers have not seen any evidence in their work with communities, through tenant and resident associations (TRAs) or consultation activities and events, that Brexit has affected community cohesion in H&F. We encourage TRAs to work with all residents in their community and it may well be that we run a series of community focussed events to celebrate the diversity of our estates, and the wealth of nationalities across our borough. The CommUNITY Day event of 21 July, held in Ravenscourt Park, was very much focussed on a celebration of the borough's diversity in the shadow of Brexit.
- 6.2 If problems in the supply chain should lead to a shortage of basic and vital items – foodstuffs, medicines etc – this may lead to social unrest. Early indications could be captured via Tension Monitoring, possibly on a weekly basis, using social media as an early warning sign. The Prevent teams across London are monitoring community tensions on a regular basis in the run up to Brexit and will continue to do so post-Brexit.
- 6.3 The Government has issued Brexit community engagement guidance for local authorities. The guidance, including case studies from other authorities, is located here - <https://www.gov.uk/guidance/community-engagement-and-eu-exit-guidance-for-local-authorities>
- 6.4 The Government has also issued a public information campaigns toolkit: <https://wetransfer.com/downloads/775d7a825e15eafaea9d4596c0870fed20190321095321/4be9ca1ecf1532b223e6f070d494205b20190321095321/2664be>

## 7. **EU Funding**

- 7.1 With regard to the London Mayor's Skills and Adult Education Strategy for Londoners, the Mayor has given guarantees to prioritise the following in relation to substitutes for European Social Fund (ESF) funding:
- those with poor basic skills – English, maths and ESOL;
  - those at risk of redundancy from automation and other digital changes;
  - parents and care leavers, particularly those who are long-term unemployed or stuck in low paid/insecure work, providing support with childcare where possible;
  - people with special educational needs and disabilities (SEND);
  - Black, Asian and minority ethnic groups;
  - people who are long-term unemployed (i.e. for more than 12 months) and economically inactive and/or cycling in and out of work;
  - people who face complex barriers including those who are homeless, facing drug and/or alcohol addiction, and ex-offenders.
- 7.2 Environmental improvement projects, such as the sustainable drainage systems (SuDS) on Queen Caroline Estate and Maystar Estate, were funded by the EU Life project. From October 2019 we will not be able to apply to this funding stream anymore. Our two improvement budgets, Housing Estate Improvement Projects [run by Groundwork] and the Neighbourhood Improvement Fund, use Housing Revenue Account funds.
- 7.3 H&F received no direct EU grant funding for either capital or revenue schemes in 2018/19 and none is budgeted in 2019/20.

## 8. **Wider Economic Impacts**

- 8.1 At a high-level there are several specific financial risks regarding a no-deal Brexit. The potential for short and medium-term disruption includes:
- Inflation - this is likely to increase due to a potential fall in the value of the pound, the impact of tariffs, supply chain concerns and labour shortages;
  - An economic slowdown - tariffs and supply chain concerns could disrupt trade whilst some businesses may decide to relocate to the EU zone or reduce plans for UK investment;
  - Worse public finances - lower growth will mean less funding for public services;
  - EU firms with a presence in H&F – European businesses operating in the borough may leave or reduce their footprint over time, resulting in fewer

jobs and knock-on effects for local businesses through lower demand and changes to supply chains.

- 8.2 The extent to which each of the above factors impacts on the Council depends on their depth and duration. As examples:
- Each extra 1% of inflation will lead to a cost pressure of £0.8m per annum for H&F Council wages and £2m for supplies and services and payments to others;
  - An economic slowdown would impact on a range of services and income budgets. For example, planning income, land charges income and business rates income could all decline, while the cost of the local council tax support scheme and the costs to the Council of addressing homelessness would be likely to increase;
  - Worsening of public finances may result in longer and deeper cuts to government funding. Local authority funding has not received the protection provided to health or police budgets;
  - The viability of regeneration initiatives might be affected. Economic uncertainty, such as around housing values, may hamper regeneration initiatives or be impacted by adverse movements in long-term interest rates.
- 8.3 Local authority finances are already under significant pressure from cuts of 59p in the £ imposed by national government. A National Audit Office report from last year emphasised that the financial position of the local authority sector, particularly for those authorities with social care responsibilities, has worsened markedly since 2014. As set out above, in the short to medium term, a no-deal Brexit is likely to add to such pressures for both the wider sector and for Hammersmith and Fulham. The financial resilience of many authorities will be further tested. The position over the longer term is uncertain.
- 8.4 As a member of the EU, the UK has access to the European Investment Bank (EIB) and the European Investment Fund (EIF). Losing both these revenue streams could have a significant impact on the delivery of big infrastructure projects as well as start-ups across the UK.
- 8.5 In the event of a no-deal Brexit that results in a negative impact on H&F in this financial year we will make use of the general contingency in the 2019/20 budget, which currently stands at some £2.5m. A negative impact on the 2020/21 budget will be mitigated by the reprioritisation of reserves, s106/CIL funding and Capital budgets.

**9. MHCLG EU Exit Funds**


- 9.1 The Ministry of Housing, Communities and Local Government has made available funds amounting to £314,984 for each primary authority to assist in mitigating the negative impacts of Brexit. The allocation of over a third of these funds has been agreed by the Cabinet Member for the Economy and the Arts, as set out in Appendix 1 (a further £15,000 was previously allocated for the costs of a leaflet drop and information stall at CommUNITY Day 2019).
- 9.2 The overall costs of Brexit to the borough are unknowable. When the staff time of council employees assessing and preparing for the impact of Brexit, and the opportunity costs of public and private investment not made in H&F are included, it will be many multiples of this figure.

## Appendix 1

Project	Actions	Cost
CommUNITY Day	Rally and arts festival in Ravenscourt Park, held on 21 July. Promotion included a leaflet drop to all households informing residents of the application process for the Settlement Scheme and of the advice and assistance available to them, including the free scanning and verification of documents for H&F residents. A stall was set up at the rally and festival to offer advice to EU citizens and to distribute an information flyer.	£15,000
Support and advice on EU Settlement Scheme application process	Specialist adviser to be placed in H&F Citizens Advice. Awareness raising events such as workshops will aim to reach 1150-1200 EU citizens in the borough who might require advice and assistance. 1:1 support will be provided to 300 residents in completing application forms.	£45,000
Support and advice on EU Settlement Scheme application process	Specialist adviser to be placed in the Law Centre. Planned activities: advice and assistance sessions via booked appointments; training for other agencies and council employees to identify clients to refer for assistance; public legal education meetings; information leaflets; detailed information on the website.	£49,983
Support and advice for businesses	An H&F delivered support programme including group sessions, diagnostic 1:1 sessions and mentoring support for businesses who need more intensive guidance.	£6,000
Scanning and verification of documents and provisions for foreign visits	The Civic Events team are providing free scanning and verification of documents for H&F residents, the demand for which is likely to increase once the specialist advisers are in post. Civic Events are also providing shields and pins for an increasing number of visits of foreign delegates. After Brexit it will be increasingly important to maintain relationships with European municipalities, as well as forging new relationships beyond Europe.	£10,000
<b>Total</b>		<b>£125,983</b>

October 2019  
Peter Smith  
Policy & Strategy/PSR

# Agenda Item 15

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>7 OCTOBER 2019</b></p>	 <p>h&amp;f hammersmith &amp; fulham</p>
<p><b>PROCURING AND DELIVERING A LONG-TERM REPAIRS AND MAINTENANCE MODEL FOR HAMMERSMITH AND FULHAM</b></p>	
<p><b>Report of the Cabinet Member for Housing – Councillor Lisa Homan</b></p>	
<p><b>Open Report with Exempt Appendices</b> Appendices 1 to 5 are exempt from disclosure on the grounds that they contain 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>For Decision: Yes</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Consultation</b></p> <p>Finance, legal services, commercial &amp; procurement, social value, risk, equalities</p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Jo Rowlands – Strategic Director for the Economy</b></p>	
<p><b>Report Author:</b> David McNulty Assistant Director, Operations</p>	<p><b>Contact Details:</b> Tel: 07867 160527 E-mail: david.mcnulty@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1 The Council has made significant progress in transforming its housing repairs since the launch of the new repairs model in April 2019. This model is made up of H&F Maintenance which undertakes communal repairs, supported a dedicated in-house Customer Service Centre, three general repairs providers based in the north, centre and south of the borough and specialist providers (for gas, electric and asbestos) across the borough.
- 1.2 These major changes have successfully operated since April 2019. The Council has maximised the opportunity to improve the quality of the service



and confidence of residents in the delivery of repairs services. The implemented model has provided insight and learning from the six-months of operation to refine the model and base the long-term procurement.

- 1.3 This report sets out the framework and timetable for the procurement, implementation and mobilisation of the long-term model for repairs and maintenance service. A procurement strategy and business case is set out for Cabinet approval (Exempt Appendix 1). This report follows the March Cabinet report 'Costs of the interim housing repairs delivery model' which set out the interim repairs and maintenance service.
- 1.5 The future repairs and maintenance model is made-up of a number of interconnected services. This report contains plans for continued development and improvement of the in-house and externally provided functions that make up the model.

## **2. RECOMMENDATIONS**

That Cabinet:

- 2.1 Approves the Procurement Strategy and Business Case for the Council's long-term housing repairs and maintenance requirements as set out in Exempt Appendices 1 and 2. The Council will undertake a competitive procedure with negotiation (CPN).
- 2.2 Delegates authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for Housing, to award all contracts procured in accordance with the Procurement Strategy and Business Case at Exempt Appendices 1 and 2, where these are procured either:
  - Through a full competitive process or, in extremis;
  - From third party framework agreements either through direct call-off or after mini-competition in accordance with the terms of the framework
- 2.3 Approves the budget allocation of up to £827,000 from the Transformation Reserve set out in paragraph 4.13 for the provision of specialist services, to include but not limited to procurement and commercial, IT systems, legal, programme management and Quantity Surveyors throughout the programme.
- 2.4 Delegates authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for Housing, to award contracts for the provision of services within the budget agreed for the Transformation Reserve.
- 2.5 Approves a waiver, in relation to the decision to appoint support services as set out in paragraph 2.3 of the usual requirements of Contract Standing Orders for the Cabinet to approve a Procurement Strategy on the grounds this is in the Council's overall interests.
- 2.6 Delegates authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for Housing, to amend or make changes to the

proposed packaging of services in Exempt Appendix 2 for operational reasons, where such amendments can be contained within the overall approved budget envelope and available resources.

- 2.7 Approves the extension of the interim model and associated contracts until the end of July 2020. The associated contracts to be extended are set out in Exempt Appendix 4.
- 2.8 Approves an additional one-off appropriation from the Housing Revenue Account General Reserve of up to £1.025m to fund the three-month extension of the interim model.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To enable the Council to meet existing commitments to tenants and leaseholders in relation to repairs and maintenance of its existing stock, to fulfil its statutory and contractual obligations and to protect the health, safety and wellbeing of residents and stakeholders.
- 3.2 To ensure provision of essential services to residents following the end of the interim contracts currently in place.
- 3.3 To comply with the requirements contained in Contract Standing Orders to seek approval for the Procurement Strategy before a procurement exercise starts for any contract over £100,000 in value.
- 3.4 The interim model was approved by Cabinet in March 2019 and provided budget provision for 12 months. To continue to provide services throughout the procurement and mobilisation period a decision is required to extend existing contracts to the end of July 2020 so new contracts can be put in place for the permanent model.

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

#### **Strategic context – investing in our assets**

- 4.1 This report is one of a series of reports presented to Cabinet over the course of 2019 that collectively form our overall programme to invest in and improve resident homes, our asset base and quality of housing stock and provision. These are:
  - **Details of the interim housing repairs delivery model (*February 2019*)** set out our ambition and plan to establish an interim repairs model that would enable the Council to improve service delivery to residents and gather insight and learning from operational delivery of the new model to inform the procurement of the model over the medium term.
  - **Costs of the interim housing repairs model (*March 2019*)** set out our plans for how the interim model would be funded and budgeted, putting in place the appropriate contract and budget arrangements to give the Council 12 plus 3 months to achieve the goals outlined in the February Cabinet report.

- **Asset Management and Compliance Strategy and Capital Programme (July 2019)** set out our 4-year asset improvement plan for improvement out asset base, with a focus on safety and improvement works delivering the Council's Fire Safety Plus programme.

#### **Our vision for Repairs and Maintenance services**

- 4.1. Our repairs and maintenance service provide critically needed and valued services to residents. It sits at the heart of our approach to maintaining and improving housing quality, and the Council has a duty to ensure residents are safe and enjoy a good standard of living.
  
- 4.2. The Hammersmith and Fulham Business Plan represents the Council's offer to its residents and communities for the administration and has guided the Council's strategy and vision for repairs and maintenance services. The proposals outlined in this report align with our core principles as follows:
  - **Building Shared Prosperity:** Designing and delivering a high-quality, responsive and value for money repairs and maintenance service will ensure that the Council's assets are invested in and maintained. Good quality provision of repairs services will ensure residents feel confident and supported. We will maximise the financial and social return on investment of the model by incentivising providers to put forward proposals that deliver against our key social outcomes, maximising local employment, creating opportunities for local businesses to deliver repairs services and identifying apprenticeship opportunities.
  - **Creating a compassionate Council:** Residents rightfully expect to live in high-quality, well-maintained accommodation. The Council's commitment to establishing a high-quality safe repairs and maintenance service is an important way of ensuring this. When something goes wrong in one of our properties, this is often when our residents and tenants need our support the most. We will ensure our repairs service is responsive and personalised to meet needs.
  - **Doing things with residents and not to them:** Residents have a significant stake in the quality of repairs and maintenance services. They have informed us repairs and maintenance services are important to them and their experience of living in H&F managed homes. We are keen to invest in a high-quality customer experience for all tenants and residents accessing our repairs service and have invested in an in-house customer service centre to support this commitment.
  - **Being ruthlessly financially efficient:** Investment in repairs and maintenance services represents value for money as timely and early repairs and maintenance work can reduce the need for costly and length capital investment/stock refurbishment replacement programmes. Long-term recommissioning of repairs represents an excellent opportunity to drive commercial value for money through offering providers cross-cutting opportunities to provide a range of repairs and maintenance services.

- **Taking pride in Hammersmith and Fulham:** Investing in our housing stock is a key element of demonstrating our pride in Hammersmith and Fulham. A quality repairs and maintenance service will ensure residents can live in properties they are proud of, and the Council is investing in an estate residents can take pride in. The communal repairs programme undertaken by H&F Maintenance which has received positive feedback.

4.3. The Council is committed to providing a repairs and maintenance service that is high-quality, efficient and responsive to the needs of our residents. Our residents are a key partner in developing our vision for repairs services and are engaged in the future model. As a result of this engagement, we have identified the following key priorities for the long-term model, which will deliver against the administration's manifesto promises:

- Every repair should be completed to a 'quality-performance' standard, whether delivered by the Council directly or providers
- Repairs and maintenance Services should represent good value for money to residents
- Every resident should be aware of the repairs service, how to access it, and how it should work for them. This is captured in the resident handbooks, which will be shared with every resident
- The Council should get the best social return on its investment in repairs services, including identifying opportunities for young people and local businesses to be a part of the long-term solution
- Repairs and maintenance services should be sensitive and personalised around the needs of every tenant, ensuring every repair takes account of each resident's individual circumstances and requirements
- The Council should ensure the long-term model is as flexible as possible, ensuring repairs and maintenance service can develop over time.

#### **The interim model**

4.4 The interim repairs solution was put in place following the termination of the Mitie contract. The model and budget was approved by Cabinet in March 2019 and that a further report to Cabinet would set out the proposed long-term model and procurement. The interim model was developed, procured and put into operation in six months. The priority was to minimise the risk of service failure and to establish some core principles for the long-term procurement. The second phase was to be delivered in a 12 to 15-month timeframe and include as much learning as possible from the interim solution.

4.5 In considering the long-term options it is important to reflect on the successes, problems and issues from the set up and operation of the interim solution. It was inevitable given the short timescale (6 months) for putting in place the interim solution that there would be areas for revision, refinement and potentially rethinking. The following highlights the current position:

## Overview

- 4.6 General repairs provision:** the procurement of three geographically based general repairs contractors has worked well. Competition between the contractors is positive and delivery improved from the previous arrangements. To drive improvement, we are now able to benchmark and compare the service provided to each of the geographical areas. There is greater transparency of provision and performance of general repairs services, and contract management arrangements are significantly improved as a result of this change. Enhanced clienting has improved service delivery, with a greater focus on performance and quality. The Council has gathered new insight into the value for money of delivery as a result of comparing costs, volumes between areas, will mean the Council is well-placed to procure the service.

### Early performance highlights

It is too early to fully assess the major changes to the repairs service as these have only been operational since April 2019. However, there are some encouraging areas of performance from the first four months of operation this includes:

- over 95% of all jobs ordered are now completed on the first visit,
- 99% of our highest priority jobs (24hr target) are completed within target,
- 100% of forward planned repairs are completed within our targets,
- 97% of our non-emergency jobs are completed within our targets.

This performance is particularly impressive given the significant amount of legacy work presented to the service since its inception. Since starting we have received 28,122 jobs (Apr-Jul 19), a significantly higher number of jobs than anticipated based on data received from the previous contractor.

**Conclusion:** The positive feedback received and improved transparency and performance resulting from the interim model supports retaining three general geographical repairs contractors in the long-term model. In addition, with the ongoing uncertainty and implications arising from the negotiations of the UK's exit from the European Union, there are ongoing and significant risks of provider failure. This model builds in resilience to provider failure, and we will ensure contracts allow for any of the three providers to cover other areas in the event of an unexpected contract termination.

- 4.7 Hammersmith and Fulham Maintenance:** the Council's newly formed in-house service team has delivered on its initial expectations and has enabled the Council, for the first time, to invest in a high-quality and responsive communal repairs programme. Resident feedback on the quality of the service provided by this team is positive. Its flexibility means it is adding value by delivering handyperson services to sheltered housing, a step-change in communal repairs, estate inspections follow-on works, complex repairs and actions identified from Fire Risk Assessment works.

### Early performance highlights

- H&F Maintenance has delivered over 4,200 repairs from April to July.

- It was accredited under the National Inspection Council for Electrical Installation Contracting (NICEIC),
- It is seeking further professional accreditation to undertake key elements of our specialist inspection and specialist work programmes.
- The service has delivered a significant amount of legacy work.

These developments represent an excellent opportunity to demonstrate the value of in-house delivery and the benefits to residents this can bring.

**Conclusion:** While the service is newly formed, the development and future growth of H&F Maintenance needs to happen in a phased way with its role expanding in line with the growth in its potential capacity and capability. For this reason, the various services being procured will have sufficient contract flexibility to allow specific additional services and functions to be undertaken by H&F Maintenance over time. A business plan for the service is being developed as to how it will deliver a wider offer across housing and estates, in line with the long-term model. There is scope to extend beyond its core focus, the wider delivery of services to estates, and elements of the wider repairs and maintenance model. There is a specific opportunity to explore providing the wider asset management support services across the Council, particularly facilities management services.

- 4.8 Customer Service Centre (CSC):** The implementation of the in-house CSC represents a significant achievement. It enables full visibility and control of customer experience across repairs services. Residents have responded positively to this at a recent 'Residents Voice' and 'Summer Roadshows', that the customer service centre is responsive and helpful and understanding a repair. The in-house customer service centre provides employment opportunities to staff internally and residents. Approval of the long-term approach to repairs provides a platform for continuing to develop a high-quality customer experience for all residents contacting housing services.

#### **Early performance highlights**

- 90% of residents find customer service operatives helpful.
- The call-back function has been positively received by residents
- Over 30 compliments have been made about the service

**Conclusion:** The continuous review of the service is showing benefits with residents reporting an improved customer experience, particularly on the end-to-end completion of repairs jobs. Residents have fed-back the future repairs service should be with an on-going commitment from the Council to manage excellent customer contact. Residents are keen to see the Council pilot new ways of contacting the call-centre, ranging from permanently embedding the call-back function and investing in new ways of reporting repair enquiries. We are actively developing digital reporting applications which will be mobile accessible to all residents, online reporting forms and tools, expanding our e-mail contact offer and piloting the use of reminder texts. The customer service centre is exploring opportunities to pilot an extension of opening hours to support periods of significant demand, such as evenings and weekends.

These elements of resident input and feedback provide opportunities that are being actively explored by the customer service centre business plan.

- 4.9 Specialist providers:** Specialist contracts were put in place to ensure the Council meets its health and safety compliance priorities. Having individual contracts in place for individual specialist services provides the Council greater assurance and oversight of compliance. These services are being reviewed to capture learning as well as wider best practice.

#### **Early performance highlights**

We've seen significant improvements in the performance of our specialist repairs contracts.

- 100% LGSR annual certification.
- 98% of our priority gas repairs (24hr) are completed within target.
- 99% of non-emergency gas jobs have been completed within our targets.
- 92% of gas repair jobs are now completed within one visit.
- 100% of our urgent electrical door entry repair jobs have been completed within 24 hours.

These achievements are set against a backdrop of significant legacy demand.

**Conclusion:** The broad direction of specialist contractors will be maintained for the long-term. The list of services to be procured is set out in (Exempt Appendix 1) to this report. Where frameworks were used under the interim model and had generic specifications these will be rewritten to LBHF requirements. Opportunities to get best value from the procurement process by combining or re-defining the service structure are now included in the procurement strategy.

- 4.10 Commercial model:** The simplified arrangements of the higher repair limit and average void cost is easier to manage in the interim model has allowed Council staff to focus on getting the new team in place and the model mobilised. Initial analysis indicates over the course of 5-year contracts, this will result in reduced costs of provision which can be re-invested in stock. This approach has put the focus back on the speed and quality of delivery, ensuring that financial controls are still in place for the most costly and complex repair jobs. The costs of the new model are in line with expectations however number of jobs being raised higher than anticipated. Monthly contract meetings are taking place with all suppliers, which is providing the opportunity to resolve issues and drive improvements in service.

**Conclusion:** The simplified model and strengthened contract management has improved the commercial governance of repairs spend. The overall costs of the model are expected to be in line with expectations. However, it is too early to determine accurate spend level as the number of jobs raised is higher than forecast. Work is underway to project the future costs of the long-term service (summarised at 4.12).

- 4.11 Technology and systems:** A number of key interim system solutions were implemented to facilitate the interim model. The move from a single provider,

to a model of over 20 contractors, an in-house service team and a completely new in-house customer service centre was a significant challenge for ICT. There are two main elements of the future programme to be delivered, a) the ongoing improvement and implementation of the system architecture put in place to support the interim model, and b) the eventual change to be brought about when a new Integrated Housing Management System is implemented.

**Conclusion:** The implementation plan for these changes is driven by two considerations. Firstly, the Council is currently commissioning an integrated housing management system (agreed by July Cabinet), which is running concurrently to this process, but will be mobilised at a later date to the implementation of the repairs and maintenance model. This means the interim systems and technology arrangements in place currently will need to be 'rolled over' into the long-term model. Once the new integrated housing management system is implemented, this will result in a change to provider's systems and processes to integrate. Appropriate commercial terms are built into specifications across all lots, that make clear to providers that systems change and integration will be managed in two phases and costs of this should be factored in by providers. The intention being to ensure minimal future commercial negotiation between the Council and providers to implement systems changes. The dependency between this project and the integrated housing management system will be closely managed.

#### 4.12 **Budgets, Costs and the Commercial Model**

**Revenue budget:** Learning from the interim model has highlighted the previous contract for the delivery of repairs and maintenance likely represented an underinvestment in the Council assets with a low specification for key parts of the service under the previous contract. This is evidenced by the significant amount of new repairs requests experienced by the service on the launch of the new model. In addition, a higher quality standard for voids is being developed for the future model. The existing standard under the old service was very low. This has led to the average number of repairs against newly let properties being above what would normally be expected. There are also a higher number of complaints from tenants who move into newly let properties. Developing the specification so that it presents an opportunity to invest in the stock and improve resident satisfaction should reduce the number of responsive repairs and reduce reactive costs.

The Council has made proactive policy decisions to invest in repairs and maintenance services. Specifically, the decision to invest in an in-house customer service centre, the creation of H&F Maintenance to deliver a new communal repairs programme, and a greater focus on compliance works delivered through specialist contractors.

Work is underway to model the future projected long-term costs of repairs and maintenance model. The next phase of the programme will focus on establishing a) what the full first-year of demand, work and requests are, building in the work we know is required to bring our buildings back to a baseline of maintenance and compliance, b) driving as much commercial and



financial value through the competition with negotiation process to ensure as much funding made available for repairs and maintenance is spent improving the quality of housing, and c) building a true 5-year budget model for the service to maximise investment in a high-quality repairs and maintenance service. This will be incorporated into the Council's HRA business and financial plan and the 2020/21 budget for the 2020/21 financial year.

- 4.13 **Transformation Reserve:** additional support will be required to deliver the long-term repairs and maintenance model. Given the procurement approach proposed by Corporate Procurement additional commercial and procurement advice will be required to manage and support the delivery of the new contracts. This investment will be vital to ensure that the contracts deliver quality and represent value for money given the length of contracts which are being proposed. Additional capacity is required to deliver the technical system changes and ensure that these are built into the specification which will enable the Council greater control over the clienting of contracts.

Where possible costs will be contained within existing budgets but specialist support for the programme is required. Cabinet is asked to approve this spending for the upcoming period. It includes a procurement team to manage the complex tender evaluation and negotiation and a specialised project management team responsible for delivering the procurement and mobilisation of the new model. Total project costs for 2019/20 are estimated to be £537,000 and £290,000 for 2020/21. A high-level breakdown of these costs is set out below. It is recommended that this funded by uncommitted balances on the Transformation reserve.

Task	2019/20	2020/21	Total Projected Cost
	£000s	£000s	£000s
Procurement Team	318	173	491
Specialist Programme Team	200	101	301
Legal Services	13	13	26
ICT Business Analyst and Procurement Evaluation Support	6	3	9
<b>Total</b>	<b>537</b>	<b>290</b>	<b>827</b>

- 4.14 **Competition with negotiation (CPN):** the proposed procurement approach is Competition with Negotiation, is preferred owing to the complexity of the contracts being procured. This is a restricted procedure to allow negotiations to improve the quality of the contracts while providing value for money. The timeline will comprise a pre-qualification selection whereby the Council only takes forward bids from companies that pass compliance against minimum standards. Tenders from only compliant bids will be evaluated against quality and price criteria, with a further stage of negotiation if necessary.

The negotiation can only be on bidders' tenders to improve their content. It is possible some of the lots will move straight to award without negotiation where a bid clearly provides the best value and service levels. The Council has previously used this approach on its leisure service contracts.

## **5. NEXT STEPS**

5.1 Procure long-term contractors to work alongside the new in-house service from July 2020. These contractors will undertake:

- Responsive repairs and voids (three contractors by region)
- Complex Works
- Gas (including Landlord Gas Safety Checks)
- Electrical (including Electrical Installation Condition Reports)
- Asbestos removal

5.2 Procure a range of required services to support the planned works and compliance workstreams and the customer service centre, including:

- Asbestos Surveyors (must be separate from asbestos removals)
- Out of Hours Call Handling
- Materials and Goods

5.3 Procure solutions to the H&F Maintenance's goods and fleet requirements.

5.4 This report seeks approval in accordance with Contract Standing Order 8.12 for the Business Case and Procurement Strategy for the long-term contracts.

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

6.1 A Service Review Team (SRT) has undertaken a service review in accordance with Contracts Standing Orders. Exempt Appendix 1 sets out the commercial and procurement option with an analysis of these.

## **7. CONSULTATION**

7.1 Regular consultation and discussion on the shape of the repairs model has taken place through existing resident forums. The resident voice meeting in July focussed exclusively on resident feedback on the interim repairs model, attend by over 40 residents. This was followed up in the Summer of 2019 with 15 road show events taking place across the borough, this asked residents for their views on the new repairs service. Views were also captured at a number of resident consultation events in the autumn 2018 which informed the interim model. The Repairs Working Group and Housing Reps Forums have also regularly been updated on the new repairs model. All of these views were possible will help shape the specification of the new contracts.

7.2 In line with the Council's commitment to work with residents it is proposed in the procurement strategy to directly involve residents in the evaluation of the

repairs bids received. Residents will be from residents already engaged through existing forums. A training programme will be put in place for any resident who takes part.

- 7.3 As set out in Exempt Appendix 1 the Council will consult with residents. In particular, there is a statutory obligation to consult with leaseholders in order to recover, wherever possible, the costs of works carried out under the contracts.

## **8. 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, from these proposals.

*Implications verified/completed by: Implications completed by: Fawad Bhatti, Social inclusion Policy Manager, tel 07500 103617.*

## **9. LEGAL IMPLICATIONS – CONTRACTS AND PROCUREMENT**

- 9.1 The Council is obliged when letting contracts of this size to undertake a procurement in accordance with the Public Contracts Regulations 2015. The proposed recommendation complies with these requirements and the Council's Contract Standing Orders.
- 9.2 There is a proposed delegation of the Contract Award to the Strategic Director for the Economy, which is necessary as it is not specifically provided for in Contract Standing Orders.
- 9.3 The chosen procedures for the procurement of both the repairs and consultancy contracts are set out in detail in the Business Case and Procurement Strategy at Exempt Appendix 1. The Council is also under an obligation under the Public Services (Social Value) Act 2012 to consider how the letting of these contracts can benefit the social, economic and environmental well-being of their area. These are factors which will be considered and built in to the contract and procurement documents.
- 9.4 There is potential for staff transfers under the Transfer of Undertakings (Protection of Employment) Regulations 2006 from the existing contractors to the new providers.
- 9.5 Some of the works may need to be recharged to leaseholders. It will be necessary to consult with leaseholder before carrying out qualifying works or entering into a long-term contract of more than 12 months. The precise procedures for consultation is set out in the Service Charges (Consultation Requirements) (England) Regulations 2003.

*Implications completed by: John Sharland, Partner at Sharpe Pritchard jsharland@sharpepritchard.co.uk*

## **10. FINANCIAL IMPLICATIONS**

- 10.1 See exempt appendix 5.

## **11. IMPLICATIONS FOR BUSINESS**

- 11.1 The proposal has the potential to create local economic and social value, including many business opportunities for local small and medium size enterprises across various trades and services. The service will include economic and social value considerations in tender specifications and will utilise the Council's Local Supply Chain Programme to identify, engage and prepare local suitable businesses.

*Implications verified/completed by: Albena Karameros, Programme Manager, Economic Development Tel 020 7938 8583.*

## **12. COMMERCIAL IMPLICATIONS**

- 12.1 The procurement strategy is in line with the Council's CSOs and the Public Contracts Regulations (PCR) 2015.
- 12.2 The competitive procedure with negotiation (CPN) will allow the Council to negotiate all aspects of the contract, allowing for innovative solutions, ensuring best quality and value for money. Judging by the complexity of the works being procured, the CPN is most appropriate procurement procedure.
- 12.3 A market engagement exercise is encouraged to allow bidders to familiarise themselves with future opportunities. Moreover, it is encouraged that local companies are invited to either be encouraged to bid or network with larger suppliers and become part of their supply chain.
- 12.4. Regarding the waiver in the recommendation 2.3, the Cabinet may waive the requirements in accordance with the CSOs. However, OJEU limits must be considered and the value of the waiver should not exceed these, to ensure the Council is not at risk of legal challenges.

*Implications verified/completed by: Andra Ulianov, Interim Head of Procurement, 020 8753 2284.*

## **13. SOCIAL VALUE CONSIDERATIONS**

- 13.1 Social Value has to be considered as part of the quality evaluation in order to satisfy the requirement of the Social Value Act (2012). A minimum of 10% of the quality is recommendable for each procurement exercise.
- 13.2 It is recommended to quantify the number of activities that the supplier can deliver beyond their contractual obligation. This will improve the social, economic and environmental well-being of the local area (e.g. providing spent through contracts with local small and medium enterprises SMEs). These

measurements can then be made part of the contract's KPIs to ensure monitoring and delivery during the life time of the contract.

*Implications verified/completed by: Ilaria Agueci, Procurement Consultant, tel. 0777 667 2878.*

## **14. IT IMPLICATIONS**

- 14.1 As noted above, implementing the transitional repairs and maintenance arrangements for the Council required the Interim Repairs Programme team to work very closely with Corporate IT, The Economy's Systems team and Northgate (supplier of our current Integrated Housing Management System (IHMS) – iWorld) to deliver the transitional model within a very tight timescale. Implementing the long term model is likely to prove just as challenging, if not more, as this will run in parallel to the IHMS reprocurement, requiring the interim systems and technology that have been put in place to be 'rolled over' into the long-term model for the duration of the procurement period; and additional work to integrate any long term providers' systems and processes into the new technology solution adopted by the Council.
- 14.2 The Programme team will need to continue to work very closely with Corporate IT, The Economy's Systems team, Northgate and any replacement supplier(s) throughout to agree optimal solutions that make the most effective use of the Council's resources without sacrificing the quality of the repairs and maintenance service or compromising adherence to the Council's mandatory requirements (e.g. around Data Protection, IT security and PSN CoCo compliance). The aim will be to achieve:
- A leveraging of the existing H&F IT solution, as part of the "on-boarding" of any replacement suppliers, to minimise changes to the current Northgate provided interface solution or to the current iWorld configuration.
  - The minimising of the additional effort, by H&F and by suppliers, that will be required as part of the shared migration to the new IT solution.
  - Ensuring that any suppliers that are appointed as a result of this paper demonstrate their understanding and compliance with the Council's mandatory requirements (around Data Protection, IT security and PSN CoCo compliance) and are held accountable via any contracts with H&F (for example through the application of financial penalties).
- 14.3 IM Implications: (A) Privacy Impact Assessment(s) will need to be completed and kept up to date, to ensure all potential data protection risks around implementing the long-term repairs and maintenance model are properly assessed with mitigating actions agreed and implemented. For example, ensuring the inclusion of contract data protection and processing schedules or information sharing agreements as appropriate, and ensuring the completion

of (Cloud) Supplier Security Checklists so systems used by any suppliers comply with H&F's regulatory and Information Security requirements.

- 14.4 Any contracts 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. Any suppliers appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

*Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager – 020 8753 5748.*

## **15. RISK MANAGEMENT IMPLICATIONS**

- 15.1 The Council requires a repairs service which meets its objectives, which provides flexibility in how it manages its housing asset to deliver a higher level of resident satisfaction in its repairs service, which ensures compliance with all statutory health and safety requirements and which delivers on a range of other policies including social value and use of local suppliers. In line with the ruthlessly financially efficient priority, the Council also needs to demonstrate that the repairs service demonstrates and delivers value for money in managing and maintaining its housing stock to an appropriate standard.
- 15.2 In terminating the previous contract and putting transitional arrangements in place that would lead to a permanent in-house service team being established, officers identified a range of risks associated with managing notice and transitional periods and have updated those risks to reflect their review and learning from the first six months of the transition period, as set out in Exempt Appendix 3.
- 15.3 It is essential that appropriate project management resource and governance arrangements are put in place and that the project risks are reviewed and managed by the proposed Corporate Repairs Board. The project risk register needs to include key interdependencies with other change programmes taking place across the Council during the notice and transition period, including but not limited to the West King Street regeneration/Town Hall Decant programme and the Desktop Strategy programme, and the mitigations which need to be put in place to minimise impact on meeting the objectives of this and other programmes.
- 15.4 The Corporate Repairs Board should regularly review the appointed contractors and in-house service team performance during the transition period to enable decisions regarding early withdrawal or reprocurement of services, due to poor performance.

- 15.5 The Corporate Repairs Board will need to ensure that all new contracts are procured in line with the Public Contracts Regulations (PCR) 2015 and with the Council's Contracts Standing Orders. These actions will mitigate the risk of contract/procurement challenge.
- 15.6 Officers have identified that a further report to Members will need to set out the final repairs and maintenance budget requirements arising from the Commercial model adopted, following the completion of the upcoming procurement exercises. As set out in previous risk comments, the risks and opportunities (financial and non-financial) with the proposed operating model need to be clearly set out, once costs and structures have been finalised, both for the transition period and beyond, as do the governance and legal framework within which the DLO will operate.

*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:**

Exempt Appendix 1 – Business Case & Procurement Strategy  
Exempt Appendix 2 – Overview of Lot Structure  
Exempt Appendix 3 – Risks  
Exempt Appendix 4 – Contracts to be extended by 3 months  
Exempt Appendix 5 – Finance Comments

# Agenda Item 16

<p>London Borough of Hammersmith &amp; Fulham</p> <p><b>CABINET</b></p> <p><b>7 OCTOBER 2019</b></p>	 <p>h&amp;f hammersmith &amp; fulham</p>
<p><b>PROCUREMENT STRATEGY AND BUSINESS CASE IN RELATION TO THE RECOMMISSION OF STATUTORY ADULT ADVOCACY SERVICES</b></p>	
<p><b>Report of the Cabinet Member for Health and Adult Social Care – Councillor Ben Coleman</b></p>	
<p><b>Open Report with Exempt Appendix</b> Appendix 1 to this report is currently 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><b>Classification: For decision</b> <b>Key Decision: Yes</b></p>	
<p><b>Consultation:</b> Operational teams within adult social care have been consulted about the current service and proposed changes to the model of delivery. Community safety were consulted over the potential to align procurement exercise with that for Independent Domestic Violence Advocates.</p>	
<p><b>Wards Affected:</b> ALL</p>	
<p><b>Accountable Director: Lisa Redfern, Strategic Director of Social Care</b></p>	
<p><b>Report Author:</b> Rebecca Richardson</p>	<p><b>Contact Details:</b> Email: <a href="mailto:Rebecca.Richardson@lbhf.gov.uk">Rebecca.Richardson@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks the pre-tender approval for the procurement strategy in respect of a Partnership Advocacy Service in which a lead provider will act as the main front door and work with partners to deliver all statutory advocacy services for adults in Hammersmith & Fulham and approval for the Strategic Director of Social Care to have delegated authority to extend the contract in consultation with the Lead Member for Health and Adult Social Care.



- 1.2. The scope of the re-commission are the advocacy services outlined in the Care Act 2014, Health and Social Care Act 2012, Mental Health Act 1983 and the Mental Capacity Act 2005.
- 1.3. The re-commission would see providers take forward a partnership model in which one lead provider would be responsible for the overall service and use partners to deliver more specialist forms of advocacy.
- 1.4. This model would encourage providers to consider their contribution to the local social infrastructure of the borough and develop social value.
- 1.5. In using this model, we estimate to make up to 15 - 20% in savings on the current contractual arrangements by reducing the number of contracts in place. The total contract value over 5 years would be less than £1,190,000.
- 1.6. This model will be supported by our non-statutory advice partnership, made up of services provided by Action on Disability, H&F Law Centre, and H&F Citizens Advice.

## 2. **RECOMMENDATIONS**

That Cabinet approves:

- 2.1. The Business case and Procurement Strategy at Appendix 2 for the commissioning of statutory adult advocacy services to start on 1 April 2020 for a duration of three years with an option to extend for a further two year period.
- 2.2. That a partnership model be tendered in which a lead provider would act as the front door for all advocacy services and take responsibility for the contract monitoring and quality assurance of partners. This is in order to give consideration to social value and improving the local social infrastructure.
- 2.3. To delegate the decision to extend the contract beyond the initial period to the Strategic Director of Social Care in consultation with the Cabinet Member for Health and Adult Social Care.

## 3. **REASONS FOR DECISION**

- 3.1. The current contracting arrangements are complex. We currently have six different contracts to deliver the areas of statutory advocacy through four different providers. Change is needed to streamline the current contractual arrangements.
- 3.2. The current contracts have now been aligned so that they all end on 31 March 2020. With the exception of the Independent Health Complaints Advocacy (a consortium contract which could be extended for one more

year), all contracts have exhausted the limits of extension. A procurement exercise should therefore be conducted to ensure we are legally compliant.

- 3.3. We want to make the service easier to navigate for residents and those making referrals.
- 3.4. We want to allow Hammersmith & Fulham Council to have better oversight over contracts and opportunity to develop the market through partnerships.
- 3.5. Our non-statutory information advice and guidance services, which are contracted until end March 2028, support residents with a range of issues that are outside of health and social care. We want our advocacy services to develop strong relationships with these advice services to be able to signpost and re-refer as appropriate.
- 3.6. We want to encourage and develop the market and build our local social infrastructure, enabling statutory services to signpost our residents more to the third sector where relevant.
- 3.7. The recommended option has been informed by the principles set out by the Department of Health and Social Care against which the (much-delayed) Health and Social Care Green Paper will be developed, namely:
  - Quality and safety embedded in service provision;
  - Whole-person, integrated care with the NHS and social care systems operating as one;
  - The highest possible control given to those receiving support;
  - A valued workforce;
  - Better practical support for families and carers;
  - A sustainable funding model for social care supported by a diverse, vibrant and stable market; and
  - Greater security for all – for those born or developing a care need early in life and for those entering old age who do not know what their future care needs may be.

#### 4. **BACKGROUND AND CONTEXT**

- 4.1. The services outlined in this report are enshrined in four key statutory areas under the Care Act 2014, the Health and Social Care Act 2012, Mental Health Act 1983 and the Mental Capacity Act 2005.
- 4.2. The table below outlines the breakdown of current commissioned adult advocacy services in the borough and what duty it relates to. The financial information is provided in exempt Appendix 1:

<b>Advocacy Type</b>	<b>Contractor</b>	<b>Contract End Date</b>
<b>Care Act with specialism in physical disability</b>	Action on Disability (AoD)	March 2020
<b>Care Act with specialism in learning disabilities</b>	HF Mencap	March 2020

<b>Care Act with specialism in mental health and individuals under a CTO</b>	HF MIND	March 2020
<b>Independent Mental Health Advocacy (IMHA)</b>	HF MIND	March 2020
<b>Independent Mental Capacity Advocacy (IMCA)</b>	Pohwer – 5 London Borough Consortium	March 2020
<b>Independent Health Complaints Advocacy (IHCA)</b>	Pohwer – 20 London Borough Consortium	March 2020

- 4.3. The three contracts currently operating to provide residents with support under the Care Act have been in operation in Hammersmith & Fulham since 2009 and have been amended to deliver Care Act Advocacy. This reprocurement offers an opportunity to redefine the Care Act advocacy specification.
- 4.4. In addition, the reprocurement allows for flexibility to cover new advocacy provision as a result of the Mental Capacity (Amendment) Act 2019, which will come into effect during 2020.
- 4.5. Our model would be supported by the non-statutory information, advice and guidance in the borough managed by the Council's Community Investment Team.
- 4.6. As a key part of our model, statutory advocacy services would also work to signpost residents to local services where relevant, thereby building up our local social infrastructure and knowledge base. This also adds sustainability by offering residents the option of support once their threshold of need falls below the statutory requirement but when they may still need further support.
- 4.7. The advocacy provider market is limited to a small number of national organisations, and localised specialist providers.

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

### 5.1. **Options**

- 5.2. The following table sets out the options of service model delivery.

<b>Option</b>	<b>Description</b>	<b>Recommendation</b>
<b>Multiple Provider Model (current arrangement)</b>	The March 2020 contracts are currently delivered as a multiple provider model, each with individual contracts and scope.	<b>Not recommended</b>
<b>Partnership Model</b>	A lead provider would tender together with other smaller providers as a partnership.	<b>Recommended model</b>
<b>Single Provider Model</b>	Commission a single provider to deliver the range of statutory advocacy services	<b>Not recommended</b>
<b>Lead Provider and Sub-contractor Model</b>	This model would see a larger provider lead on the contract and sub-contract where needed to deliver specialist advocacy services	<b>Not recommended</b>

### 5.3. **Analysis**

A summary analysis is given below. A detailed analysis of procurement options is at Appendix 2, section 4.

### 5.4. **Option 1: Multiple Provider Model**

The contracts are currently delivered as a multiple provider model, each with individual contracts and scope. This makes contract monitoring very resource intensive and can result in a variable quality offering. The model needs to be changed in order to streamline the referral process, provide clearer and more cost-effective ways of monitoring outcomes and ensure consistent quality. This option is not recommended.

### **Option 2: Partnership Model**

5.5. This model aims to reduce the current multiple contracts to one with a lead provider. It would develop the market whilst providing the specialist provision needed and allowing H&F Council to have full sight of partners (with whom the lead provider would sub-contract). The lead provider would act as a front door for residents and referrers, therefore streamlining the process.

5.6. This model allows for local providers to be part of the partnership. We would encourage added social value through the themes of jobs, growth, community, environment and innovation. A particular focus in this tender would be growth by embedding social value in the supply chain and creating more opportunities for local SMEs and VCSEs.

5.7. By creating partnerships where there were previously multiple contracts, we expect to make an estimated saving of up to 15-20% per annum while maintain service quality. The aim is to reduce the number of contracts to one with a lead provider. This is the recommended option.

### 5.8. **Option 3: Single Provider Model**

This model would make it more difficult for specialist services such as Independent Mental Health Advocacy (IMHA) and Independent Mental Capacity Advocacy (IMCA) to be delivered alongside Care Act advocacy by one provider due to the nature of the market. It does not provide scope to develop the market locally and offers less opportunity to build on our local social infrastructure. This option is not recommended.

5.9. **Option 4: Lead Provider and Sub-contractor model**

This option would risk the council losing control over the number and quality of sub-contracting relationships as these would not necessarily be set out in the tender and could change over time. It also reduces the level of influence that we can have over the social value of the contract. This option is not recommended.

**6. EQUALITY IMPLICATIONS**

6.1 It is not anticipated there will be any direct negative impact on groups with protected characteristics, under the Equality Act 2010, by the approval of recommended option. The proposals offer service continuity that benefits certain protected groups.

6.2 Commissioned adult advocacy services provide vital assistance to Disabled residents in particular and help us meet our legal duties as outlined in this report.

6.3 A completed Equality Impact Assessment is attached at Appendix 3. The analysis indicates an overall neutral impact.

6.4 Implications completed by Fawad Bhatti, Policy & Strategy, Tel. 07500 103617.

**7. LEGAL IMPLICATIONS**

7.1. Approval of a Procurement Strategy and Business Case, as set out at Appendix 2, is a requirement for all contracts in excess of £100,000 (see Contract Standing Order (CSO) 8.12).

7.2. The proposed contract in respect of the provision of statutory adult advocacy services falls under the category of “Social and other Specific Services” under the Public Contracts Regulations 2015 (PCR). The existing EU threshold for such contracts under the PCR is £615,278. The value of the proposed contract exceeds this threshold, therefore the provisions under the PCR apply in full. In the absence of a suitable framework agreement, a procurement exercise must be undertaken in order to comply with the PCR, as well as CSO 10.2 (table 10.2b). The ‘Light Touch Regime’ under regulations 74-76 of the PCR applies to this contract. Accordingly, a contract notice must be published in the Official Journal of the European Union prior to the procurement process, followed by a contract award notice at the conclusion of the procurement process. The PCR require a

competitive award process to be undertaken and the Contracting Authority may determine the procedures to be applied. Here, it is proposed to adopt a process which mirrors the 'open' procedure. This complies with the PCR and the CSOs.

- 7.3. Furthermore, under the council's CSOs, table 10.2b, for an above-Threshold services contract the council must use an existing framework agreement or publish a contract notice in the Official Journal of the European Union ("OJEU"), along with an opportunity listing on the council's e-tendering system web page (capitalesourcing.com) and publication of a contract notice on the government's Contracts Finder website.
- 7.4. The proposal is to tender for one service provider who will act as a lead provider and be responsible for the provision of all statutory adult advocacy services. Officers should seek advice on the appropriate terms and conditions for this proposed arrangement.
- 7.5. This report seeks to delegate the decision to extend the contract for a further period of two years following the expiry of the initial three-year term to the Strategic Director of Adult Social Care in consultation with Lead Member for Health and Adult Social Care. This delegation is permitted under CSO 17.3.1 and 8.12.2.
- 7.6. Implications completed by Hannah Ismail, Solicitor, Sharpe Pritchard LLP, external legal advisers seconded to the Council, Tel. 0207 405 4600.

## **8. FINANCIAL IMPLICATIONS**

- 8.1. The cost of the recommended proposal in paragraph 2.1 above will be funded from the existing Social Care advocacy budget provision. The total financial revenue resources available are £238,500.
- 8.2. There are no financial implications arising directly from this report. Any future implications that may be identified as a result of the tender process will be presented to the appropriate board and governance channels in a separate report.
- 8.3. Implications completed by Prakash Daryanani, Head of Finance Social Care, Financial Planning & Integration Team, Tel. 020 8753 2523.
- 8.4. Implications verified by Emily Hill – Assistant Director (Corporate Finance), Tel. 020 873 3145.

## **9. IMPLICATIONS FOR BUSINESS**

- 9.1. The proposed model encourages the lead provider to embed systems and processes that help our local providers be more professional, and support with business continuity. Also, the lead provider will support recruitment and the social value ask will build a local pool of potential advocates. This will support local business capacity and resilience.
- 9.2. Implications verified by Albena Kameronos.

## **10. PROCUREMENT IMPLICATIONS**

- 10.1. The procurement strategy is in line with the Council's CSOs and the Public Contracts Regulations (PCR) 2015. Given the limited market availability of statutory advocacy services, an open procedure is the most appropriate procurement procedure. The total value of the contract is estimated to be over the statutory threshold for Schedule Three services. As a result, the opportunity will be published in Tenders Electronics Daily and Contracts Finder.
- 10.2. The awarding criteria of 60:40 ratio of quality and price will ensure the contract will be awarded to the most advantageous tender. Tenderers will be evaluated by the Tender Appraisal Panel (TAP), in accordance with the CSOs. All evaluation and moderated scores will need to be logged on the e-tendering system for audit purposes.
- 10.3. The model proposed encourages the development of the local advocacy market, supporting the Council's commitment to local spend.
- 10.4. Implications verified/completed by Ilaria Agueci, Procurement Consultant, Tel. 0777 667 2878.

## **11. SOCIAL VALUE CONSIDERATIONS**

- 11.1. Social value will be considered as part of the quality evaluation set at 5%. This satisfies the requirement of the Social Value Act (2012).
- 11.2. In this tender a National Social Value Calculator will be used for the first time to test the tenders' return. The aim is to be able to measure social value outcomes in economic value.
- 11.3. The Calculator will enable the Council to quantify the number of activities that the supplier can deliver beyond their contractual obligation. This will improve the social, economic and environmental well-being of the local area (e.g. providing spend through contracts with local small and medium enterprises or SMEs). These measurements can then be made part of the contract's key performance indicators (KPIs) to ensure monitoring and delivery during the life time of the contract.
- 11.4. Implications verified/completed by Ilaria Agueci, Procurement Consultant, tel. 0777 667 2878.

## **12. IT IMPLICATIONS**

- 12.1. No IT implications are considered to arise from this report as it seeks approval for a commissioning and procurement plan for adult statutory advocacy services in Hammersmith & Fulham to be delivered by multiple partners, with a lead provider acting as a single front door for service users. 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 sharing service

user data with providers) arising from this model are properly assessed with mitigating actions agreed and implemented – for example, ensuring that any IT suppliers to any providers have completed (Cloud) Supplier Security Checklists to ensure the systems used by the providers comply with H&F’s regulatory and information security requirements.

- 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. Any suppliers appointed as a result of this model will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection 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 IMPLICATIONS**

- 13.1. The proposals will ensure that the council will continue to be a Compassionate Council. Additionally, the estimated savings will contribute to the council’s Being Ruthless Financially Efficient priority, with best value achieved through the tendering process. Details of the risks and issues implications identified by the Service Review Team are given in Appendix 2. The council’s statutory duties will be met in accordance with the corporate risk register entry, risk 7 and the risk management strategy.
- 13.2. Implications verified by Michael Sloniowski, Risk Manager, Tel. 020 8753 2587.

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

None

### **LIST OF APPENDICES**

- Appendix 1 – Exempt Financial Information
- Appendix 2 – Business Case & Procurement Strategy
- Appendix 3 – Equality Impact Assessment



**REPORT RELATING TO  
PROCUREMENT STRATEGY; and  
PROJECT MANAGEMENT AND GOVERNANCE  
FOR PARTNERSHIP MODEL FOR STATUTORY ADULT ADVOCACY**

**BUSINESS CASE**

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

- 1.1. This report seeks the pre-tender approval for the procurement strategy in respect of a Partnership Advocacy Service in which a lead provider will act as the main front door and work with partners to deliver all statutory advocacy services for adults in Hammersmith & Fulham.
- 1.2. The current advocacy arrangements have largely been in place since 2009. There is a strategic need to recommission the services, bringing together the disparate contracts. The current arrangement has six different contracts outlined in the report above. The contracts are a mix of: fixed price block contracts; priced per hour; or variable depending upon remote or face-to-face. This makes it difficult to compare value and outcomes across the piece.
- 1.3. The current services that will be brought together by this procurement include:
- Independent Mental Capacity Advocacy (Including Liberty Protection Safeguards and Relevant Paid Person Representative)
  - Independent Mental Health Advocacy
  - Independent Advocacy Under the Care Act (specialisms in physical disabilities, learning disabilities and mental health)
  - Independent Health Complaints Advocacy.

**2. STRATEGIC CONTEXT**

- 2.1. This procurement strategy is about the provision of statutory advocacy. 'Advocacy is taking action to help people say what they want, secure their rights, represent their interests and obtain services they need. Advocates and advocacy providers work in partnership with the people they support and take their side. Advocacy promotes social inclusion, equality and social justice.'<sup>1</sup>
- 2.2. The requirements for this are set out in four different pieces of legislation, namely:
- 2.3. Care Act 2014: Care Act Advocacy  
The Care Act says Local Authorities must:
- include people in the decisions that are made about them and their care and support;

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<sup>1</sup> Definition taken from Advocacy QPM 'Recognising quality in independent advocacy' Code of Practice revised 2014

- help people to express their wishes and feelings;
- support people to make choices and help them to make their own decisions;

The Care Act also says:

- independent advocacy is about giving the person as much control as possible over their life. It helps them understand information, say what they want and what they need.
- advocacy should be considered from the first point of contact, request or referral and at any subsequent stage of the care and support process. The right to an advocate applies in all settings regardless of whether the person lives in the community or a care home and includes prisons.

#### 2.4. Mental Health Act 1983: Independent Mental Health Advocate

People detained in hospital under the Mental Health Act 1983, or who are subject to a Community Treatment Order, can ask for an IMHA. An IMHA is trained to support people in understanding their rights under the mental health act and participate in decisions about their care and treatment.

#### 2.5. Mental Capacity Act 2005: Independent Mental Capacity Advocacy and Deprivation of Liberty Safeguard (DoLS)

The Mental Capacity Act 2005 introduced the role of the IMCA as a legal safeguard for people who lack capacity to make specific important decisions, including about where they live and medical treatment options.

2.6. A DoLS IMCA is a specialist advocate working with people from all vulnerable backgrounds with all nature of impairments that can leave someone lacking capacity. They only deal with issues relating to DoLS applications. They are independent of the Safeguarding Board and safeguard the rights of people who lack capacity.

#### 2.7. Health and Social Care Act 2012: Independent Health Complaints Advocacy

IHCA is a free and independent advocacy service that helps people make a complaint about any aspect of their NHS care or treatment. This includes treatment in a private hospital or care home that is funded by the NHS.

2.8. The operational environment for advocacy is further complicated by the two key policy changes below that are likely to impact upon the scale and depth of demand.

#### 2.9. Health and Social Care Green paper

The much-delayed Health and Social Care Green Paper is promised during 2019. Early in 2018 the then Secretary of State for Health set out seven principles to guide the Green Paper, namely:

- quality and safety embedded in service provision;
- whole-person, integrated care with the NHS and social care systems operating as one;
- the highest possible control given to those receiving support;
- a valued workforce;
- better practical support for families and carers;

- a sustainable funding model for social care supported by a diverse, vibrant and stable market; and
  - greater security for all – for those born or developing a care need early in life and for those entering old age who do not know what their future care needs may be.
- 2.10. The guiding principles of highest possible control and better practical support may result in changes to the advocacy local authorities that are required to provide.
- 2.11. Mental Capacity (Amendment) Act 2019  
The Mental Capacity Amendment Bill was introduced to the House of Lords in July 2018 and received Royal Assent May 2019.
- 2.12. The principal change from the Mental Capacity Act 2005 relates to the procedures under which a person may be deprived of liberty where they lack the capacity to consent.
- 2.13. The associated Code of Practice is likely to come into effect in October 2020.
- 2.14. The tender specification will make reference to impending changes to ensure continued compliance with the law.

### **3. FINANCIAL INFORMATION**

- 3.1. The current spending across these services is £238,500 per annum. This is split across a block contract, price by hour and price by case. The breakdown of cost across the different contracts is included in exempt Appendix 1.
- 3.2. As a result of the varied nature of the contractual arrangements, it is difficult to assess fully how many hours are commissioned in total across the services.
- 3.3. The contracts with AoD, Mind and Mencap had historically covered all types of professional advocacy, including non-statutory advocacy, as they were originally commissioned prior to the Care Act 2014. It is difficult to clearly ascertain the proportion of their work that is purely Care Act-related as clients often present with a number of issues when they self-refer.
- 3.4. The proposed new model of service delivery is designed to deliver cost efficiencies through streamlining referral pathways, reducing management overheads and providing a more joined up delivery of statutory advocacy – maximising the use of complementary in-house and commissioned services to provide detailed support to resolve issues not related to health and wellbeing, care and support.
- 3.5. The lead provider would be contracted to have oversight across all elements of statutory advocacy. The delivery of the service would be worked out in collaboration with partners pre-tender, either as a percentage of the advocacy hours or by level of case need or specific type of advocacy. These proposals

will be evaluated as part of the tender process on their ability to deliver outcomes in accordance with KPIs.

- 3.6. The estimated cost of the new contract is between £190,000-£202,000 per annum. The aim is to reduce the costs through the streamlining of the new model. However, due to the amendments to the Mental Capacity Act, we are expecting the level of demand on statutory advocacy related to Liberty Protection Safeguards (LPS) to increase so the proportion of spend may alter and will need to be actively managed.

**4. OPTIONS APPRAISAL AND RISK ASSESSMENT**

**4.1. Procurement Options**

- 4.2. The procurement options for the provision of statutory adult advocacy services are as follows:
- A. Undertake an open tender procurement exercise for a new advocacy partnership to provide Hammersmith & Fulham’s statutory advocacy provision.
  - B. Lead the procurement exercise as part of a consortium with other local authorities.
  - C. Use a framework agreement that can be called off as needed to deliver advocacy services.
  - D. Directly Award the contract to the existing providers, Pohwer, H&F Mind, Action on Disability and H&F Mencap.

**Table 1: Procurement Options Appraisal**

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Recommended YES/NO</b>
A	Procurement can be tailored to meet the needs of our desired model and service specification. More likely to reach new and/ or smaller providers. Specify desired social value to come from the contract. Achieve efficiencies of scope.	Time consuming and more costly to the Council.	YES
B	May be able to attract a more diverse range of suppliers and achieve greater efficiencies of scale.	Less likely to support local providers. Council would have reduced influence over tender specification. Reduced influence over social value.	NO
C	Quicker and would require	Less likely to support local	NO

	less investment from the Council.	providers. Council would have reduced influence over tender specification. Reduced influence over social value.	
D	Already have relationships with existing providers.	The case for change has been outlined in the above report.	NO

#### 4.3. Risk Assessment

**Table 2: Proposed Model Risk Assessment**

<b>Risk</b>	<b>Mitigating Action</b>
New model does not meet potential increased demand in advocacy services.	As part of specification, tenderers will be asked to support the development of 'appropriate persons' where possible in order to reduce demand and prevent returning service users.
Lead provider does not effectively quality assure and monitor the outcomes delivered by partner providers.	Tenderers will be asked to stipulate how they will monitor this and have agreed plans with partners at point of tender.
Cases that do not meet the threshold for statutory advocacy needs are not met by the third sector offer.	Specification will stipulate that providers have to build relationships with relevant third sector partner in order to support step down of cases and prevent escalation.
Potential tenderers are unable to form effective partnerships with other providers.	Market engagement to explain our proposed model and encourage providers to make relationships at an early stage.

#### 4.4. Demand for advocacy

4.5. The last full year of data available for advocacy provision within Hammersmith & Fulham is financial year 2018/19.

<b>2018/19 data on advocacy provided by type</b>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total 2018/19</b>
Care Act <sup>1</sup>	PD/ General - AoD	4	8	20	17	49
Care Act <sup>1</sup>	LD - Mencap	1	2	2	2	7
Care Act <sup>1</sup>	MH - Mind	2	11	14	4	31
Total clients seen by the advocacy partnership above <sup>2</sup>		77	78	88	75	318
IMCA	Total case numbers	22	26	20	29	97
	Of which DoLS cases were:	5	4	1	4	14

	Of which RPPR cases were:	2	10	9	10	31
IMHA <sup>3</sup>	Q1 and 2 are estimates see note 3	100	100	110	107	417
IHCA		20	19	21	28	88

#### Notes

- 1) Providers also provided non-statutory advocacy over and above these numbers.
- 2) This includes non-statutory advocacy – for 2019/20 the suppliers have been instructed to ensure Care Act advocacy is prioritised, and to log more explicitly the issues for which they are supporting residents so we can better understand the statutory Care Act advocacy demand.
- 3) Numbers represent all aspect of in-patient support by H&F Mind. Data collected by H&F CCG. H&F CCG contributed £99,000 towards IMHA: community and inpatient and managed the contract.

#### 4.6. Factors which may impact on future demand

- Refresher training with front line staff raises awareness and correlates to increased referrals.
- Changes to DoLS/ Liberty Protection Safeguard (LPS) legislation is likely to increase demand for IMCA.
- Efforts to increase rates of handling DoLS cases may increase demand on IMCA advocacy.
- Outreach work with other professionals is likely to generate increased referrals.
- Financial constraints and demand pressure on NHS provided services may result in an increase in Independent Health Complaints Advocacy.
- AoD, Mencap and Mind have been instructed to focus on statutory Care Act advocacy over 2019/20, which will enable better assessment of demand.

- 4.7. With these factors in mind it is reasonable to expect the following pattern of advocacy demand over the next three years:

	<b>Total 2018/19</b>	<b>Trajectory</b>
Care Act	318 - of which 87 were Care Act specific	Significant reduction of overall numbers as non-statutory advocacy is minimised, and work is focussed.
IMCA	97	Significant increase due to LPS legislation.
IMHA	400 - of which many were given advice only	Slight increase of detailed 1:1 advocacy due to general rise in prevalence of mental health.
IHCA	88	Static or slight increase.

## 5. THE MARKET

- 5.1. The market for adult advocacy services is limited. There is a number of national providers, but the local market is not as well developed.
- 5.2. Early market engagement has confirmed this initial assessment. There are three local advocacy providers and another three national providers who have shown interest in the scope of the tender. None of the local providers has IMCA trained and qualified advocates.
- 5.3. There is a need to draw on national expertise in advocacy in the context of a limited number of professional advocates and predicted increased demand, particularly in the areas of IHCA and IMCA. In recognition of this, our proposed model aims to support the development of local advocacy provision.
- 5.4. The table below gives an overview of the key areas of feedback from market engagement.

**Table 3: Market Engagement Feedback**

<b>Key Factors</b>	<b>Market View</b>
Proposed model	Understood the model and willingness to build links with other providers. Suggested linking in with CCG in further development of our model.
Statutory provision covered only.	Raised the risk that there could be a gap in the model as it does not cover non-statutory general advocacy. This can be mitigated by providers building better links with our 3 <sup>rd</sup> Sector Investment Fund advocacy and advice contracts to support appropriate transition of cases and step up, step down where needed.
Commitment to developing local social infrastructure.	Recognised that this is integral to partnering with H&F.
Use of a social value matrix to score tenders.	Supported the use of a matrix to help track and monitor actual value added.
Do things with residents, not to them.	Supported co-production approach and suggested groups of service users who might be happy to be involved throughout the process or at key stages.

## **6. PROCUREMENT STRATEGY**

### **6.1. Contract package, length and specification**

- 6.2. **Length:** Through our market engagement we know providers are concerned about the impact of short-term contracts on staff retention and service quality. It is therefore proposed to award a three plus two-year contract, with a six-month break clause to be activated by either party at any point in the contract.

- 6.3. Although six months is not very long to put in place new service arrangements; in the eventuality of the provider issuing notice, in line with standard business continuity practice in the sector, officers would negotiate short-term provision of the support services with another existing provider within the borough, pending tendering a new contract. It is considered that overall there is a benefit to the Council of being able to terminate a contract that is not meeting the needs of residents within a six-month period.
- 6.4. **Specification:** The full specification will be co-produced for the invitation to tender exercise in October and will detail the front door/ referral pathway as well as the service specific requirements for each advocacy type.
- 6.5. **Management:** Hammersmith & Fulham Adult Social Care will manage the contract through regular quarterly contract monitoring meetings. Additionally, the contract will allow for additional spot checks and site visits to the providers within the Partnership at any time to audit policies, procedures and to provide quality assurance.
- 6.6. **Key Performance Indicators**
- 6.7. KPIs will be co-produced with advocacy service users in targeted workshops as part of the specification. The KPIs will be reflective of the key outcomes that we want our advocacy services to deliver.
- 6.8. Key outcome domains will be as follows:
- Residents have a voice that is heard and listened to because:
    - advocates work to co-produce a person centred action plan with residents that meets their desired goals;
    - advocates work to feed back to the local authority, CCG and where appropriate third sector organisations where their case work encounters areas for service development; and
    - advocates are responsive and work to deliver for residents within agreed timeframes that support goals.
  - Residents have greater choice and control over decisions made about their health and wellbeing because:
    - advocates work to empower service users in order to effectively express their wishes and choices around their own health and wellbeing.
  - Resident's rights are upheld and supported because:
    - advocates support residents to understand their rights and expectations in relation to health and social care.
  - Residents are supported to build resilience and independence to live their life in the way that they want to because:
    - advocates are able to grasp resident issues and problems readily and work towards a co-produced plan of action to support independent living.



## 6.9. **Contract award criteria**

6.10. The tender for this procurement will be one stage where at point of Invitation to Tender all providers will be able to apply and the following criteria will apply.

6.11. The proposed contract award criteria are:

- Quality – 60%
- Cost – 40%

6.12. Tenderers will be asked to specify costs in a number of areas:

- core costs for providing the full advocacy service, and any breakdown across the partnership, including any premises costs;
- hourly rates for each advocacy type;
- marketing and promotion;
- training and development; and
- management overheads.

6.13. The best priced tender will be awarded maximum points. Other tenders will be relative to the best price. The average annual value will be set at £202,000.

6.14. Proposed Quality Criteria out of 100, representing 60% of total, are as follows:

- Understanding the role of the advocate: 20;
- Demonstrating ready access to highly qualified advocates 15;
- Service model: 15;
- Designing and managing the referral pathway: 10;
- Demonstrating partnerships with local providers: 15;
- Organisational training and development: 5;
- Marketing and outreach: 5;
- Managing conflict: 5;
- Managing transition of clients from any prior service provider: 5; and
- Social Value: 5

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

7.1. Tenders will be evaluated against a social value weighting, which is set at 5% of the total quality weighting. The process enables suppliers to provide targets against specified commitments in their tenders.

7.2. In this tender we will be testing a Social Value Calculator, which introduces measurements against a series of Themes, Outcomes and Measures. Each measure is allocated a financial value that reflects the cost saving and economic benefit of that specific measure. This allows for financial comparison of each tenderer's social value commitments. Initial market engagement has demonstrated positive feedback to the use of a matrix.

- 7.3. The main social value we will be looking for is in areas of community and growth. This is to support the development of the local social infrastructure in Hammersmith & Fulham and maximise the commitment to being a compassionate Council. This can be achieved through developing employment pathways for local residents: see paragraph 8.2.
- 7.4. Currently over 50% of the total advocacy contract value is with local providers. The commitment to local suppliers and employment will be evaluated through both quality and cost criteria. The expectation is that tenders will match the current proportion over the lifetime of the contract.

## **8. OTHER STRATEGIC POLICY OBJECTIVES**

- 8.1. The provision of statutory advocacy delivered through a partnership model supports other corporate strategic policy objectives, highlighted below.
- 8.2. The Disabled People's Commission's report, which has been accepted in full by the administration, recommended strengthening disabled people's organisations. This procurement will support that by committing to the use of local providers in the specification as one area of the partnership model, as well as the development of peer advocacy. From providing opportunity for service users to develop their own resilience, this could progress to being trained as a professional advocate or leading groups that would support with general advocacy. This would have a secondary benefit of supporting the development of this limited market in Hammersmith & Fulham.
- 8.3. The Industrial Strategy states the Council's commitment to using procurement to support local firms and jobs. By encouraging partnerships with local providers this procurement will support this policy. In order to deliver this effectively we will ensure that local residents and service users have the opportunity to be trained up as advocates. Additionally, the model will require the lead provider to support smaller providers in their own organisational development, including training, quality assurance processes and fundraising/bid writing.
- 8.4. The Older People's Commission recommends better information and a commitment to 'every door is the right door'. Our commitment to one front door for advocacy services and the effective linking of providers to third sector organisation will support this vision of services working together to provide better information for residents regardless of where they first make contact.
- 8.5. Improving links will also impact the feedback mechanisms we have for monitoring third sector partnerships providing better oversight on the quality of service delivered.

## **9. STAKEHOLDER CONSULTATION**

- 9.1. In scoping initial options and key areas of consideration, we consulted with Heads of Service in Social Care to get a clear steer on preferred models and service delivery and highlight risks and interdependencies.

- 9.2. We also undertook Initial market engagement to gain feedback on the proposed model. A more detailed breakdown of the feedback can be found in paragraph 5.4.
- 9.3. We plan to work in co-production with service users, including through four workshops, to develop and finalise the service specification, outcomes, KPIs, values and service standards we want our advocacy services to deliver. Our current providers have offered to support us in engaging with service users who can co-produce the new model.

**10. PROCUREMENT PROCEDURE**

- 10.1. The procurement procedure will be open. This is recommended as it provides the best chance of reaching the widest number of providers in a limited market for statutory advocacy services. See paragraph 4.2 page 14 for more detail.

**11. PROJECT MANAGEMENT AND GOVERNANCE**

**11.1. Project management**

- 11.2. The service review team is made up of a strategic lead and project manager from Adult Social Care commissioning, heads of service in operations who oversee social workers/referrers, and a member of the procurement consultancy service.

- 11.3. Additionally, the lead commissioner of the CCG’s mental health services team has been kept informed. Prior to 2018/19 IMHA was jointly commissioned between the H&F CCG and the Council, with the CCG being the lead commissioner and contract manager.

- 11.4. There will be additional planning in collaboration with providers to ensure that any cases that do not meet the requirements of statutory advocacy are managed and handed over properly to third sector partners or appropriate agencies. As part of this, the specification will make clear what advocacy is and is not in order to ensure clarity around what cases providers can expect to take on moving forward. We will communicate with current providers and third sector organisations ahead of this transition in order to mitigate the impact of the changing scope of the service on residents and incumbent providers.

**11.5. Indicative timetable**

<b>Activity</b>	<b>Date</b>
Invitation to Tender	14/10/2019
Submission of Tenders	18/11/2019
Evaluation of Tenders	06/12/2019
Notify Tenderers	03/01/2020
Altacel standstill period	31/01/2020

Mobilisation	31/01/2020 – 31/03/2020
Go Live	01/04/2020

#### 11.6. **Contract management**

- 11.7. Hammersmith & Fulham Adult Social Care will manage the contract through regular quarterly contract monitoring meetings. Additionally, the contract will detail issues that should be escalated outside of the regular meetings and allow for additional spot checks and site visits to the providers within the Partnership at any time to audit policies, procedures and to provide quality assurance.
- 11.8. Monitoring information will include quantitative reporting on the key performance indicators and qualitative narrative reporting, including information on continuous service improvement, user case studies and complaint handling.
- 11.9. The social value element of the contract will be monitored using our social value matrix, which will mean that providers will be measured against themes, outcomes and measures (TOMs). The purpose of this matrix is to provide a proxy measure for social value, reflecting the cost saving and economic benefit of a specific measure. It will also help ensure that contracts deliver on this aspect as they would any other part of a contract.

**H&F Equality Impact Analysis Tool**

Overall Information	Details of Full Equality Impact Analysis
<b>Financial Year and Quarter</b>	2019/20 Q2
<b>Name and details of policy, strategy, function, project, activity, or programme</b>	<p>Title of EIA: Adult Statutory Advocacy services procurement</p> <p>Short summary:                      The current contracting arrangements are complex, we currently have 6 different contracts to deliver the 6 areas of advocacy through 4 different providers. Change is needed to streamline the current contractual arrangements.                      The current arrangement ends in March 2020.                      Commissioning intentions include:</p> <ul style="list-style-type: none"> <li>• To make the service easier to navigate for residents and professionals making referrals.</li> <li>• To improve the quality of the service to meet the needs of residents.</li> <li>• To empower residents to be able to self-advocate in future.</li> <li>• To allow Hammersmith &amp; Fulham Council to have better oversight over contracts and opportunity to develop the market through partnerships.</li> </ul> <p>Our non-statutory advocacy and advice services, which are contracted until March 2028, support residents with a range of information and advice, therefore, reducing the need for us to invest in our statutory advocacy.                      We want to encourage and develop the market and build our local social infrastructure and for statutory services to sign post our residents to our third sector offer where relevant.</p>
<b>Lead Officer</b>	Name: Lisa Henry Position: Strategic Lead Email: lisa.henry@lbhf.gov.uk Telephone No: 07584 522 952
<b>Date of completion of</b>	02.08.19

final EIA																										
<b>Section 02</b>	<b>Scoping of Full EIA</b>																									
<b>Plan for completion</b>	<p>Timing:  Cabinet decision October 2019  Invitation to tender October 2019  New service mobilisation ready for April 2020.  Strategic Lead – Lisa Henry  Project Manager – Rebecca Richardson  Procurement advisor – Ilaria Agueci</p>																									
<b>Analyse the impact of the policy, strategy, function, project, activity, or programme</b>	<p>The procurement of new advocacy services will not in way alter the availability of the service for people with protected characteristics.</p> <p>As part of the invitation to tender suppliers will be required to demonstrate that they work to the <a href="#">Advocacy Charter</a> this enshrines that equality and diversity is a core principle of the behaviours and values of the organisation.</p> <p>In all instances the new procurement will therefore have a neutral impact upon people with protected characteristics.</p> <p>The table below gives the statistics for one of the current advocacy services to provide a snapshot of the profile of current users of our IMCA service. This demonstrates that statutory advocacy is a service used by some of the more vulnerable residents.</p> <table border="1" data-bbox="591 1086 2040 1375"> <thead> <tr> <th data-bbox="591 1086 837 1235">Protected characteristic</th> <th colspan="3" data-bbox="837 1086 1798 1235">Analysis</th> <th data-bbox="1798 1086 2040 1235">Impact: Positive, Negative, Neutral</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 1235 837 1375">Age</td> <td data-bbox="837 1235 1003 1275"><b>Age</b></td> <td data-bbox="1003 1235 1189 1275"><b>No.</b></td> <td data-bbox="1189 1235 1379 1275"><b>%</b></td> <td data-bbox="1798 1235 2040 1375" rowspan="4">Neutral</td> </tr> <tr> <td></td> <td data-bbox="837 1275 1003 1315">0 - 15</td> <td data-bbox="1003 1275 1189 1315">0</td> <td data-bbox="1189 1275 1379 1315">0%</td> </tr> <tr> <td></td> <td data-bbox="837 1315 1003 1355">16 - 24</td> <td data-bbox="1003 1315 1189 1355">0</td> <td data-bbox="1189 1315 1379 1355">0%</td> </tr> <tr> <td></td> <td data-bbox="837 1355 1003 1375">25 - 29</td> <td data-bbox="1003 1355 1189 1375">0</td> <td data-bbox="1189 1355 1379 1375">0%</td> </tr> </tbody> </table>				Protected characteristic	Analysis			Impact: Positive, Negative, Neutral	Age	<b>Age</b>	<b>No.</b>	<b>%</b>	Neutral		0 - 15	0	0%		16 - 24	0	0%		25 - 29	0	0%
Protected characteristic	Analysis			Impact: Positive, Negative, Neutral																						
Age	<b>Age</b>	<b>No.</b>	<b>%</b>	Neutral																						
	0 - 15	0	0%																							
	16 - 24	0	0%																							
	25 - 29	0	0%																							

		30 - 34	2	2%		
		35 - 39	0	0%		
		40 - 44	3	3%		
		45 - 49	0	0%		
		50 - 54	2	2%		
		55 - 59	4	4%		
		60 - 64	4	4%		
		65 - 69	8	9%		
		70 - 74	13	14%		
		75+	58	62%		
	<b>Disability</b>	<b>Client Group</b>	<b>No.</b>			<b>Neutral</b>
	Acquired brain injury	9				
	Autism/ Asperger's Syndrome	1				
	Cancer	3				
	Cognitive Impairment	8				
	HIV/ Aids	4				
	Learning disabilities/difficulty	9				
	Long term illness/condition	26				
	Mental health	15				
	Mental Health - Dementia	52				
	Mental Health - Older Peoples'	3				
	Physical Disabilities	16				
	Sensory disabilities - blind - severe visual impairment	2				
	Sensory Impairment – Vision	3				
	Stroke	2				
	Substance misuse	3				
	Substantial Difficulty	2				
	Unconscious	3				
<b>Gender reassignment</b>	<b>Not collected</b>				<b>Neutral</b>	

	Marriage and Civil Partnership	Not collected			Neutral	
	Pregnancy and maternity	Not collected			Neutral	
	Race	<b>Ethnicity</b>	<b>No.</b>	<b>%</b>	Neutral	
		White	British	56		58%
			Irish	4		4%
			Other White	9		9%
		Asian / Asian British	Bangladeshi	4		4%
			Indian	4		4%
			Pakistani	1		1%
			Other Asian / Asian British	3		3%
Black / Black British		African	2	2%		
	Caribbean	8	8%			
	Other Black / Black British	3	3%			
Chinese / Other Ethnic Groups	Other Ethnic Group	2	2%			
Religion/belief (including non-belief)	<b>Religion</b>	<b>No.</b>	<b>%</b>	Neutral		
	Christian/ Catholic	62	67%			
	Hindu	1	1%			
	Jewish	1	1%			
	Muslim	7	8%			
	No religion	18	19%			
	Sikh	4	4%			
	Prefer not to say	3				
Sex	<b>Gender</b>	<b>No.</b>	<b>%</b>	Neutral		
	Female	32	33%			
	Male	64	67%			
Sexual Orientation	<b>Sexuality</b>	<b>No.</b>	<b>%</b>	Neutral		
	Bisexual	1	1%			
	Gay male	4	4%			
	Heterosexual	88	95%			




		Prefer not to say	3		
	<p><b>Human Rights or Children’s Rights</b>                  If your decision has the potential to affect Human Rights or Children’s Rights, please contact your Equality Lead for advice</p>				
	<p>Will it affect Human Rights, as defined by the Human Rights Act 1998?                  Yes</p>				
	<p>Will it affect Children’s Rights, as defined by the UNCRC (1992)?                  No</p>				

<b>Section 03</b>	<b>Analysis of relevant data</b> Examples of data can range from census data to customer satisfaction surveys. Data should involve specialist data and information and where possible, be disaggregated by different equality strands.
<b>Documents and data reviewed</b>	Monitoring reports from current service providers have been reviewed to ensure that our current provision treats all residents fairly, and equally.

<b>Section 04</b>	<b>Consultation</b>
<b>Consultation</b>	Market engagement event highlighted areas for consideration, particularly related to the new Liberty Safeguard Provision that has been made law through the Mental Capacity (Amendment) Act 2019 that will come into force during 2020.

<b>Section 05</b>	<b>Analysis of impact and outcomes</b>
<b>Analysis</b>	The procurement of new advocacy services will not in way alter the availability of the service for people with protected characteristics.

<b>Section 06</b>	<b>Reducing any adverse impacts and recommendations</b>
<b>Outcome of Analysis</b>	The specification will highlight the requirement for providers to adhere to the advocacy charter and provide their corporate equality policies so this commitment can be verified. Co-production will be embedded within the service specification for continuous improvement and staff training and development.
<b>Section 07</b>	<b>Action Plan</b>
<b>Action Plan</b>	Over Aug/ Sept 2019 the service specification will be finalised which will include the aspects noted above.
<b>Section 08</b>	<b>Agreement, publication and monitoring</b>
<b>Key Decision Report (if relevant)</b>	Date of report to Cabinet/Cabinet Member: 07.10.19 Key equalities issues have been included: Yes
<b>Equalities Lead (where involved)</b>	Name: Fawad Bhatti Position: Policy and Strategy Date advice / guidance given: 21.08.19 Email: <a href="mailto:fawad.bhatti@lbhf.gov.uk">fawad.bhatti@lbhf.gov.uk</a> Telephone No: 07500 103 617

<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>7 OCTOBER 2019</b></p>	
<p><b>STRATEGY AND OPTIONS FOR PROCURING THE WASTE, RECYCLING AND STREET CLEANSING CONTRACT</b></p>	
<p><b>Report of the Cabinet Member for the Environment – Councillor Wesley Harcourt</b></p>	
<p><b>Exempt Report</b>          Open Report with exempt Appendix. 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 of Schedule 12A of the Local Government Act 1972</b>, 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></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Consultation</b>  <b>Finance, Commercial, Risk, Equality, Legal, IT</b></p>	
<p><b>Wards Affected:</b>  <b>All</b></p>	
<p><b>Accountable Director: Sharon Lea, Strategic Director of Environment</b></p>	
<p><b>Report Author:</b>          Adrian Ash – Interim Head of Waste Management          Sukvinder Kalsi – Interim Head of Finance and Projects (ED)</p>	<p><b>Contact Details:</b>          adrian.ash@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. The Waste, Recycling and Street Cleansing Contract is currently carried out by Serco and has been in place since 2008. The original contract was extended by deed of variation in 2014 and is due to expire in June 2021. There is provision in the current contract to extend the contract, but this is only exercisable by agreement with the current contractor.

- 1.2. There have been many major developments in legislation, regulation and environmental awareness since the original contract was awarded. In particular, this includes the National Environmental Plan (January 2018), the Mayor of London's Environment Strategy (May 2018) and the Mayor's Ultra Low Emission Zone.
- 1.3. In addition, the Council has set out its own ambition to be the greenest and cleanest Borough and to ensure that value for money is provided to local residents.
- 1.4. With the above in mind, the Council has considered and evaluated a range of options for the future service after June 2021. The service options and the associated legal, procurement, commercial and financial implications are set out in more detail in the Exempt Appendix for consideration by Members and Cabinet.
- 1.5. The Council is also proposing to introduce a limited prototype container service for the collection of a domestic, recyclates and food (estimated at 7% of all properties). This will be undertaken in collaboration with residents and is intended to support the council's environmental ambitions and to inform the future development of the new future service contract. The details including the financial implications are also set out in the attached Exempt Appendix.

## **2. RECOMMENDATIONS**

- 2.1 That Cabinet delegates to the Strategic Director of Environment, in consultation with the Cabinet Member for the Environment, the decision to either extend the existing Waste, Recycling and Street Cleansing Contract or to procure a new contract.
- 2.2 That Cabinet commits council reserves to fund the options proposed in this report. The funds required are set out in the exempt appendix.

## **3. REASONS FOR DECISION**

- 3.1 Environmental improvements are a key priority for Hammersmith and Fulham. The Council will work with residents, businesses and visitors to encourage pride in the environment and to enable ways of dealing with waste that will reduce costs and be more environmentally sustainable.
- 3.2 The Council has a statutory obligation for the collection and disposal of household domestic waste. These proposals will also support the delivery of the Council's ambitions on the environment including reducing the amount of waste created and increase the percentage that is re-used and recycled.
- 3.3 The Mayor's Ultra Low Emissions Zone (ULEZ) and changes to the Low Emission Zone (LEZ) for London will require a new fleet of vehicles to be procured to provide waste collection and street cleansing services. This is required by 26<sup>th</sup> October 2020 for LEZ and 25<sup>th</sup> October 2021 for ULEZ otherwise significant ULEZ and LEZ payments will be required (£100 to £300 per non-compliant vehicle per day).

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

4.1. The Council states in its vision that residents deserve a place that is safe, clean and green and its priorities are;

- Being ruthlessly financially efficient
- Doing things with residents, not to them
- Taking pride in Hammersmith & Fulham

4.2. In January 2018 the Government issued its 25-year Environment Plan with a key focus on increasing resource efficiency and reducing waste through the following objectives;

- Ambitions of zero avoidable waste by 2050
- Achieving zero avoidable plastics by 2042
- Seeking to eliminate waste crime by 2043

4.3. In addition, the publication of the Mayor of London's, Environmental Strategy (May 2018) identifies that new approaches are required to deliver how we deal with waste and includes targets such as;

- 65% municipal waste recycled by 2030
- 50% reduction in food waste and associated packaging by 2030

4.4. Within the document, boroughs are encouraged to consider a range of measures to restrict residual waste;

- 6 main dry recycling material collections from all properties i.e. glass, cans, paper, card, plastic bottles and mixed rigid plastics (tubs, pots and trays)
- Cut out the use of single use plastic
- Separate food waste collections (including from flats where practical and cost efficient)
- Improving collections from flats
- Changes to collection frequency
- Garden waste collections (or supporting community or home composting)

#### **5. OPTIONS - FUTURE PROCUREMENT OF THE WASTE, RECYCLING AND STREET CLEANSING CONTRACT**

5.1. The purpose of this report is to provide Cabinet with the various options on the future procurement of the contract which include;

- Do nothing
- Extension of the existing contract
- Bringing services in house
- Procurement of a new contract

5.2. The advantages and disadvantages of each option are considered in detail in Exempt Appendix.

## **6. CONSULTATION**

### **6.1. Consultation and Engagement in relation to the prototype solution**

- 6.2. A critical success factor for the proposed changes will be how effectively we engage with the residents throughout the process to raise awareness, seek support for the service changes. A high level of adoption will inevitably help us improve the recycling rate and reduce disposal costs.
- 6.3. As part of the delivery of the proposals for the prototype solution, we will be undertaking door-to-door engagement and consultation with every householder.
- 6.4. All residents will be fully supported throughout the process with specific communications about the benefits of food waste collections and containerisation.
- 6.5. There will also be a consultation and engagement with local communities, residents' associations and social clubs. This may also include recycling demonstrations and using the social media platforms to support the campaign.
- 6.6. Each householder will be offered the opportunity to give feedback during the consultation exercise and this feedback will help redesign an improved service going forward.

## **7. EQUALITY IMPLICATIONS**

- 7.1. It is not anticipated that there will be any direct negative impacts on any groups with protected characteristics, under the terms of the Equality Act 2010, from the extension of the Serco contract or the procurement of a new waste, recycling and street cleansing service from 2021.
- 7.2. Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

## **8. IT IMPLICATIONS**

- 8.1. No IT implications are considered to arise from the proposal in this report. However, if the contract with Serco (or a new contract with a different supplier) results in a requirement for new systems to be procured, existing systems to be modified, or IT enhancements to be considered (such as the use of IoT sensors for waste management) IT Services should be consulted.
- 8.2. IM Implications: If Serco is processing sensitive data on behalf of H&F - and if not already covered by the existing Privacy Impact Assessment (PIA) - a PIA will need to be completed and kept up to date, to ensure all potential data protection risks around the contract with Serco (or a new supplier) are properly assessed with mitigating actions agreed and implemented
- 8.3. Serco (or the new supplier) will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.

- 8.4. Any contracts will need to include H&F's data protection and processing schedule – which is compliant with the General Data Protection Regulation (GDPR).
- 8.5. Implications completed by: Karen Barry, Strategic Relationship Manager, tel: 020 8753 3481.

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

None

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

**Exempt Appendix**

## **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 7 OCTOBER 2019 AND AT FUTURE CABINET MEETINGS UNTIL APRIL 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 and the Arts:</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. 82 (published 6 September 2019)*

## KEY DECISIONS LIST - CABINET ON 7 OCTOBER 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 (other relevant documents may be submitted)
<b>7 October 2019</b>				
Cabinet	7 Oct 2019	<p><b>DEVELOPING OUR RELATIONSHIP WITH THE VOLUNTARY AND COMMUNITY SECTOR</b></p> <p>This report sets out an emerging new relationship between Hammersmith &amp; Fulham Council and our voluntary and community sector.</p> <p>The report details the social and economic context of the relationship, the shift in demand from residents and the ambition we have for a participatory culture.</p>	Deputy Leader	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	7 Oct 2019	<p><b>Strategic Investment Pot funding: receipt of grant</b></p> <p>Report requiring decision on receipt of funding</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: Income more than £100,000		Ward(s): All Wards	
Cabinet	7 Oct 2019	<p><b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2019/20 (FIRST QUARTER)</b></p> <p>This report provides a financial</p>	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
	Reason: Expenditure more than		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 ( <i>other relevant documents may be submitted</i> )
	£100,000	update on the Council's Capital Programme and seeks approval for budget variations, as at the end of the first quarter	Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Oct 2019  Reason: Affects 2 or more wards	<b>CORPORATE REVENUE MONITOR 2019-20 MONTH 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.
Cabinet	7 Oct 2019  Reason: Expenditure more than £100,000	<b>Engineering and Motor Insurance Tender Strategy for 2020-25</b>  This report sets out the proposed strategy upon which sovereign insurance contracts for Engineering Inspection and Motor will be procured for contract commencement dates of 1st April 2020.	Cabinet Member for Finance and Commercial Services  Ward(s): All Wards  Contact officer: Neil Walker Tel: 07739 316319 neil.walker@rbkc.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	7 Oct 2019  Reason: Expenditure more than £100,000	<b>APPROVAL OF EARLS COURT COMPULSORY PURCHASE ORDER STRATEGY</b>  A report seeking approval of the council's acquisition and Compulsory Purchase Order strategy in relation to the Earls Court Opportunity Area.	Cabinet Member for the Economy  Ward(s): North End  Contact officer: Matthew Rumble  matt.rumble@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	7 Oct 2019	<p><b>APPROVAL OF PROCUREMENT STRATEGY AND PAYMENTS TO THE WEST LONDON ALLIANCE FOR USE OF AND CONTINUED ACCESS TO DYNAMIC PURCHASING VEHICLES FOR CHILDREN'S SOCIAL CARE AND SUPPORT SERVICES</b></p> <p>This report recommends approval of a procurement strategy for children's social care placements and to approve payments to the West London Alliance. It is also recommended that approval of payments to the WLA for future years is delegated to the Director of Children's Services.</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>	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: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	7 Oct 2019	<p><b>Statutory Adult Advocacy Services</b></p> <p>The purpose of this report is to agree the commissioning and procurement plan for statutory adult advocacy services in the borough.</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)</p>	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	

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> )
		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	7 Oct 2019  Reason: Expenditure more than £100,000	<p><b>PROCURING AND DELIVERING A LONG-TERM REPAIRS AND MAINTENANCE MODEL FOR HAMMERSMITH AND FULHAM</b></p> <p>This report sets out the framework and timetable for the procurement, implementation and mobilisation of the long-term model for repairs and maintenance service. This report follows on from the March Cabinet report Costs of the interim housing repairs delivery model which set out plans for the implementation and costs of the interim repairs and maintenance service and model.</p> <p>This report also sets out the future budget required to deliver the long-term repairs and maintenance model, and the funding arrangements required to sustainably resource the model.</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 Housing</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Steven Morgan, David McNulty Steven.Morgan@lbhf.gov.uk David.McNulty@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	7 Oct 2019  Reason: Affects 2 or more wards	<p><b>PROCUREMENT STRATEGY TO COMMISSION AN EXTERNAL TRAINING VENUE FOR PARTNERS IN PRACTICE PROGRAMME</b></p> <p>This procurement strategy report seeks approval for the procurement of an external training venue for delivery of training courses facilitated by the Centre for Systemic Social Work (CFSSW). This service is hosted by the Royal Borough of Kensington and Chelsea (RBKC) and the procurement will be led by the RBKC and WCC procurement teams. Hammersmith &amp; Fulham will enter an inter-authority agreement with RBKC as the lead contracting authority and host of the service.</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 disclosing the information.</p>	Cabinet Member for Children and Education  Ward(s): All Wards  Contact officer: Susan Hughes, Bev Sharpe  susan.hughes@lbhf.gov.uk, bev.sharpe@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	7 Oct 2019  Reason: Affects 2 or more wards	<p><b>ANNUAL EMERGENCY PLANNING &amp; BUSINESS CONTINUITY REPORT</b></p> <p>The report provides an overview of activity over the previous year and the priorities and work plan for the forthcoming year and details the incidents we have responded to in 2018/19, training, exercising and changes following incidents. The report highlights areas of work for the new financial year to ensure continuous improvement in the service.</p>	Cabinet Member for the Environment  Ward(s): All Wards  Contact officer: Denise Prieto Tel: 0208 753 2286 Denise.Prieto@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 (other relevant documents may be submitted)
Cabinet	7 Oct 2019	<p><b>STRATEGY AND OPTIONS FOR PROCURING THE WASTE, RECYCLING AND STREET CLEANSING CONTRACT</b></p> <p>Strategy and Options for procuring the Waste Collection, Recycling and Street Cleansing Contract.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	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	7 Oct 2019	<p><b>Approval To Establish 5 First Stage Roll Out Ward Action Groups</b></p> <p>To approve that the further roll outs for three out of five Ward Action Group roll outs) be funded from the existing approved budget of £45,000.</p>	Cabinet Member for Strategy	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:		Ward(s): All Wards	
<b>4 November 2019</b>				
Cabinet	7 Oct 2019	<p><b>Business Case &amp; Procurement Strategy for the Procurement of Violence against Women &amp; Girls Services</b></p> <p>The current contract to provide the services expires in March 2020. The report asks Cabinet to approve the procurement strategy and delegate the decision to award the contracts for the services to The Director of</p>	Deputy Leader	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
	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  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> )
		Environment in consultation with the Deputy Leader		considered.
Cabinet	2 Dec 2019  Reason: Expenditure more than £100,000	<p><b>PROCUREMENT OF ENERGY – FLEXIBLE SEPTEMBER 2020-2025 AND FTFP 2020-2025</b></p> <p>This report seeks the approval for entering into contractual agreements with London Energy Project (LEP) for the procurement of London Borough of Hammersmith &amp; Fulham’s (LBH&amp;F) energy procurement requirements via a Central Purchasing Body, LASER from 30th September 2020 till 31st March 2025.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Finance and Commercial Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Kal Saini, Sebastian Mazurczak Tel: 0208 753 7937, Tel: 020 8753 1707 Kal.Saini@lbhf.gov.uk, Sebastian.Mazurczak@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Nov 2019  Reason: Affects 2 or more wards	<p><b>CORPORATE REVENUE MONITOR 2019-20 MONTH 4 31ST JULY</b></p> <p>Report of variance to budget at end of July. Virement requests.</p>	<p>Cabinet Member for Finance and Commercial Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Emily Hill  emily.hill@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 (other relevant documents may be submitted)
Cabinet	4 Nov 2019	<p><b>Corporate Property Services Framework</b></p> <p>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</p>	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: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	4 Nov 2019	<p><b>Offsite Records Storage Service</b></p> <p>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.</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>	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: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	4 Nov 2019	<p><b>Social Value Policy</b></p> <p>Approve the content of the Social Value Policy to allow its implementation across all Council's services.</p>	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
	Reason: Budg/pol framework		Ward(s): All Wards	

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		<p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Contact officer: Ilaria Agueci</p> <p>Ilaria.Agueci@lbhf.gov.uk</p>	<p>will include details of any supporting documentation and / or background papers to be considered.</p>
Cabinet	<p>4 Nov 2019</p> <hr/> <p>Reason: Affects 2 or more wards</p>	<p><b>Housing Strategy 2019</b></p> <p>Report on the Council's new Housing Strategy</p>	<p>Cabinet Member for Housing</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk</p>	<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>
Cabinet	<p>4 Nov 2019</p> <hr/> <p>Reason: Expenditure more than £100,000</p>	<p><b>Major Refurbishment Sullivan Court Phase 1</b></p> <p>External and Communal Refurbishment of Six Blocks at Sullivan Court SW6: 13-24 (Block C); 25-44 (Block D); 45-64 (Block E); 65-84 (Block F); 85-104 (Block G); and 372-443 (Block L).</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</p>	<p>Cabinet Member for Housing</p> <hr/> <p>Ward(s): Sands End</p> <hr/> <p>Contact officer: Richard Buckley</p> <p>richard.buckley@lbhf.gov.uk</p>	<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>

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> )
		maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	4 Nov 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  Contact officer: Hinesh Mehta  Hinesh.Mehta@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	4 Nov 2019  Reason: Expenditure more than £100,000	<b>PROPOSALS FOR A SOVEREIGN NOISE AND NUISANCE SERVICE</b>  The report proposes a budget increase of £230,000 to maintain existing service levels for the Noise and Nuisance Team who have, over the last 15 years, provided a virtually 24/7 presence . The report also provides alternative proposals for different levels of service.	Cabinet Member for the Environment  Ward(s): All Wards  Contact officer: Valerie Simpson Tel: 020 8753 3905 Valerie.Simpson@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	4 Nov 2019  Reason: Expenditure more than £100,000	<b>REGULARISATION OF HAMMERSMITH &amp; FULHAM'S CHILD AND ADOLESCENT MENTAL HEALTH SERVICES CONTRACTS</b>  Hammersmith and Fulham's Child and Adolescent Mental Health Services (CAMHS) provide multi-disciplinary assessment, and therapeutic and psychopharmacological interventions for children and young people up to the age of 18 years. As a result of the move toward sovereign borough arrangements in 2018, and the	Cabinet Member for Children and Education  Ward(s): All Wards  Contact officer: Craig Holden Tel: 07850 541 477 Craig.Holden@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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		dissolution of Section 75 arrangements, contracts funded by the Local Authority have become the responsibility of the Local Authority, while others remained joint Local Authority / CCG contracts. We are therefore now working to regularise Hammersmith & Fulham Council's position regarding those contracts for which it has retained funding and responsibility, whether on a joint or sole basis.		
Cabinet	4 Nov 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, Kevin Gordon Tel: 020 8753 5179, Tel: 07970 150897 christine.edwards@lbhf.gov.uk, Kevin.Gordon@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	4 Nov 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 Children's 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	4 Nov 2019  Reason: Expenditure more than £100,000	<b>Accommodation Strategy for Young People</b>  Strategy detailing proposed approach for accommodation arrangements for Looked After Children, Care Leavers and Young People at risk of homelessness. This strategy will include	Cabinet Member for Children and Education  Ward(s): All Wards  Contact officer: Will Parsons Tel: 0776 848 6764	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

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> )
		<p>recommendations for the borough's semi-independent living arrangements and supply of in-borough supported accommodation services.</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>	Will.Parsons@lbhf.gov.uk	and / or background papers to be considered.
Cabinet	<p>4 Nov 2019</p> <p>Reason: Expenditure more than £100,000</p>	<p><b>Independent Living Direct Payment Support Service</b></p> <p>Approval to directly award a contract to Action on Disability for the Independent Living Support Service for H&amp;F residents.</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Karen Udale Tel: 07833 481242 karen.udale@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.
<b>2 December 2019</b>				
Cabinet	<p>2 Dec 2019</p> <p>Reason: Expenditure more than £100,000</p>	<p><b>Rough Sleeper Supported Accommodation Procurement Strategy</b></p> <p>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.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from</p>	<p>Cabinet Member for Housing</p> <p>Ward(s): All Wards</p> <p>Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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		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 Dec 2019	<b>Corporate Revenue Monitor 2019/20 Month 5 31 August 2019</b>  Forecast outrun position as at and of August. Requests for any budget virements or write offs.	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	
<b>6 January 2020</b>				
Cabinet	6 Jan 2020	<b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2019/20 (SECOND QUARTER)</b>  This report provides a financial update on the Council's Capital Programme and seeks approval for budget variations, as at the end of the second quarter	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: Expenditure more than £100,000		Ward(s): All Wards	
			Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	
Cabinet	6 Jan 2020	<b>Corporate Revenue Monitor 2019/20 Month 6 30 September 2019</b>  Forecast outturn position as at end of September. Request for virements	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
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Emily Hill  emily.hill@lbhf.gov.uk	

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				papers to be considered.
<b>3 February 2020</b>				
Cabinet	3 Feb 2020	<b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2019/20 (THIRD QUARTER)</b>  This report provides a financial update on the Council's Capital Programme and seeks approval for budget variations, as at the end of the third quarter	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: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	3 Feb 2020	<b>FOUR YEAR CAPITAL PROGRAMME 2020/21 AND CAPITAL STRATEGY 2020/21</b>  This report presents the Council's four-year Capital Programme for the period 2020-24.	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: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	3 Feb 2020	<b>Corporate Revenue Monitor 2019/20 Month 7 31 October 2019</b>  Forecast outturn position at end of October 2019. 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	

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<b>2 March 2020</b>				
Cabinet	2 Mar 2020	<b>Defend Council Homes Policy</b>  Policy to provide extra protection for residents of council homes, involving them from the start of any redevelopment proposals and ensuring the council is working to best practice.	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	
<b>20 April 2020</b>				
Cabinet	20 Apr 2020	<b>Corporate Revenue Monitor 2019/20 Month 9 21 December 2019</b>  Forecast outturn as at end of December. 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: Fiona Darby Fiona.Darby@lbhf.gov.uk				
Contact officer: Emily Hill emily.hill@lbhf.gov.uk				



## NOTICE OF CONSIDERATION OF AN ADDITIONAL KEY DECISION PROPOSED TO BE MADE BY CABINET ON 7 OCTOBER 2019 (published 25 September 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 2 September 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)*

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Cabinet	7 Oct 2019	<p><b>H&amp;F Policy on Brexit</b></p> <p>Presents a policy statement on Brexit for agreement by Cabinet and summarises the potential negative outcomes and the mitigating actions being put in place.</p> <p><b>Reasons for Urgency:</b></p> <p>Awaiting clarification and updates on the national political situation before presenting the report to Cabinet for approval.</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: Budg/pol framework		Ward(s): All Wards	