



Brent

Cabinet

Monday 15 August 2016 at 7.00 pm

Board Room 4 - Brent Civic Centre, Engineers Way,
Wembley HA9 0FJ

Membership:

Lead Member Councillors:

Portfolio

Butt (Chair)	Leader of the Council
McLennan (Vice-Chair)	Deputy Leader
Farah	Lead Member for Housing
Hirani	Lead Member for Community Well-being
Mashari	Lead Member for Regeneration, Growth, Employment and Skills
W Mitchell Murray	Lead Member for Children and Young People
Pavey	Lead Member for Stronger Communities
Southwood	Lead Member for Environment

For further information contact: Anne Reid, Principal Democratic Services Officer
020 8937 1359, anne.reid@brent.gov.uk

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democracy.brent.gov.uk

The press and public are welcome to attend this meeting

Agenda

Introductions, if appropriate.

Apologies for absence.

Item	Page
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1	Declarations of interests	
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Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interests in any matter to be considered at this meeting.

2	Minutes of the previous meeting	1 - 12
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3	Matters arising	
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Community Well-being reports

4	Approval to Access the West London Alliance Care Home and Supported Living Dynamic Purchasing System (DPS)	13 - 26
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In accordance with Contract Standing Order 88, this report requests Cabinet approval for the Strategic Director Community Wellbeing to enter into an Access Agreement with the London Borough of Ealing to use the DPS for the provision of supported living, residential and nursing care home placements.

Ward Affected:
All Wards

Lead Member: Councillor Hirani
Contact Officer: Amy Jones, Head of
Commissioning and Quality
Tel: 020 8937 4061 amy.jones@brent.gov.uk

5	Authority to Participate in the Joint Procurement of Community Equipment Goods and Services as part of the London Community Equipment Consortium	27 - 36
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This report requests approval for Brent Adult Social Care to participate in a collaborative procurement with the London (Community Equipment) Consortium for the establishment of a framework for provision of community equipment goods and services.

Ward Affected:
All Wards

Lead Member: Councillor Hirani
Contact Officer: Amy Jones, Head of
Commissioning and Quality
Tel: 020 8937 4061 amy.jones@brent.gov.uk

6 Authority to tender a contract for Health Visiting and School Nursing Services 37 - 46

This report is seeking approval to commence the procurement of Health Visiting and School Nursing services. The report also sets out benefits associated with combining the individual contracts including financial benefits.

Ward Affected:
All Wards

Lead Member: Councillor Hirani
Contact Officer: Dr Melanie Smith, Director
Public Health
Tel: 0208 937 6227 melanie.smith@brent.gov.uk

Resources reports

7 2015/16 Treasury Management Outturn Report 47 - 60

This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2015/16.

Ward Affected:
All Wards

Lead Member: Councillor McLennan
Contact Officer: Conrad Hall, Chief Finance
Officer
Tel: 020 8937 6528 conrad.hall@brent.gov.uk

8 Reference of item considered by Scrutiny Committee (if any)

9 Exclusion of Press and Public

The following item is not for publication as it relates to the following category of exempt information as specified in the Local Government Act 1972 namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

APPENDIX: West London Alliance Care Home and Supported Living Dynamic Purchasing System (DPS) (APC2 WLA)

(report above relates)

10 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before

the meeting in accordance with Standing Order 64.

Date of the next meeting: Tuesday 13 September 2016



Please remember to set your mobile phone to silent during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.



LONDON BOROUGH OF BRENT

MINUTES OF THE CABINET Monday 25 July 2016 at 7.00 pm

PRESENT: Councillor Butt (Chair), Councillor McLennan (Vice-Chair) and Councillors Farah, Hirani, Mashari, W Mitchell Murray and Southwood

Also present: Councillor Chohan

Apologies for absence were received from: Councillor Pavey

1. **Introductions**

Councillor Butt, Leader of the Council, opened the meeting by thanking Stephen Hughes, the outgoing interim Strategic Director of Resources, for his work over the past six months.

2. **Declarations of interests**

Councillor Butt, in respect of item 12: – London Road, Wembley, HA9 7ET - redevelopment proposals, as a Governor at Ark Elvin Academy.

3. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 27 June 2016 be approved as an accurate record of the meeting.

4. **Matters arising**

None.

5. **Authority to Award a Contract for Accommodation Based Mental Health Support**

Councillor Hirani, Cabinet Member for Community Wellbeing, introduced the report stating that in accordance with Contract Standing Orders 88 and 89, the report requested Cabinet approval to award two contracts for Accommodation Based Mental Health (ABMH) services to support people who have mental health needs and were in recovery.

Councillor Hirani stated that the report provided further detail of the services, the procurement process followed and provided a recommendation of who the contracts should be awarded to as determined through the evaluation process.

The Cabinet also had before them an appendix to the report which was not for publication as it contained the following category of exempt information as specified in Schedule 12 of the Local Government (Access to Information Act) 1972:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

RESOLVED:

- (i) that approval be given to the award of Contract 1, an Accommodation Based Mental Health contract to support people with mental health needs as detailed in paragraph 3.2.a of the report to Look Ahead Care and Support for a term of one year with option to extend by up to two successive one year periods;
- (ii) that approval be given to the award of Contract 2, an Accommodation Based Mental Health contract to support people with mental health needs as detailed in paragraph 3.2.b to Metropolitan Housing Trust for a term of one year with option to extend by up to two successive one year periods.

6. **Charging for Adult Social Care Services**

Councillor Hirani, Cabinet Member for Community Wellbeing, introduced the report stating that, in March 2016, Cabinet agreed to consult with current and future recipients of adult social care services on 3 minor changes to the existing charging policy.

Councillor Hirani stated that the proposal for change was as follows:

The introduction of new single charging policy which would include how Adult Social Care will charge for non-residential care and housing related support and residential care service in the future.

Using the Department for Works and Pension benefit entitlement information to undertake the financial assessments in the future

The introduction of an average charge of £29.07 where it has not been possible to undertaken a financial assessment using the DWP information.

Councillor Hirani stated that the council has now completed thirty days consultation on proposed changes. He said that the report outlined the responses to that consultation, the potential impact on the residents and resulting recommendations taking into account the feedback that has been received from current and future users of Adult Social Care Services.

He informed members that a summary of the consultation process and outcomes was included within the report.

RESOLVED:

- (i) that the responses received during the thirty days consultation from 25 April to 27 May 2016 be noted;

- (ii) that approval be given for officers to implement a single charging policy which combined the existing Fairer Charging Policy for housing related support and CRAG related to charging for residential care services;
- (iii) that it be noted that the new charging policy includes residents supported through the Shared Lives scheme under Fairer Charging;
- (iv) that agreement be given to the use of Department Work and Pension (DWP) information to undertake financial assessment for all new customers;
- (v) that approval be given to an average charge of £29.07 for customers in receipt of services and where information cannot be obtained from the DWP, Housing Benefit or Council Tax systems. The charged would be made from the time that the service commenced up until a financial assessment can be completed.

7. Wembley Housing Zone Programme – Property Acquisition

Councillor Farah, Cabinet Member for Housing, introduced the report stating that the Wembley Housing Zone was designated by the GLA last year with the aim to accelerate housing and affordable housing development and to promote regeneration.

He stated that in July 2015 Cabinet approved the approach which was to bring forward a programme of acquisition and development of a number of sites between Wembley town centre and the regeneration underway on the Stadium lands, including the council-owned site due to be released through the construction of the new Ark Elvin Academy. Cabinet also approved entering into a legal agreement with the GLA to secure their funding support and this has been concluded.

Councillor Farah stated that discussions were underway with the owners of a number of identified sites in order to establish the development programme.

He informed members that the report sought the approval of Cabinet to the terms for the acquisition of a first of these identified sites, that of Ujima House and its car park in order to progress the implementation of the Wembley Housing Zone and agreement to enter into a contract with the Greater London Authority to fund the acquisition of the property.

The Cabinet also had before them an appendix to the report which was not for publication as it contained the following category of exempt information as specified in Schedule 12 of the Local Government (Access to Information Act) 1972:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

RESOLVED:

- (i) that approval be given to enter into a contract for the acquisition by the council of Ujima House and its car park on the terms set out in Appendix One to the report, with approval of the final terms to be delegated to the

Strategic Director, Resources in consultation with the Strategic Director, Resources in consultation with the Cabinet Member for Housing;

- (ii) that approval be given to enter into a funding contract with the Greater London Authority to receive Housing Zone grant to fund the acquisition of Ujima House and car park, with approval of the final terms of the funding agreement to be delegated to the Strategic Director, Resources in consultation with the Cabinet Member for Housing.

8. **Parking Annual Report 2015-2016**

Councillor Southwood, Cabinet Member for Environment, introduced the report stating that Brent Council was committed to providing a high quality parking service and a fair, consistent and transparent approach to parking and traffic enforcement. She said that the purpose of the Annual Report was to explain the aims and objectives of the council's Parking service and the key achievements of the last financial year.

Councillor Southwood stated that the report included a statistical analysis setting out information on the number of parking and traffic related Penalty Charge Notices (PCNs) issued for the period 2015/2016, the revenue and expenditure recorded in the Parking Account, and how the surplus on this account has been spent or allocated.

The report also met a key requirement set out in the 2015 Statutory Guidance issued under the Traffic Management Act 2004. This required local authorities to produce and publish online an annual report on parking enforcement activities.

Councillor Hirani welcomed that the number of PCNs issued by CCTV for bus lane contraventions had fallen.

Councillor Southwood reminded members that a highlight of the year for the service had been the British Parking Association's decision to recognise Brent's Parking service as 'Team of the Year' at the BPA's national awards ceremony in March 2016.

RESOLVED:

- (i) that approval be given to the publication of the Parking Service's draft Annual Report 2015/16, set out as the Appendix to the report;
- (ii) that responsibility for approval of Parking Annual Reports from 2016/17 onwards be delegated to the Highways Committee;
- (iii) that it be noted that additional information on the outcome of appeals to the independent appeal service, Environment and Traffic Adjudicators (ETA), will be added to the published Annual Report in September 2016.

9. **Carlton and Granville Centres, Granville Road, NW6 5RA - redevelopment and investment proposals**

Councillor McLennan, Deputy Leader of the Council, introduced the report. She informed members that the Cabinet had approved the Strategic Property Plan 2015-19 setting out a presumption for Brent to retain its limited property assets, utilising them to support regeneration, generating revenue savings, and capital investment for new income generation.

Councillor McLennan stated that in January 2016 Brent had successfully secured £1.8m from the London Regeneration Fund (LRF) which was matched funded with a further £2m (£1.5m capital & £500k revenue) from the South Kilburn Trust (SKT) to deliver a new Enterprise Hub as part of addressing the lack of good quality, small workspace provision in the borough and provide a permanent location for the South Kilburn Trust to continue to deliver services and support to the local community within South Kilburn.

She stated that the report updated members on proposals to deliver a new Enterprise Hub and proposed the re-development of the Carlton and Granville Centres as a location for the Enterprise Hub and deliver 95 new homes with additional community space.

RESOLVED:

- (i) that approval be given to Option 2 for redeveloping the Carlton and Granville Centres, Granville Road, London, NW6 5RA (the subject site) to deliver 95 new homes, an Enterprise Hub and 3274sqm of additional community use space;
- (ii) that a further update be provided to formally approve final scheme plans and the required capital investment to bring forward the phased redevelopment of the Carlton and Granville Centres and ensure continuity of occupation for the Enterprise Hub within the site;
- (iii) that the site be included within the scope of the South Kilburn Masterplan review to ensure wider place making considerations are incorporated;
- (iv) that the Strategic Director for Resources in consultation with the Strategic Director for Regeneration and Environment, Chief Legal Officer and Chief Finance Officer enter into a legal agreement with the South Kilburn Trust and the GLA to secure their funding contributions in return for project delivery of the Enterprise Hub by March 2018, and setting out council commitment to underwrite the shortfall in project funds;
- (v) that authority be delegated to the Strategic Director for Resources in consultation with the Strategic Director for Regeneration and Environment, Chief Legal Officer and Chief Finance Officer to oversee scheme development through further viability testing, local consultation, and planning consent;
- (vi) that authority be delegated to the Strategic Director for Resources in consultation with the Strategic Director for Regeneration and Environment,

Chief Legal Officer and Chief Finance Officer in respect to any works and/or professional services contracts for scheme development to agree pre-tender considerations, invite tenders and thereafter award the contract.

10. South Kilburn Regeneration Programme - phase 3A

Councillor Mashari, Cabinet Member for Regeneration, Growth, Employment and Skills, introduced the report which related to Hereford House and Exeter Court (being part of 'Phase 3A' of the South Kilburn regeneration programme and as shown edged red on Appendix 1 of the report).

She informed members that the report sought the Cabinet's approval of a procurement strategy for an architecturally led multidisciplinary design team for the comprehensive redevelopment of Hereford House and Exeter Court, being part of Phase 3A of the South Kilburn regeneration programme.

RESOLVED:

- (i) that approval be given to the procurement of an architecturally led multidisciplinary design team to develop a detailed planning application for comprehensive redevelopment of Hereford House and Exeter Court by either:
 - calling off the Greater London Authority (GLA) and Transport for London (TfL) Architecture, Design and Urbanism Panel (ADUP) or such other appropriate OJEU compliant framework; and evaluating those tenders in accordance with the relevant Framework; or alternatively
 - inviting tenders using a Restricted procedure under the Public Contracts Regulations 2015 on the basis of the pre-tender considerations set out in paragraph 3.7 of this report and evaluating the tenders on the basis of the evaluation criteria set out in that paragraph.
- (ii) that the decision as to the procurement options details in (i) above be delegated to the Strategic Director of Regeneration and Environment;
- (iii) that the intention to report back to Cabinet to seek approval to award the proposed contract for an architecturally led multidisciplinary design team, once a preferred design team has been identified be noted.

11. South Kilburn Regeneration Programme - Site 18 encompassing Salusbury Road Car Park, Cullen House and adjoining land

Councillor Mashari, Cabinet Member for Regeneration, Growth, Employment and Skills introduced the report stating that it set out the approvals required by the Cabinet to further progress this project originally within Phase 2b of the regeneration programme.

Councillor Mashari stated that the report sets out proposals for Salusbury Road Car Park, Cullen House and adjoining land comprising of the spur road, Keniston Press, TfL offices at Premier House and the Falcon Public House (together defined as "Site 18"), which formed part of Phase 2b of the South Kilburn regeneration programme and as shown edged red on Plan A at Appendix 1. The development

had been stalled since 2012 due to safeguarding of the site by High Speed Two Ltd (HS2) for a proposed ventilation shaft and auto transformer.

She stated that the council had recently successfully secured the release of this site from HS2.

RESOLVED:

(i) that consent to restart the proposed redevelopment of Site 18 be confirmed and also and that the recommendations made in July 2011, can be relied upon by officers to secure possession of Site 18 and where relevant, following the completion of the statutory consultation exercises as set out below:

i) authorise the Strategic Director of Regeneration and Environment to seek the Secretary of State's Consent to the disposal and development of Cullen House for the purposes of Ground 10A of Schedule 2 to the Housing Act 1985 to enable the Council to apply for a court order to obtain vacant possession of residential dwellings let under secure tenancies, Section 32 Housing Act 1985 to dispose of housing land, Section 19 Housing Act 1985 for appropriation of land for planning purposes and under the necessary Act (if applicable) to dispose of non-housing land;

ii) make a compulsory purchase order to acquire all interests and rights in Site 18 and any new rights in Site 18 which may be required under section 13 of the Local Government (Miscellaneous Provisions) Act 1976; and

iii) authorise the submission of CPOs, once made, to the Secretary of State for confirmation whilst at the same time seeking to acquire the land by private negotiated treaty on such terms as may be agreed by the Director of Finance and Corporate Resources. The full extract from the 2011 decision is set out in Appendix 2 of the report.

(ii) that approval be given and authority be delegated to the Operational Director of Regeneration to commence statutory consultation with the secure tenants residing in Cullen House on the following three matters: (i) statutory consultation in connection with seeking approval of the Secretary of State for use of Ground 10A of Schedule 2 to the Housing Act 1985; (ii) consultation on the Council's proposal to make a CPO on properties in Cullen House that are currently occupied by secure tenants; and (iii) consultation in connection with the draft allocation policy for allocating homes to secure tenants living within Cullen House. Following statutory consultation the draft Allocation Policy, would be brought back to the Cabinet for approval.

12. **London Road, Wembley, HA9 7ET - redevelopment proposals**

Councillor Butt, Leader of the Council, introduced the report stating that the proposed redevelopment of London Road provided a significant opportunity for the council to provide good quality housing for vulnerable households, while also

generating significant revenue savings in two key areas of expenditure: Temporary Accommodation and care homes.

He stated that proposal was to redevelop the site to provide approximately 55 new Temporary Accommodation (TA) units for homeless households, 67 Private Rented Sector (PRS) homes and 14 units of New Accommodation for Independent Living (NAIL) together with replacement non-residential space as detailed in the site plan and Pellings feasibility study.

RESOLVED:

- (i) that approval be given to capital investment of £33m to bring forward the development of the London Road scheme, subject to further viability testing, local consultation and planning consent as detailed in paragraph 3.17 of the report from the Strategic Director of Resources;
- (ii) that the expenditure necessary to progress the project through to grant of planning permission, estimated to be in the region of £500,000 be noted;
- (iii) that it be noted that the land at Ark Elvin Academy, presently used as temporary parking, was surplus to requirements and approval be given to application to Secretary of State through a section 77 application, to secure agreement that the land was no longer required for educational purposes and could be used for residential.

(Councillor Butt declared an interest in this item as a Governor at Ark Elvin Academy).

13. **National Non-Domestic Rates (NNDR) - Discretionary Discount Scheme for Businesses accredited to Living Wage Foundation**

Councillor Mashari, Cabinet Member for Regeneration, Growth, Employment and Skills introduced the report stating that Cabinet had agreed, at its meeting on 26 January 2015, to award a Business Rates discount to companies who agreed to pay its employees the London Living Wage and who became accredited with the Living Wage Foundation.

She reminded members that the level of discount was five times the costs of accreditation, 30% of the cost of the discount was borne by the council. The discount was restricted to the first 100 companies who became accredited. However it was agreed to review the scheme in 2016 in order to assess its effectiveness and whether it should be further extended.

Councillor Mashari stated that to date, there were now 16 accredited Brent businesses in the borough including the Council as well as 7 other national employers with branches in the borough. Of the 16 accredited businesses 15 meet the criteria for entitlement and have claimed or are in the process of claiming their business rates discount. As well as this, the Living Wage Foundation and Brent's Employment, Skills and Enterprise team remain in ongoing discussions with a number of Brent businesses about accreditation so it was expected that some of these businesses would shortly gain accreditation.

Councillor Mashari stated that getting businesses to agree to commit to pay the London Living Wage and gaining accreditation was a long term process, it was therefore recommended that the scheme be extended to 31 March 2019 so that those companies already in discussion could qualify as well as providing further time for encouraging other businesses to become accredited.

The council had the discretion to award discounts in national non-domestic rates to businesses under section 47 of the Local Government Finance 1988. To award discounts under this provision a business must meet criteria set by the council's Cabinet. Any discount scheme needs Cabinet approval. The qualifying criteria was set out in Appendix 1 to the report.

RESOLVED:

- (i) that the discretionary discount scheme for businesses accredited to the London Living Wage Foundation be continued to 31 March 2019 on the basis that the Business Rates discount would continue to be five times the cost of accreditation and would be awarded to businesses in Brent which become accredited with the Living Wage Foundation and who met the criteria detailed in Appendix 1 to the report from the Strategic Director, Resources;
- (ii) that it be noted that the approval and continuation of the scheme were pursuant to the Council's powers under section 47 of the Local Government Finance Act 1988 and that the Cabinet was satisfied that that this proposal is reasonable having regard to the interests of those persons who are liable to pay council tax in the borough of Brent;
- (iii) that it be noted that officers in Employment, Skills and Enterprise and Customer Services monitor the scheme in terms of take up and costs and would report back to Cabinet at a later date should any changes to the scheme be required;
- (iv) that applications for such discounts in National Non-Domestic Rates that meet the criteria as set out in Appendix 1 be considered and approved jointly by the Head of Employment, Skills and Enterprise and the Operational Director Customer Services.

14. Voluntary Sector Initiative Fund - Local Grants 2016 - 2018

Councillor McLennan, Deputy Leader of the Council, introduced the report. She stated that following assessment of 43 applications to the Voluntary Sector Initiative Fund – Local Grants scheme, the report sought agreement to grant fund 11 projects led by voluntary organisations for two years, subject to performance.

Councillor McLennan stated that the grant had been promoted through the Council's website, social media channels, at Brent Voluntary Sector Liaison Forum, via press releases to local press, via direct emails to all organisations on the community directory, councillors and relevant council departments, and via CVS Brent's e-newsletter and social media.

Councillor Hirani stated that it was important to give feedback to those organisations who had not been successful in this round. Councillor McLennan stated that feedback would be given to all unsuccessful applicants on their bid. Meetings will be offered with CVS Brent for all applicants identified as needing capacity building or grant writing support.

The Cabinet also had before them an appendix to the report which was not for publication as it contained the following category of exempt information as specified in Schedule 12 of the Local Government (Access to Information Act) 1972:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

RESOLVED:

- (i) that the grant funding allocations from the Voluntary Sector Initiative Fund – Local Grants scheme to the voluntary sector led projects set out in paragraph 3.12 of the report from the Director Performance, Policy and Partnerships, which would run between 1 October 2016 and 30 September 2018, be approved:
- (ii) that it be noted that all grant funding allocations referred to in (i) above would be made subject to the Council's Grant Conditions with the organisation required to sign an agreement with the Council, stating the purpose of the grant and expected outcomes before funding is released;
- (iii) that for the reasons detailed in paragraph 3.20 of the report, in cases where an organisation either declined the grant before or during the funding period or the grant was withdrawn for performance reasons or other breach of grant conditions, that the decision to reallocate the fund is delegated to the Director of Performance, Policy and Partnerships.

15. Reference of item considered by Scrutiny Committee

None

16. Exclusion of Press and Public

RESOLVED:

that the press and public be now excluded from the meeting as the following report contains the following category of exempt information as specified in the Local Government Act 1972 namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

17. School Building Project Costs

The Cabinet considered a report from Strategic Director, Resources and Strategic Director, Regeneration and Environment in closed session and a decision was made in closed session.


18. **Any other urgent business**

None.

The meeting ended at 7.35 pm

M BUTT
Chair

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 <p>Brent</p>	<p style="text-align: center;">Cabinet 15 August 2016</p> <p style="text-align: center;">Report from the Strategic Director Community Wellbeing</p>
For Action	Wards Affected: [ALL]
<p style="text-align: center;">Approval to Access the West London Alliance Care Home and Supported Living Dynamic Purchasing System</p>	

Not for publication

Appendix 2 to this report is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

1. Summary

- 1.1. In February 2016 Cabinet granted approval for Brent Adult Social Care to participate in a collaborative procurement with the West London Alliance (WLA) for the establishment of a dynamic purchasing system for the provision of supported living, residential and nursing care home placements. The procurement was led by the London Borough of Ealing and Cabinet gave approval for the use of Ealing's contract standing orders and financial regulations as per Contract Standing Order 85.
- 1.2. In July 2016, the London Borough of Ealing Cabinet granted approval for the Director of Adults Services to appoint suppliers onto the West London Alliance (WLA) Care Home and Supported Living Dynamic Purchasing System (DPS) throughout the 4-year term in accordance with its rules and selection criteria.
- 1.3. In accordance with Contract Standing Order 88, this report requests Cabinet approval for the Strategic Director Community Wellbeing to enter into an Access Agreement with the London Borough of Ealing to use the

DPS for the provision of supported living, residential and nursing care home placements.

2. Recommendations

- 2.1. Cabinet note that the DPS is a West London Alliance procurement initiative with Ealing Council acting as the contracting body on behalf of the London Boroughs of Brent, Barnet, Hillingdon, Hounslow, Hammersmith & Fulham, City of Westminster, and Royal Borough of Kensington & Chelsea.
- 2.2. Cabinet note that the Cabinet of Ealing Council has delegated authority to their Director of Adults Services to appoint suppliers onto the DPS throughout the 4-year term commencing on 1st September 2016 in accordance with the rules and section criteria.
- 2.3. Cabinet approve that the Strategic Director Community Wellbeing may enter into an Access Agreement with the London Borough of Ealing to use the DPS.
- 2.4. Cabinet approve the use of the DPS for the procurement of contracts for the provision of supported living, residential and nursing care home placements throughout its term with the procurement of such contracts being exempt from the normal requirement of Brent Council's Contract Standing Order and Financial Regulations for good operational and/or financial reasons in accordance with the Contract Standing Order 84(a).
- 2.5. Cabinet delegate authority to the Strategic Director Community Wellbeing to award High Value Contracts procured through the DPS if they have a contract value of less than £1,000,000 for the reasons detailed in paragraph 4.8.

3. Background

- 3.1. Each month, Brent Adult Social Care are responsible for finding suitable care with accommodation for around 30 vulnerable people as part of the statutory responsibilities described in the Care Act 2014. This will usually involve the person moving to a care home or a supported living environment.
- 3.2. The requirement is shared across all first tier local authorities, and in 2012 the West London Alliance (WLA) boroughs established an approved list for older people care home providers, giving boroughs access to a large number of care home providers at agreed fee levels for a 4-year term.
- 3.3. To replace this procurement vehicle, the more flexible option of the electronic dynamic purchasing system (DPS) was chosen by the WLA members. The key advantage is that new suppliers are free to join the

DPS at any time, giving boroughs access to new accommodation options across the lifecycle of the DPS. There is no limit on the number of suppliers that may join.

- 3.4. To further support the boroughs in sourcing suitable accommodation with care, the WLA members agreed to broaden the scope of the DPS from older people services to all adult client groups, and from care homes to include supported living accommodation (Table 1).
- 3.5. The DPS will be used in two ways. Firstly, to source individual placement options that meet the needs and preferences of individual people on an ‘as required’ basis using the call-off arrangements described in the specification. Secondly, to deliver volume-based contracts to meet strategic priorities using the mini-competition process.

4. Access Agreement to award contracts through the DPS

- 4.1. The initial procurement process is now complete. The Cabinet of Ealing Council has delegated authority to the Director of Adults Services to appoint suppliers to the DPS across its 4-year lifecycle following an application and quality assurance process that assesses their knowledge, experience and expertise in delivering services.
- 4.2. The first 63 organisations appointed to the DPS are named in Appendix 1. They have nominated a total of 328 separate accommodation locations across all client groups and accommodation types. Contracting arrangements with individual suppliers can commence from 1 September 2016.
- 4.3. Brent Adult Social Care has the opportunity to access the DPS and therefore the accommodation options listed through the signing of an Access Agreement, through which Ealing will permit Brent to make use of the procurement vehicle with its established contractual arrangements for using call-off arrangements for identifying individual placement options, and mini-competitions for volume contract arrangements.
- 4.4. The DPS has four main categories and eleven customer-focused sub-categories as follows:

Client Sub-Category	Category 1 Care Home Placements (Priced)	Category 2 Care Home Placements (Non- priced)	Category 3 CQC Regulated Supported Living Placements (Non- priced)	Category 4 Non-CQC Regulated Supported Living Placements (Non- priced)
Older People (55	✓		✓	✓

plus)				
Dementia (18 plus)	✓			
End of Life Care (18 plus)	✓			
Physical Disabilities		✓	✓	✓
Learning Disabilities		✓	✓	✓
Autism		✓	✓	✓
Mental Health (including Forensic History)		✓	✓	✓
Sensory Impairment (including DeafBlind)		✓	✓	✓
Korsakoff Syndrome		✓	✓	✓
Brain Injury / Neurological Conditions		✓	✓	✓
HIV / AIDS		✓	✓	✓

Table 1: DPS Categories

- 4.5. Using the DPS to identify suitable placements for individuals or to undertake a mini-competition for volume contracts is a two-stage process. The first stage is now live, with suppliers able to join the DPS through its application and quality assurance process. This stage will remain open throughout the lifecycle of the DPS. The second stage will open on 1 September 2016 and remain open throughout the lifecycle of the DPS.
- 4.6. The second stage is initiated when the need for suitable accommodation is identified either for an individual person using the call-off arrangement process, or to establish a new volume-based contract using the mini-competition process. Officers will be trained in the new procedures prior to 1 September 2016.
- 4.7. A key requirement in sourcing suitable accommodation for people with care needs is to take account of individual choice as described in the Care Act 2014. This can be challenging when suppliers are not well-known. Access to the DPS will allow officers to source the right accommodation in a time efficient manner, with the second stage procedures ensuing equal opportunity for SME and local businesses to be made aware of each call-off or mini-competition within their area of expertise.
- 4.8. The delegated authority to award contracts up to £1,000,000 by the Strategic Director Community Wellbeing will allow for services to be rapidly mobilised in line with the principles of the DPS where procurement timescales are much shorter than traditional procedures.

5. Meeting local needs

- 5.1. A key advantage of the DPS is that new providers can apply to join at any time. Officers are developing marketing tools to encourage and support local suppliers to participate. This will ensure that the needs of Brent residents can continue to be met, while supporting efficiency through streamlined business processes developed as part of the procurement project.
- 5.2. The DPS will also provide an effective vehicle for undertaking mini-competitions when volume purchasing of care home or supported living placements are required. Officers will develop service specifications that meet strategic priorities and local timescales, and advertise the opportunities to an audience of suppliers who have met pre-qualifying selection criteria.
- 5.3. The quality monitoring and performance management of suppliers will be retained by Brent. Officers will continue to implement the existing quality assurance policy that prevents making new placements to facilities that are unable to demonstrate achievement of minimum standards.

6. Financial Implications

- 6.1. Ealing Council led the procurement of the DPS on behalf of the West London Alliance participating boroughs. Each borough contributed approximately £11,000 as a one off cost to the legal, procurement, and data analysis costs of establishing the DPS.
- 6.2. Category 1 (Care Home Placements) is established with fixed fee ranges based upon analysis of existing placement costs and financial modelling of sustainable rates for different geographical locations. The initial fee ranges are outlined in Appendix 2. These rates will be reviewed annually to ensure they remain sustainable alongside increases to the national living wage and other direct costs. The fixed ranges are possible due to the large number of placements made to Category 1 facilities and the ability to generate a 'standard' fee. In joining the DPS, suppliers agreed to offer placements within the fee range.
- 6.3. The other three categories have no fixed fee range due to the wider variation in customer needs to be supported. As is current practice, the fee for each placement will be negotiated based upon the identified needs of the individual. The advantage of the DPS is that officers have access to a wider range of suppliers which will support market competition.
- 6.4. The DPS allows entry from all 8 participating borough areas and out of area suppliers. This precludes requiring suppliers to confirm that they pay all staff the London Living Wage although Brent may ask this to be applied as and when it calls off or procures its own contracts.

- 6.5. It is anticipated that the value of the DPS across participating WLA members for the 4 year contract duration will be £114m. Signing of the Access Agreement does not commit the Council to any spend.
- 6.6. If officers are unable to find a suitable placement for an individual through the DPS, then spot purchase contracting will take place. It is anticipated that access to a wider pool of suppliers through the DPS will lead to a reduction in the level of spot purchase contracting.

Budget

- 6.7. The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500,000 shall be referred to the Cabinet for approval. However as stated within the recommendation it is proposed that the Strategic Director Community Wellbeing be granted delegated authority to award contracts if they are less than £1,000,00.
- 6.8. Adult Social Care will seek to manage the cost of residential, nursing and supported living placements within the allocated annual revenue budgets for the duration of the DPS.
- 6.9. Placement spend is monitored as part of the councils budget monitoring process and associated costs with this contract will form part of this monitoring from the contracts inception.

7. Legal Implications

- 7.1. Contracts for provision of residential care, nursing home and supported living placements fall within Schedule 3 of the Public Contracts Regulations 2015 ('PCR 2015). In procuring such services, where they are above the EU threshold for services (currently 750,000 Euros (£589,148)), contracting authorities are required to publish a contract notice or PIN as a call for competition in the OJEU in the usual way and a contract award notice once the contract has been awarded. A restricted procurement procedure must be used for the procurement of a DPS.
- 7.2. Following Brent Cabinet approval on 20th January 2016, the DPS has been established through a collaborative procurement exercise undertaken on behalf of Brent Council and the other WLA Members by the London Borough of Ealing in accordance with the requirements of the EU procurement regulations and their own Contract Standing Orders and following external counsel's advice.
- 7.3. Contract Standing Order 84(a) provides that contracts shall be procured in accordance with all relevant domestic and European legislation and unless for good operational and/or financial reasons the Cabinet agrees otherwise, with Contract Standing Orders and the council's Financial

Regulations. For the reasons set out in the body of the report, Officers consider that there are good operational and/or financial reasons to use the DPS to procure contracts for the provision of supported living, residential and nursing care home placements rather than the Council's usual Contract Standing Orders.

- 7.4. In order to access the DPS, Brent Council is required to sign an access agreement with Ealing Council. This agreement will set out the basis on which Brent Council will use the DPS, including provision as to how Brent Council will identify suitable placements for individuals under the DPS or undertake mini-competitions for volume contracts.
- 7.5. Many of the contracts that the council will procure under the DPA will be classed as Low or Medium Value Contracts under the council's Contract Standing Orders and the Strategic Director Community Wellbeing has delegated powers under Part 4 of the Constitution to approve the award of such contracts. A number of contracts to be procured are likely to be valued over £500,000 and thus classified as High Value Contract under Contract Standing Orders. High Value Contracts ordinarily require approval from Cabinet for the award of such contracts. For the reasons detailed in paragraph 4.8, delegated authority is sought to permit the Strategic Director Community Wellbeing to award High Value Contracts procured through the DPS if they have a contract value of less than £1,000,000.
- 7.6. Under section 5 of the Care Act 2014, local authorities are under a general duty to promote the effective operation of a market in services for meeting care and support needs with a view to ensuring that those in its area have access to a variety of high quality providers to choose from. Provision of the DPS will facilitate the Council to meet this duty by purchasing care under a legal framework which ensures effective monitoring of the financial sustainability of Provider's and the quality of the service they are providing.

8. Diversity Implications

- 8.1. An Equality Assessment screening was undertaken as part of the preparation for participating in the joint procurement process, and was included in the previous report to Cabinet. No negative diversity implications were identified.
- 8.2. Through the Access Agreement, some of Brent's most vulnerable residents will have access to a wider range of service providers able to meet their particular needs and preferences. Adult Social Care will be able to offer greater choice to better support our diverse population.

9. Staffing & Accommodation Implications

- 9.1. This service is currently provided by external contractors and there are no implications for Council staff arising from the establishment of the DPS

10. Public Service (Social Value) Act 2012

- 10.1. The Council is under a duty pursuant to the Public Services (Social Value) Act 2012 (the “Act”) to consider how the services being procured might improve the economic, social and environmental wellbeing of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement; and whether the council should undertake consultation.
- 10.2. Current service users and their families state that remaining close to friends and family is an important consideration when choosing the right care home. The DPS is open to all providers who meet the minimum requirements, with freedom to join at any time. This supports the sustainability of a diverse local market, and maximises the opportunity for SME organisations to gain access to a significant income stream.

11. Background Papers

- 11.1. None

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Strategic Director Community Wellbeing

**Appendix 1:
Suppliers approved to join the first round of the DPS**

<p>Category 1 Care Home Placements (Priced)</p> <ul style="list-style-type: none"> • Abilities Development • Advinia • Allied Care • Avery Care • Bayswift • Blakesley Nursing Home • BUPA • Care UK • CMS Ltd • GSG Nursing Homes • HC-One Ltd • Healthcare Homes • Henry Nihil House • Shaw Healthcare Group Ltd • Ventry Residential Care • Voyage 1 Ltd
<p>Category 2 Care Home Placements (Non-priced)</p> <ul style="list-style-type: none"> • Abilities Development • Allied Care • Avery • Bayswift • Blakesley • BUPA • Care UK • CareTech • Caring Consultancy • CMS Ltd • Cocklebury Farmhouse Homes • Consensus • Dimensions • Fircroft Services • Fitzroy Support • Frances Taylor Foundation • Georgian House - Torquay • GSG Nursing Homes • Healthcare Homes • Hestia Housing & Support • Kisimul • Leonard Cheshire Disability • Lifestyle Care

- Optima Care
- Partnerships in Care
- Positive Community Care
- Precious Homes
- SeeAbility
- Sequence Care Ltd
- Shine Partnerships
- Sunrise Care
- Support for Living
- Terrance House
- The Aurora Group
- Ventry Residential Care

Category 3

CQC Regulated Supported Living Placements (Non-priced)

- Allied Care
- Berks
- Care Assist
- Carers Thames Trust
- CareTech
- Caring Consultancy
- Chiltern Supported Housing
- Clece Care Services
- Comfort Care Services
- Craegmoor
- Diagrama
- Dimensions
- Finefutures Ltd
- Fircroft Services
- Frances Taylor Foundation
- Heritage Care
- Jordan Xavier Ltd
- Larkstone Ltd
- Lifeways Community Care
- Next Stage - A Way Forward
- OneCare
- People Who Care Ltd
- Positive Community Care
- Precious Homes
- Richmond Fellowship
- Royal Mencap Society
- SeeAbility
- Shine Partnerships
- Sunrise Care
- Support for Living
- The National Autistic Society

- Together for Mental Wellbeing
- Ventry Residential Care
- Yarrow Housing Ltd

Category 4

Non-CQC Regulated Supported Living Placements (Non-priced)

- Allied Care
- Carers Thames Trust
- Chiltern Supported Housing
- Clece Care Services
- Comfort Care Services
- Craegmoor
- Dimensions
- Finefutures Ltd
- Hestia Housing & Support
- OneCare
- Royal Mencap Society
- Shaw Healthcare Group Ltd
- Support for Living
- The National Autistic Society
- Voyage 1 Ltd
- Yarrow Housing Ltd

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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 <p>Brent</p>	<p style="text-align: center;">Cabinet 15 August 2016</p> <p style="text-align: center;">Report from the Strategic Director Community Wellbeing</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p style="text-align: center;">Authority to Participate in the Joint Procurement of Community Equipment Goods and Services as part of the London Community Equipment Consortium</p>	

1.0 Summary

- 1.1 This report requests approval for Brent Adult Social Care to participate in a collaborative procurement with the London (Community Equipment) Consortium for the establishment of a framework for provision of community equipment goods and services. The proposed procurement is to be led by the London Borough of Hammersmith & Fulham therefore approval is also sought as required by Contract Standing Order 85 to use Hammersmith & Fulham's Contract Standing Orders and Financial Regulations.

2.0 Recommendations

- 2.1 That Cabinet give approval to the council to participate in a collaborative procurement led by the London Borough of Hammersmith & Fulham to establish a framework for community equipment goods and services.
- 2.2 That Cabinet give approval to the collaborative procurement exercise detailed in 2.1 above being exempt from the normal requirements of Brent Council's Contract Standing Orders and Financial Regulations for good operational and/or financial reasons in accordance with the Contract Standing Order 84(a) and 85(c).
- 2.3 That Cabinet give approval to the pre tender considerations set out in at paragraph 3.16 of this report.

3.0 Detail

Background

- 3.1 Local authorities have a statutory duty (under the Care Act 2014, Children and Families Act 2014) to make arrangements for the provision of disability aids and “community equipment”, to meet the assessed eligible needs of individuals who are resident in their area.
- 3.2 The demand for community equipment services and tele-care solutions within the Borough continue to rise and last year the demand for equipment to support individuals both increased by 16%. This is a reflection of demographic changes (according to 2011 census the number of people in Brent aged 65+ and 75+ increased by 8% and by 17% respectively 2001-2011) and future projections predicting increases of 17% in the number of adults with a severe disability between the ages of 16-64 by 2030.
- 3.3 Technological solutions are increasingly being considered as alternatives to traditional models of care for service users with a complex of needs, the benefit of which has been envisaged to include providing cost effective and less intrusive care solutions in some cases, keeping service users independent and safe in the community, reducing demand for hospital based services (avoiding admissions/timely discharge), helping avoid expensive residential care, and avoiding/ reducing the cost of residential care packages.
- 3.4 Brent Council is a member of the London Community Equipment Consortium (“the Consortium”) a group of 20 London boroughs namely Barnet, Barking & Dagenham, Bromley, Greenwich, Royal Borough of Kensington & Chelsea, Hammersmith & Fulham, Harrow, Camden, Ealing, Hackney, Hillingdon, Hounslow, Islington, Lewisham, Richmond, Southwark, Wandsworth and Westminster, working collaboratively to procure and develop community equipment services..
- 3.5 The contract between the Council and Medequip, under the framework for Integrated Community Equipment Services (iCES) (established by a collaborative procurement procedure on 1st April 2010 by the Royal Borough of Kensington & Chelsea on behalf of the Consortium) expires on 31st March 2017.
- 3.6 Under the existing contract Medequip supplies and delivers community equipment and undertakes all fittings/installations, adjustments, servicing/testing, collections, refurbishments, recycling and disposals of items of equipment purchased by authorised prescribers on behalf of the 20 Consortium members who accessed the framework.
- 3.7 Given the expiry of the council’s existing contract on 31 March 2017, Officers have been reviewing options for the future delivery of the equipment service. Officers consider that there are good financial and

operational reasons to participate in a collaborative procurement. As a result of the current collaboration, the council has achieved financial benefits as a result of increased buying power and economies of scale, multiple boroughs using common equipment, sharing refurbished specialist items to savings in equipment prices and lower activity price, sharing business processes and IT systems. Ongoing improvements made over the life of the contract have enhanced service delivery, this could not have been achieved without joint working.

- 3.8 To understand the service requirements for future community equipment services (post March 2017) Hammersmith & Fulham (H&F) on behalf of the Consortium has undertaken a detailed commissioning review, which includes consultations with stakeholders and an options appraisal. Ideally a six month implementation period is required for this type of service but, unfortunately an agreed way forward has been marked by delays, due in part to difficulties recruiting a project manager.
- 3.9 The delay put at risk service provision post March 2017, when the existing contract expires. In view of these delays in May 2016 Officers explored the possibility of Brent Council separately accessing other frameworks established by other authorities. For various reasons however it was determined that it was not practicable for Brent to use these other frameworks and that remaining with the Consortium would be a more suitable option for the council given the steps detailed in Paragraph 3.10 to address the risk of further delay.
- 3.10 It is considered that it will be cost effective for the Council to continue to work collaboratively with the Consortium through the lead borough Hammersmith & Fulham to establish a new community equipment framework. The Consortium now have in place dedicated resources and a clear timetable and strategy to ensure the procurement timetable is delivered to deadline. Participating in the collaborative procurement will provide the council with the ability to fulfil its duty to deliver community equipment services from 1st April 2016, and will deliver the financial and operational benefits detailed in paragraph 3.7 rather than operating independently to procure its own single borough contract.
- 3.11 Whilst all the Consortium members will have full input into the procurement process, London Borough of Hammersmith & Fulham will act as a central purchasing body for the purposes of undertaking this procurement exercise and concluding framework agreement with the successful applicant. Each Consortium member will join the framework by signing an access agreement. The Consortium members consider that to save costs, as the lead authority is the London Borough of Hammersmith & Fulham, that Council's Standing Orders should be used for the procurement process.
- 3.12 Given the London Borough of Hammersmith & Fulham are leading on the procurement, approval is sought for this collaborative procurement

to be exempted from the normal requirements of the Council's Contract Standing Orders

3.13 It is proposed that the new framework will run for a period of four (4) years from 1st April 2017.

3.14 It is proposed that Brent will call-off from the framework immediately it is established. Call off contracts would also run for a period of four (4) years from 1st April 2017, with the option for the council to extend the contract by a further 2 years. A report will be submitted to Members in due course addressing the call-off and the proposed arrangements under s75 of the NHS Act 2006 with the Brent Clinical Commissioning Group.

The tender process

3.15 The tender will follow a single stage open process. Although there is no commitment at this time, a prior information notice (PIN) was published on 23rd June 2016 in the Official Journal of the European Union (OJEU) notifying potential providers of the future procurement. Brent's participation is subject to Cabinet approval.

3.16 Pre-tender considerations

In accordance with the Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of Cabinet:

Ref.	Requirement	Response	
(i)	The nature of the service.	Framework of Community Equipment Goods and Services	
(ii)	The estimated value.	£136,000,000 and £280,000,000 (collective value across all consortia members). Brent's estimated contract value is £10,200,000.	
(iii)	The contract term.	4 years	
(iv)	The tender procedure to be adopted.	Open procedure (Single stage process) due to the limited number of suppliers that operate within this market.	
v)	The procurement timetable.	Indicative dates are:	
		PIN	23 June 2016
		Issue invite to tender	1 August 2016

Ref.	Requirement	Response										
		<table border="1"> <tr> <td>Deadline for tender submissions</td> <td>31 August 2016</td> </tr> <tr> <td>Panel evaluation</td> <td>4th October 2016</td> </tr> <tr> <td>Consortia members seek individual Cabinet authority to enter Access Agreements</td> <td>3 November 2016</td> </tr> <tr> <td>Standstill period</td> <td>21 November 2016</td> </tr> <tr> <td>Contract start date</td> <td>1 April 2017</td> </tr> </table>	Deadline for tender submissions	31 August 2016	Panel evaluation	4 th October 2016	Consortia members seek individual Cabinet authority to enter Access Agreements	3 November 2016	Standstill period	21 November 2016	Contract start date	1 April 2017
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Panel evaluation	4 th October 2016											
Consortia members seek individual Cabinet authority to enter Access Agreements	3 November 2016											
Standstill period	21 November 2016											
Contract start date	1 April 2017											
(vi)	The evaluation criteria and process.	<p>Tenderers will be required to submit their proposals, based on invitation to tender documentation which details the full scope of the requirements and expected performance levels. There will be some pass/fail elements which will include documents returned by tenders on financial stability and insurance levels, for example. All award criteria and scoring methodology will be included in the ITT documents and the split between quality and price is expected to be 55:45. They will then provide details of the products, delivery methods and pricing for their proposed solutions. The quality evaluation will include the quality of online equipment ordering and management system (IT system quality), the community equipment service quality and equipment quality (evaluated on a sample basis, focusing on key items). Equipment quality will be assessed by a panel of prescribers. A full list of quality evaluation criteria and weightings will be produced based on previous model however the main themes will be:</p> <p>Equipment means of delivery Data Systems Service User Interviews Officer Interviews</p>										
(vii)	Any business risks associated with entering the contract.	No specific business risks are considered to be associated with entering into the proposed contract.										
(viii)	The Council's Best Value duties.	The competitive procurement of a framework supports the council's Best Value duties.										

Ref.	Requirement	Response
(ix)	Consideration of Public Services (Social Value) Act 2012	See section 8.0 below
(x)	Any staffing implications, including TUPE and pensions.	See Section 7 below.
(xi)	The relevant financial, legal and other considerations.	See section 4.0 and 5.0 below

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £250,000 shall be referred to the Cabinet for approval.
- 4.2 The potential for procurement savings are expected to be limited due to an expectation that the overall contract price will increase given the limited number of suppliers in the community equipment services marketplace.
- 4.3 Each borough participating in the procurement and wishing to access the Framework agreement will need to pay a one-off fee of £11,700 to do this.
- 4.4 Under Section 75 of the NHS Act 2006 Brent Council has pooled their community equipment budget with Brent Commissioning Clinical Group (CCG) to jointly commission the service, managed by Brent Council. The budget is split with Brent Council contributing 41% and the CCG 59%.
- 4.5 The estimated value of the services that Brent Council would call off under the framework agreement during the 4 +2 year period of the contract is £10.2m.

5.0 Legal Implications

- 5.1 Under the EU procurement regulations, a framework for the provision of Community Equipment Goods & Services falls within Schedule 3 of the Public Contracts Regulations 2015 ('PCR 2015'). As detailed in this

report, the framework will be procured in accordance with the requirements of the EU procurement regulations and in compliance with the Treaty principles of equal treatment, proportionality and transparency.

- 5.2 The framework will be established through a collaborative procurement exercise to be undertaken on behalf of the council and the other Consortium members by the London Borough of Hammersmith & Fulham. It is a requirement of the Council's Contract Standing Order (CSO) 84(a) that every contract entered into in connection with the Council's functions shall be procured in accordance with the European legislation, the CSOs and Financial Regulations unless for good operational and/or financial reasons the Cabinet agrees otherwise.
- 5.3 The estimated value of the framework and indeed the contract which the Council would call off under the framework agreement during its lifetime is in excess of £500,000. It is therefore subject to the requirements of the CSO 85(c) which provides that any collaborative procurement shall comply with the Council's Standing Orders and Financial Regulations unless in the case of High Value Contract the agreement of the Cabinet is obtained under the CSO No 84(a).
- 5.4 As detailed in this report, the framework will be procured in accordance with the EU procurement regulations but it is intended that Hammersmith & Fulham Council's standing orders will be used for the procurement and exemption from the normal requirements of Council's Contract Standing Orders and Financial Regulations is sought from Cabinet, as it is a High Value Contract and for good operational and/or financial reasons set out in paragraph 3.7 and as detailed in this report, in accordance with the Contract Standing Order 85(c) and 84(a) respectively.
- 5.5 As indicated in paragraph 3.14, it is proposed that Brent will call-off from the framework immediately it is established. As the call-off contract will be a High Value Contract, Member approval to the award will be required and the intention is to submit a further report to Members regarding this.
- 5.6 The Council currently has a pooled community equipment budget with the CCG. In order for this arrangement to continue, the council and CCG will need to enter into a further agreement pursuant to s75 of the NHS Act 2006. This again will be subject to a further report to Members.
- 5.7 Whilst there are no direct staffing implications relating to the establishment of the proposed framework, there are likely to be staff that will transfer from the current contractor to any new contractor pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) on the commencement of any call-off contract. Further details are contained in Section 7.

6.0 Diversity Implications

The proposals in this report have been subject to screening and officers believe that there are no negative diversity implications. However, it is expected that diversity and equality perspectives will be incorporated into the assessment process, with consideration given to diversity and equality issues during pre-tender stage of the procurement.

7.0 Staffing/Accommodation Implications

7.1 Whilst there are no direct staffing or accommodation implications arising from the establishment of the proposed framework, there are likely to be staffing implications on the award of any contract called off from the framework.

7.2 The service is currently provided by an external provider Medequip, so there are no implications for Council staff arising from the award of any call-off contract. Should another external provider be appointed to the framework, it is likely that TUPE will apply to some of the staff of the existing provider on the award of the call-off and Tenderers will in view of that be provided with employee liability information so that they can take into account the implications when submitting their tenders.

8.0 Public Services (Social Value) Act 2012

8.1 Since 31st January 2013, the Council, in common with all public authorities subject to the EU Regulations, has been under duty pursuant to the Public Services (Social Value) Act 2012 to consider how the services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement and whether the council should undertake consultation. This duty applies to the procurement of the proposed contract as Services over the threshold for application of the EU Regulations are subject to the requirements of the Public Services (Social Value) Act 2012.

8.2 The community equipment market is high value, specialist in nature, with a limited number of suppliers. The Consortium considered dividing the contract into small “lots” to facilitate bids from small local businesses with specialist skills, however this would have the following disadvantages:

- Substantially increased contract and supplier management costs
- Increased communication difficulties
- Remove economies of scale

- 8.3 Officers believe this will be better addressed enabling smaller specialist businesses in the Brent area to access the market via possible sub-contracting opportunities with the appointed Provider.
- 8.4 Officers will also explore introducing specific measures to improve the economic, social and environmental well-being of the Brent area such as:
- Setting targets for local apprenticeships and /or local employment for both the prime contractor and sub-contractors
 - Advertising the opportunity (and /or any sub-contracting or supply opportunities) to local suppliers and /or encouraging them to bid (through our forums and engagement with providers on upcoming opportunities)
 - Improving environmental footprint is currently fulfilled through loaning, sharing, refurbishing and disposing of equipment and use of electronic systems to operate the service.

9.0 Background Papers

None.

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PHIL PORTER

Strategic Director, Community Wellbeing

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 <p>Brent</p>	<p style="text-align: center;">CABINET 15 August 2016</p> <p style="text-align: center;">Report from the Strategic Director of Community and Wellbeing</p>
<p>For Action Wards Affected: [ALL]</p>	
<p>Authority to tender a contract for Health Visiting and School Nursing Services</p>	

1.0 Summary

- 1.1 The responsibility for commissioning of 0-5 children's public health services transferred from NHS England (NHSE) to local authorities on 1st October 2015. In December 2015 a paper went to Cabinet which agreed for the contract to be extended for another year until March 2017 using the current service specification. The contract for Health Visiting and Family Nurse Partnership (FNP) services for Brent is held with London North West Healthcare Trust (LNWHT).
- 1.2 In April 2013 the responsibility of 5 -19 children's public health services transferred from NHSE to local authority responsibility including
 1. The Healthy Child Programme for children and young people aged 5-19 years
 2. The National Child Measurement Programme,
 3. Vision Screening
- 1.3 The contract for School Nursing for Brent is held with Central London North West Healthcare Trust (LNWHT).
- 1.4 This report is seeking approval to commence the procurement of Health Visiting and School Nursing services. The report also sets out benefits associated with combining the individual contracts including financial benefits.

2.0 Recommendations

For Cabinet:

- 2.1 To approve the preferred commissioning option as set out in section 5.1 of this report.
- 2.2 To approve inviting tenders for the combined 0-19 Health Visiting and School Nursing services on the basis of the pre - tender considerations set out in paragraph 5.5 of this report.
- 2.3 To give approval to officers to evaluate the tenders referred to in 2.2 above on the basis of the evaluation criteria set out in paragraph 5.5 (vi) of this report.
- 2.3 To delegate to the Strategic Director of Community and Wellbeing the authority to award the 0-19 combined Health Visiting and School Nursing Contract in consultation with the Cabinet Member for Community Wellbeing, following a compliant procurement process.

3.0 Detail

- 3.1 The combined budget available for this procurement is £6.6m. The Health Visiting and Family Nurse Partnership (FNP) service is currently provided by London North West Healthcare Trust at an annual value of £5.1m (£0.35m for FNP included in this amount). School nursing (£1.5m) is provided by CLCH. The resource for the commissioning of these services is part of the Public Health Grant.
- 3.2 The service to be procured as outlined in this report will lead the delivery of the Healthy Child Programme - the early intervention and prevention public health programme issued by the Department of Health which lies at the heart of universal services for children and their families. The early years are a crucial stage of life, and this service will provide an invaluable opportunity to identify families who are in need of additional support and children who are at risk of poor outcomes.
- 3.3 There are five mandated areas which the commissioned service will be required to deliver from 31/03/2017. These include:
 - Antenatal health promotion review
 - New baby review
 - 6-8 week assessment
 - 1 year assessment
 - 2 and 1/2 half year review
- 3.4 Brent has high levels of tooth decay and obesity. Even though it is a priority for the public health 0-5 service, this is not the only one service working on these areas. It is important the links are in place to have the contribution of maternity services, primary care, children's centres as well as families and communities. The six 'high impact areas' that have been identified on a national level which the specification will make particular reference to, should be delivered in conjunction with the services mentioned above. These are:

- 1) Transition to parenthood and the early weeks (preparing people for parenthood and supporting families in the early weeks after birth).
- 2) Maternal mental health – perinatal depression, (supporting maternal mental wellbeing).
- 3) Breastfeeding – initiation and duration, (promoting and supporting breastfeeding which has a positive impact on the development of young children).
- 4) Healthy weight, healthy nutrition and physical activity, (maintaining a healthy weight among families including through improving diet, increasing physical activity, oral health).
- 5) Managing minor illness and reducing hospital attendance and admission, (reducing unnecessary hospital admissions).
- 6) Health, wellbeing and development of the child age 2 – 2.5 year old review and support to be ‘ready for school’ (improving school readiness).

3.5 Engagement with the health visiting service is not statutory, and local families can decline any of the mandated services referenced in 3.4 above. Thus the successful Provider will be required to demonstrate how their services and the staff teams employed will be pro-active and engage with families and their under 5s to support health needs and link into wider issues including housing, education, childcare, welfare and poverty.

3.6 Working alongside the Health Visiting service in Brent is the Family Nurse Partnership (FNP), which has worked with 51 clients over the last year. FNP is a preventive licensed programme originating from the United States of America (USA). The programme offers intensive and structured home visiting for vulnerable first time young mothers aged U19. It is delivered by specially trained nurses, from early pregnancy until the child is two.

3.7 While there is an evidence base from the USA to show improved outcomes, a recent randomised control trial (RCT) of the programme in England showed the programme failed to impact on any of the primary outcomes.

3.8 Public Health also commission the 5-19s public health service encompassing the school nursing service provided by Central London Community Health at an annual value of £1,504 million until 31st March 2017 with the possibility of extending for another year.

3.9 The school nursing service delivers the Healthy Child Programme for children and young people aged 5-19 years. They also deliver the National Child Measurement Programme and Vision Screening.

3.10 To improve continuity across the services and age ranges, the Council is planning to combine health visiting and school nursing service so that professionals will be able to continue to work with the same children for a longer period of time rather than passing them to another service as they get

older. This will improve the continuity for children and young people and their families.

- 3.11 By commissioning these services together professionals will no longer be bound by the traditional age ranges of services, and both children and families can benefit by receiving support from the same professional for longer. It will also be expected to realise efficiencies through economies of scale and overhead and management costs.

4.0 Context

- 4.1 Brent public health team organised an event “Opportunities for children 0-5 years” inviting Brent stakeholders, including GPs, Clinical Commissioning Groups (CCGs), Local Medical Committee, school nursing and health visiting provider, Institute of Health Visiting Association, Early Years, Children Centres, Parent Champions, Public Health England, maternity services from Northwick Park, Imperial NHS Trust and the Royal Free Hospital so they could be fully informed of the different models that are available. Four speakers from across the UK were invited to present their model of health visiting. Everyone who attended the event had to comment on what they liked or disliked about the particular model and write down any questions they had for the speakers. The evaluation of the event showed the stakeholders supported the evidence based model Maternal Early Childhood Sustained Home-visiting (MESCH).
- 4.2 The MECSH model is a structured programme of sustained nurse home visiting for families at risk of poorer maternal and child health and development outcomes. It was developed as an effective intervention for vulnerable and at-risk mothers living in areas of socio-economic disadvantage and, unlike FNP, has no restrictions to whom can be accepted on to the programme. The MECSH is delivered as part of a comprehensive, integrated approach with a licence. It has shown positive outcomes for those children who have been part of this programme. This model is more flexible than FNP as it focuses on any vulnerable family and recognises that families can move in and out of high risk. Unlike FNP it is integrated into the health visiting service rather than being a stand alone programme.
- 4.3 A Public Health Consultant also attended all the GP locality meetings in Brent and the Senior Leadership meeting at NHS Brent to ensure they were fully aware of what was happening.
- 4.4 A soft marketing questionnaire was posted with the PIN to establish if there was a market, whether competition was justified and what was the market appetite; e.g. for an integrated service, a lead provider model and a minimum period of contract.

- 4.5 The responses highlighted all providers wanted a minimum contract of 4 years, to be a lead provider and would prefer an integrated service with either the school nursing service or children centres.
- 4.6 The market engagement day was a successful event with 5 providers engaged in the event.
- 4.7 Since 2015 in line with national requirements the health visiting service has changed from serving the GP registered population to serving Brent residents, this resulted in an increase of more than 1,754 children. There are an estimated 24,600 resident children under 5 years living in Brent (comprising around 8% of the population). This number has increased by 2,500 since 2010 but the rate of increase is predicted to slow over coming years. There has been a gradual steady upward trend in the number of live births over the previous nine years, in 2013 and 2014 the number of births in Brent fell to 5,078.
- 4.8 The school nursing service covers children who attend maintained and academy schools in Brent. The resident population of 5-19 in Brent is predicted to increase by 9.9% over the next 5 years. Over the last year there has been an increase of 32 placements in one of the special school, which has had an impact on the school nursing service.
- 4.9 The new model will include a weight management component delivered by the health visiting and school nursing service in order to address the high prevalence rates of overweight and obesity. School nursing service does not replace first aider/safeguarding lead/school counsellor, but works alongside them. The service also does not include immunisation and enuresis at level 2.

5.0 Options

- 5.1 Option 1: This is the preferred option which is 0-19s Health Visiting and School Nursing Service incorporating a weight management programme. The Healthy Child Programme will be delivered by one provider from 0 -19 offering a seamless service for the clients. The service will not include the FNP but the MESCH Model will be adopted as this will reach more vulnerable clients in Brent. This option has also been agreed by the Children's Trust.

5.2 Alternative options

Option 2: Decommission: The delivery of Health Visiting and School Nursing Service are a new duty for the Council. This would mean that children in the borough would be missing out on the Healthy Child Programme and their needs would not be addressed early on, and would lead to an adverse impact and demand on local partner services such as Hospital Accident and Emergency departments and Social Care.

- 5.3 Option 3: In house service: This is not viable. It would require TUPE of NHS staff. The Council lacks the organisational capacity and expertise to support the delivery of a clinical service for example to provide clinical supervision, medicines management and infection prevention.
- 5.4 Option 4: Do nothing and leave the services as they are, extending current contracts. This would not allow the desired service redesign and is unlikely to yield the required savings.
- 5.5 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of the Cabinet.

Ref.	Requirement	Response	
(i)	The nature of the service.	Delivering the Healthy Child programme for children aged 0-19	
(ii)	The estimated value.	£ 6,650,000 annually	
(iii)	The contract term.	3 year contract with the option to extend annually for a further two years	
(iv)	The tender procedure to be adopted.	The Procurement route to be followed will be Competitive Procedure with Negotiation and will require an OJEU Publication in line with the Public Contract Regulations 2015 – this will allow the Council the opportunity to negotiate on the service delivery, financial model and contractual terms should they require	
v)	The procurement timetable.	Indicative dates are:	
		OJEU Notice and Pre-qualification questionnaire advertised	22/08/2016
		Deadline for Pre-qualification questionnaire	05/09/2016
		Evaluation and shortlisting to 5 providers	06/09/2016 – 09/09/2016
		Issue Invitation to tender	12/09/2016
		Deadline for tender submissions	12/10/2016

Ref.	Requirement	Response
		Panel evaluation and shortlist to 3 bidders 13/10/2016
		Negotiation phase (the council reserves the right to negotiate if required) 31/10/2016
		Call for Final Tenders 09/11/2016
		Evaluation of final tenders 14/11/2016 – 17/11/2016
		Report recommending Contract award circulated internally for comment 21/11/2016
		10 day Standstill Period (Alcatel) 02/12/2016 -12/12/2016
		Award Contract 13/12/2016
		Contract Mobilisation 14/12/2016 – 31/03/2017
		Contract start date 01/04/2017
(vi)	The evaluation criteria and process.	<p>1. At selection (pre-qualification stage) shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a pre qualification questionnaire to identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise.</p> <p>2. At tender evaluation stage, the panel will evaluate the tenders against the following criteria:</p> <p>Quality: 40% delivery of service 10% Social Value</p> <p>Price: 50%</p>
(vii)	Any business risks associated with entering the contract.	Financial Services and Legal Services have been consulted concerning this contract and have identified the risks associated with entering into this contract set out sections 6 and 7 of the report.]

Ref.	Requirement	Response
(viii)	The Council's Best Value duties.	The adoption of a competitive Procedure with Negotiations follows the OPEN Procedure but will give the Council the ability to negotiate on technical, financial and legal matters should they need.
(ix)	Consideration of Public Services (Social Value) Act 2012	In accordance with the social value policy 10% of the overall marks will be awarded for social value benefits
(x)	Any staffing implications, including TUPE and pensions.	See section 9 below.
(xi)	The relevant financial, legal and other considerations.	See sections 6 and 7 below.

6.0 Financial Implications

6.1 The estimated value of this contract is £6.6m annually, (3 year contract with the option to extend for a further two years) with a start date of 01/04/2017.

6.2 The combined budget available for this procurement is £6.6m. The Health Visiting and Family Nurse Partnership (FNP) service is currently provided by London North West Healthcare Trust at an annual value of £5.1m (£0.35m for FNP included in this amount). School nursing is currently provided at an annual cost of £1.5m.

It is anticipated that the cost of this contract will be funded from the Public Health budget. It is also anticipated that efficiencies can be found as a result of going for a single 0-19 contract. This would be delivered by having a lower ceiling price, which would need to be confirmed during this procurement.

7.0 Legal Implications

7.1 Public Health services are classed under the Public Contract Regulations 2015 ("the EU Regulations") as a Schedule 3 service and as such are not subject to the full application of the EU Regulations, rather the services will be subject to the 'light touch regime' thereunder. The current EU threshold for Schedule 3 services is £589,148. As the estimated value of the proposed contract is likely to be in excess of the threshold and therefore deemed a High Value Contract under Brent Contract Standing Orders ("CSOs"), Officers are required to advertise the service requirement in the Official Journal of the European Union ("OJEU") and follow the applicable rules for tendering and

selection under the EU Regulations. Accordingly, regulation 76 (7) of the EU Regulations permits contracting authorities to apply any one of the set procedures for tendering (with or without variations), on this basis officers have elected to utilise the Competitive Procedure with Negotiation.

- 7.2 It is proposed to use one of the new processes (introduced by the EU Regulations) Competitive Procedure with Negotiation throughout the tendering exercise which, Officers assure will ensure good quality services are procured at a competitive price. However, officers must ensure that in using this procedure they draw up a specification stating the council's service requirements which, sets out which parts of those requirements are minimum requirements that all prospective tenderers are obliged to meet to enable participation in any negotiation process subsequent to officers receiving initial tender bids. In addition, by using this process, the council must specify the contract award criteria (including any weightings) and provide sufficiently precise information to enable prospective tenderers to identify the nature and scope of the procurement so as to enable them to decide on whether or not to request to participate in the tender exercise.
- 7.3 For High Value Contracts, the Cabinet must approve the pre-tender considerations set out in the table at paragraph 5.5 above (CSO 89) and the inviting of tender (CSOs 88).
- 7.4 Moreover, officers are seeking Member approval to grant delegated authority to the Strategic Director, Community & Wellbeing (in consultation with the Lead Cabinet Portfolio member, the chief legal officer and chief finance officer) to enter into the proposed combined 0-19 Health Visiting and School Nursing service. Members are empowered under the Constitution to grant such delegations and Officers have set out the reasons behind requesting such delegations within the body of this report.
- 7.5 As this procurement is subject to competition in the OJEU, the Council must observe the requirements of the mandatory minimum 10 calendar standstill period imposed by the EU Regulations before the proposed contract can be awarded. The requirements include notifying all tenderers in writing of the Council's decision to award and providing additional debrief information to unsuccessful tenderers on receipt of a written request. The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council's award decision if such challenge is justifiable. However if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the contract mobilisation may commence.

8.0 Diversity Implications

- 8.1 The proposals in this report have been subject to a screening EIA and officers believe that a full EIA is not required.

9.0 Staffing/Accommodation Implications (if appropriate)

- 9.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from retendering the contract. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (“TUPE”) may be applicable where there is a service provision change in the service contractor. Should TUPE be applicable the council will act as a conduit of information between the outgoing and incoming providers so as to ensure a smooth and seamless transition of the services.

10.0 Public Services (Social Value) Act 2012]

- 10.1 Since 31st January 2013 the council, (in common with all public authorities subject to the EU Regulations), has been under a duty pursuant to the Public Services (Social Value) Act 2012 to consider how the services being procured might improve the economic, social and environmental well-being of its area; and how, in conducting the procurement process, the Council might act with a view to securing that improvement, and whether the council should undertake consultation. This duty applies to the procurement of the proposed contract as the light touch regime over the threshold for application of the EU Regulations are subject to the requirements of the Public Services (Social Value) Act 2012. In accordance with the council’s Social Value Policy, 10% of the award criteria will be reserved for social value considerations to be contained in the tender documentation.


11.0 Background Papers

- 11.1 None

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 <p>Brent</p>	<p style="text-align: center;">Cabinet 15 August 2016</p> <p style="text-align: center;">Report from the Chief Finance Officer</p>
For Action	Wards Affected: ALL
2015/16 Treasury Management Outturn Report	

1. INTRODUCTION

- 1.1 This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2015/16.

2. RECOMMENDATION

- 2.1 Cabinet is asked to note the 2015/16 Treasury Management outturn report, which is substantively the same as reviewed at Audit Committee on 30th June, which will in turn be presented to Council, in compliance with CIPFA's Code of Practice on Treasury Management (the Code).

3. BACKGROUND

- 3.1 The Council's treasury management activity is underpinned by the Code, which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.
- 3.2 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Investment Guidance.
- 3.3 The Council has borrowed money over the long term to support investment in the Council's infrastructure and also invests balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful

identification, monitoring and control of risk are central to the Council's treasury management strategy.

Economic background

- 3.4 The recovery in the UK continued with steady, though slowing, economic activity and growth. Q4 2016 GDP showed year-on-year growth of 2.1%, almost entirely from the service sector. The Consumer Price Index (CPI) of inflation increased to 0.5%, and is expected to increase further as the price of oil starts to rise from its current low level, but inflation is not expected to exceed the Bank of England's target this year or next. While employment is currently at a record level of 74.2% of the working age population, pay has grown at a more modest rate than in previous recoveries, limiting the potential of future economic growth. The Eurozone has maintained its low level of economic growth and geopolitical tensions seem to have diminished, though they have not completely dissipated.
- 3.5 Due to differing perspectives on the potential impact of the upcoming EU referendum, there is uncertainty in the marketplace. This is being monitored on a daily basis and due to consideration to reports by the Council's Treasury advisors, who recommend caution. Furthermore, potential effects of an exit from the EU are unpredictable, because they depend significantly on subsequent actions and reactions by a wide range of individuals and organisations, and it is not known how they will react till later in the calendar year. Any relevant update would need to be noted verbally at the meeting, because the impact of Brexit is a proverbial "moveable feast".

Gilt Yields and Money Market Rates

- 3.6 Gilt yields (the rate of interest on UK government borrowing) rose in the first quarter of 2015-16 and then fell in over the rest of the year. 10 year yields ended the year at 1.42% and 20 years at 2.14%, both slightly lower than the at the start of the year.
- 3.7 Interest rates on short term inter-bank lending remained below 1% through the year.
- 3.8 That rates will stay longer and likely lower than the current 0.5% has been suggested by the Bank of England Governor but the anticipated future rate reduction was subject to a vote at the time of this report's drafting. This reflects the current consensus in the marketplace but like all consensus, it is subject to the overriding caveat of economic uncertainty.

The Borrowing Requirement and Debt Management

- 3.8 The table below summarises the Council's borrowing activity during 2015/16. The Council's underlying need to borrow as measured by the Capital

Financing Requirement (CFR) at 31/03/2016 was estimated to be £612 million.

	Balance 01/04/2015 (£m)	New Borrowing (£m)	Borrowing Repaid (£m)	Balance 31/03/2016 (£m)	Average Rate (%)	Average Life (Years)
CFR	579			612		
Short Term Borrowing	0	0	0	0	0	
Long Term Borrowing	424	0	5	419	4.76	35.4

3.9 At 1 April 2015 the Council had £424 million of long-term borrowing, to finance its previous years' capital programmes. With short-term interest rates being much lower than long-term rates, it was more cost effective in the short-term to use internal resources rather than undertake further long-term borrowing. By doing so, the Council has been able to reduce net borrowing costs and reduced overall treasury risk, because overall borrowing has been reduced slightly. No temporary borrowing was required during the year. The average rate of 4.76% was higher than last year's rate of 4.72% and this was due to the redemption of £5m of PWLB loans that are paid back steadily over their lifetime.

3.10 The Treasury Management Strategy approved by the Council in February 2015 states that the Council will maintain borrowing at the lowest level consistent with prudent management of the Councils finances. This implies that, at present discount rates, we will not undertake premature repayment of debt but that, in conjunction with our Treasury Management advisers, Arlingclose, we will remain abreast of developments and be prepared to borrow up to the level of CFR if a significant permanent rate rise appears likely. These circumstances did not arise during the year.

3.11 No debt was restructured during the year and no lenders exercised options to vary the terms of loans on LOBO (Lender Option, Borrower Option) terms. The Council has borrowed £95.5m under LOBO transactions, all of which were entered into in the period November 2002 to April 2010. Unlike PWLB loans, there is no formula for the cost of redemption of LOBOs, and the price quoted would depend on any bank's view on its commercial advantage. The banks' positions have been insured through the derivatives markets and to renegotiate these arrangements would be very expensive. The average premium on our LOBO portfolio is about 68%: this would mean that it would cost £8.4m to redeem a LOBO with a nominal value of £5m. However, there

is no established formula for the redemption price and the actual cost be higher.

- 3.12. There are complex arguments made about LOBOs, by their supporters and by their detractors. The Council's position is simply that the LOBOs are part of its portfolio, and must therefore be managed as effectively as possible. There are no plans to enter into further LOBO contracts. However, it should be noted that the average rate of interest being paid on LOBOs is little different to that on PWLB debt (4.75% compared to 4.71% at 31 March) and the range of rates lower. The most expensive LOBO was at 6.234% on 31 March, compared with the most expensive PWLB at 8.875%.
- 3.13 Since, the end of 2015/16, Barclay's Bank decided to give up its lender option to £15m of LOBOs. There were three loans of £5 million each, with interest rates of 3.95%, 4.35% and 4.5%, with maturities between 2048 and 2076. Barclays did this to ensure it could meet Basle III Capital Requirements that banks need to comply with by 2019. As these changes are to the borrowers' advantages, it merely needed to notify us and provide us with the signed declaration of its change. It is likely, according to Arlingclose, our Treasury advisers, that other lenders will soon follow suit.
- 3.14 In January 2015 the Department of Communities and Local Government (CLG) confirmed that HM Treasury (HMT) would be taking the necessary steps to abolish the Public Works Loans Board. The proposal is to transform PWLB from being an arms-length organization to being part of the Treasury in order to simplify structures in Central Government. HMT has confirmed however that its lending function will continue unaffected and local authorities will retain access to borrowing rates which offer good value for money. The authority intends to use the PWLB's replacement as a potential source of borrowing if required. As this is the sole impact of the proposals and Brent's interest is protected, Brent chose not to comment, except via Arlingclose.

Investment Activity

Investments	Balance on 01/04/2015 (£m)	Investments made (£m)	Investments repaid (£m)	Balance on 31/03/2016 (£m)	Average Rate (%)
Fixed Term Deposits	125	397	431	91	0.5
Marketable instruments		328	278	50	0.6
Money Market Funds and notice deposits	24	623	624	23	0.4
TOTAL INVESTMENTS	149	1348	1333	164	0.5

- 3.14 Both CIPFA and the CLG Investment Guidance require the Council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. The table below summarizes investment activity during 2015/16.
- 3.15 Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2015/16 which defined "high credit quality organisations" as those having a long-term credit rating of A- or higher that are domiciled in the UK or overseas where the sovereign rating is AA+ or higher.
- 3.16 The growth of bail-in risk gave rise to the decision to restrict the maximum maturity with market financial institutions to three months and use only marketable instruments issued by them. Bail-in means that long-term loans in financial institutions are converted into equity (shares) that are not easily convertible for many years, preventing Brent from accessing the resources, and potentially giving them a hefty cut in their value.
- 3.17 New investments with banks and Building Societies have been undertaken by means of marketable instruments and the Treasury bill market has also been used. Treasury bills have largely replaced the use of the UK Debt Management Office (the Bank of England's temporary borrowing team, who are effectively a deposit taker of last resort, borrowing at 0.25%) which has been used on rare occasions to invest large receipts at short notice. The risk

of bail in has recently declined for many UK institutions, but investment decisions still need to be made on a case by case basis.

Credit developments and credit risk management

- 3.18 The Council assessed and monitored counterparty credit quality with reference to credit ratings, credit default swaps (a means of insuring loans), perceived credit-worthiness of the country in which the institution is registered and its share price. The minimum long-term counterparty credit rating determined by the Council for the 2015/16 treasury strategy was A- across rating agencies Fitch, S&P and Moody's.
- 3.19 The mechanism for dealing with a failed bank, which was brought into effect through the Financial Services (Banking Reform) Act 2013, is now in operation. The Council has taken a number of actions in response to this, and continues to monitor risks, with advice from Arlingclose.
- 3.20 The Council did not make any deposits with institutions in the Eurozone during the year and took the action noted above on UK banks. Two very conservative Swedish banks (Svenska Handelsbanken and Nordea) were added to our lending list, with a limit of six months, in accordance with Arlingclose's guidance

Liquidity Management

- 3.21 Combining changes to the regulatory environment and our adoption of a mainly three month lending limit, investments with financial institutions are now normally by means of purchasing 3 month Certificates of Deposit (CDs). Longer maturities can be obtained by depositing with the two Swedish banks, government bodies, with Central Government, via Treasury Bills up to 6 months, or locally. Attractive rates can be obtained from Local Authorities, though these will depend on being able to satisfy demand when it arises. At peak periods, mindful of the primacy of security as a criterion for decision making, substantial balances may be held in short term investments, particularly Money Market Funds. The use of short term borrowing at times of lower cash balances is judged to maintain a prudent balance between maintaining security and liquidity and achieving a reasonable yield on investments, though this was not required in 2015-16.

Yield

- 3.22 The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates also remained at low levels which continued to have a significant impact on investment income. The average 3-month LIBID rate during 2015/16 was 0.53%, the 6-month LIBID rate averaged 0.73% and the 1-year LIBID rate averaged 1.03%. The low rates of return on the Council's

short-dated money market investments reflect prevailing market conditions and the Council's objective of optimising returns commensurate with the principles of security and liquidity.

- 3.23 The Council's budgeted investment income for the year had been estimated at £0.7m. The average cash balance during the year 2015-16 was £186m and interest earned was £0.9m. The interest earned in 2014-15 was £0.9m on an average cash balance of £153m. Low rates of interest, as noted earlier, appear likely to continue in 2016/17. Indeed, it is quite likely that investment income will struggle to reach £0.9m in future years, if the Bank of England reduces rates.

Update on Investments with Icelandic Banks

- 3.24 The Council has now recovered 98% of its £10 million deposit with Heritable Bank. The administrators have not made any further estimate of final recoveries yet, though a further distribution is expected, subject to the outcome of a legal case.

Compliance

- 3.25 The Council confirms that it has complied with its Prudential Indicators for 2015/16, which were approved by the Council on 2 March 2014 as part of the Council's Treasury Management Strategy Statement.
- 3.26 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2015/16. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Further information is set out in Appendix 2.

Investment Training

- 3.27 The needs of the Council's treasury management staff for training in investment management are kept under review and considered as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 3.28 During 2015/16 staff attended training courses, seminars and conferences provided by Arlingclose and CIPFA and opportunities which may arise with other organisations are considered.
- 3.29 A member training session on treasury management was held on 19 November 2015 which outlined the overall treasury management framework.

4. FINANCIAL IMPLICATIONS

- 4.1 Already noted within the report as this is the Treasury Management Outturn Report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications

6. DIVERSITY IMPLICATIONS

- 6.1 None identified.

7. STAFFING IMPLICATIONS

- 7.1 None identified.

8. BACKGROUND INFORMATION

Treasury Management Strategy Report to Council – 2 March 2016
2015/16 Mid-Year Treasury Report to Council – 8 September 2015

9. CONTACT OFFICERS

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Chief Finance Officer

Appendix 1 - Debt and Investment Portfolio Position 31/3/2016

	31/3/2016 Actual Portfolio £m	31/3/2016 Average Rate %
External Borrowing:		
PWLB – Maturity	288	5.0
PWLB – Equal Instalments of Premium	36	2.6
LOBO Loans	95	4.8
Total External Borrowing	419	4.7
Other Long Term Liabilities:		
PFI	32	9.5
Total Gross External Debt	451	5.0
Investments:		
Deposits	91	0.5
Marketable Instruments	50	0.6
Money Market Funds	23	0.4
Total Investments	164	0.5
Net Debt	287	7.6

Appendix 2 – Prudential Indicators

(a) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2015/16 is shown in the table below:

Capital Financing Requirement	31/03/2016 Estimate £m	31/03/2016 Actual* £m
General Fund	459	471
HRA	137	141
Total CFR	596	612

*Uses provisional estimates from Draft Statement of Accounts

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31/03/2016 Estimate £m	31/03/2016 Actual £m
Borrowing	419	419
PFI liabilities	33	32
Total Debt	452	451
Borrowing in excess of CFR?	No	No

(b) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring.

Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The Director of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2015/16.

	Operational Boundary (Approved) 31/03/2016	Authorised Limit (Approved) 31/03/2016	Actual External Debt 31/03/2016
Borrowing			419
Other Long-term Liabilities			32
Total	680	780	451

(c) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed.

	Approved Limits for 2015/16 Proportion %	Maximum during 2015/16 Proportion %
Upper Limit for Fixed Rate Exposure	100	100
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	40	0
Compliance with Limits:	Yes	Yes

(d) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing at 31/03/2016 £m	% Fixed Rate Borrowing at 31/03/2016	Compliance with Set Limits?
under 12 months	40	0	29	7	Yes
12 months and within 24 months	20	0	34	8	Yes
24 months and within 5 years	20	0	60	14	Yes
5 years and within 10 years	60	0	10	2	Yes
10 years and within 20 years	100	0	25	6	Yes
20 years and within 30 years	100	0	1	0	Yes
30 years and within 40 years	100	0	154	37	Yes
40 years and within 50 years	100	0	106	26	Yes
50 years and above	100	0	0	0	Yes

(e) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council tax and in the case of the HRA, housing rent levels.

Capital Expenditure	31/03/2016 Estimate £m	31/03/2016 Actual £m
Non-HRA	68	60
HRA	34	33
Total	102	93

(f) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	31/03/2016 Estimate %	31/03/2016 Actual %
Non-HRA	10.49	8.08
HRA*	12.35	12.50
Total	10.60	8.64

(g) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council adopted the principles of best practice.

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in February 2013

(h) Upper Limit for Total Principal Sums Invested Over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	31/03/2016 Approved £m	31/03/2016 Actual £m
	20	0

(i) HRA Limit on Indebtedness

HRA Debt Cap (as prescribed by CLG)	£199m	
	31/03/2016 Estimate £m	31/03/2016 Actual £m
HRA CFR	137	141*

*Provisional Based on Draft Accounts

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